

**THE STATE OF SOUTH CAROLINA
In The Court of Appeals**

**APPEAL FROM GREENVILLE COUNTY
Circuit Court**

D. Garrison Hill, Circuit Court Judge

Appellate Case No. 2015-000476

Case No. 2012-CP-23-02887

RECEIVED
JUN 22 2016
SC Court of Appeals

David Wilson, individually and derivatively on behalf of Carolina Custom Converting, LLC,
Plaintiff,

v.

John Gandis, Andrea Comeau-Shirley, Zoi Films, LLC, and Carolina Custom Converting,
LLC, Defendants,

John Gandis and Andrea Comeau-Shirley, Third-Party Plaintiffs,

v.

Carolina Custom Converting, LLC, Third-Party Defendant and Counterclaim Plaintiff,

v.

David Wilson, Steve Norvell, Neologic Distribution, Inc. and Fresh Water Systems, Inc.,

Of Whom David Wilson, Neologic Distribution, Inc. and Fresh Water Systems, Inc. are the
Respondents,

and

John Gandis, Andrea Comeau-Shirley, and Carolina Custom Converting, LLC, are the
Appellants.

**RECORD ON APPEAL
VOLUME IV**

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Greenville, South Carolina, 29601
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Greenville, South Carolina 29601
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Appraisal

(Appraisal Report)

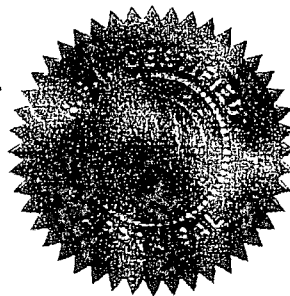
Certain Assets

Of

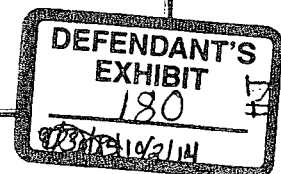
CAROLINA CUSTOM CONVERTING, LLC - SELECTED ASSETS

Anderson, South Carolina

"FAIR MARKET VALUE"



Prepared By: David A. Dalfonso, CEA
Date: September 22, 2014
Effective Date: September 16, 2014



Rosen Systems, Inc.

2323 Langford Street
Dallas, Texas 75208-2122
Office: 972.248.2266
800.527.5134
Fax: 972.248.6887

September 22, 2014

Mr. Andy Arnold
Law Office of W. Andrew Arnold, P.C.
712 E. Washington St.
Greenville, SC 29601

Appraisal of Selected Assets belonging to CAROLINA CUSTOM CONVERTING, LLC

Dear Mr. Arnold:

As requested, I, as an AMEA Certified Appraiser of ROSEN SYSTEMS, INC. have prepared an appraisal of the selected assets of CAROLINA CUSTOM CONVERTING, LLC, located in Anderson, South Carolina, which is enclosed. This report is intended for use only by Law Office of W. Andrew Arnold, P.C., and is intended only for use in purchase price allocation. Use of this report by others is not intended by the appraiser, nor is the report intended for any other use.

On September 16, 2014, I personally viewed the machinery and equipment. Following my inspection, I supervised an investigation into the market conditions for this type of equipment in order to prepare this impartial report. The cost, income and market approaches to value have been considered for this appraisal and have either been utilized where necessary or deemed inappropriate for the value conclusion found therein.

The Scope of Work developed and completed are detailed in the relevant section of this report.

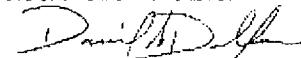
After thorough analysis of the machinery and equipment and review of the information made available to me, it is my opinion that as of September 16, 2014 the machinery and equipment has the FAIR MARKET VALUE shown on the certificate that I prepared September 22, 2014.

As an agent of ROSEN SYSTEMS, INC., I certify that neither I nor ROSEN SYSTEMS, INC., or any of its employees have any present or future interest in the appraised property.

Thank you for the opportunity to be of service in this matter.

Respectfully submitted,

ROSEN SYSTEMS INC.



David A. Dalfonso, CEA
Vice President

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Certificate of Appraisal

Rosen Systems, Inc.
2323 Langford St.
Dallas, Texas 75208

Does Certify

That on the effective date given on this certificate the specified assets belonging to:

CAROLINA CUSTOM CONVERTING, LLC - SELECTED ASSETS

Located in

Anderson, South Carolina

Is reasonably worth as certified in United States Dollars (cash or cash equivalent)

"FAIR MARKET VALUE"

*** \$335,950 ***

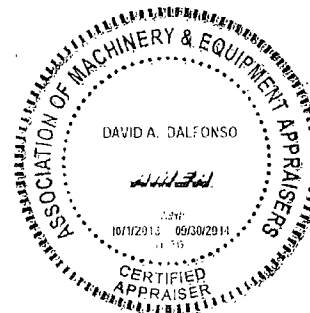
(Three Hundred Thirty Five Thousand, Nine Hundred Fifty Dollars)

Date: September 22, 2014
Effective Date: September 16, 2014

Signed By:



David A. Dalfonso, CEA



SCOPE OF WORK COMPLETED

Type of Assignment: Appraisal Report

Intended Users: Law Office of W. Andrew Arnold, P.C.

Intended Use: To value the assets described in the machinery listing to enable the intended users to decisions concerning purchase price allocation.

Scope of Work: On September 16, 2014, I personally inspected the equipment located in Anderson, South Carolina.

From information provided I researched the relevant markets and using the Market (Sales Comparison) Approach, provided an opinion of Fair Market Value on the items identified.

FAIR MARKET VALUE Concept:

A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of this appraisal report. This assumes the buyer will remove the property.

Source of definition AMEA

The resources used in formulating the opinion of value included manufacturers, dealers, public auction results and internal databases.

I have provided an Appraisal Report prepared in compliance with the Association of Machinery and Equipment Appraisers (AMEA) standards and the Uniform Standards of Professional Appraisal Practice (USPAP).

No investigation was made of legal fee or title to the appraised property. The report will consider all of the items enumerated to be free and clear unless otherwise noted.

Limiting Conditions: No extraordinary limiting conditions were required in this analysis. The General Assumptions & Limiting Conditions and the Specific Assumptions & Limiting Conditions are detailed in the relevant section of this report.

STATEMENT OF GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. All facts and data set forth in this appraisal report are true and accurate to the best of the appraiser's knowledge and belief.
2. The appraiser has made a personal inspection of the property appraised.
3. The appraiser has no financial interest in the property appraised.
4. The fee for this appraisal report is not contingent upon the values reported.
5. No investigation was made to confirm ownership of the machinery and equipment appraised. The owner's or clients claim to ownership of the property herein appraised has been assumed to be valid.
6. All opinions of values stated are those of the appraiser and his associates, and are based upon the facts and data made available to us. **Values rendered are an opinion of the appraiser and are not a guarantee of value.** The appraiser assumes no liability or responsibility for changes in the market place or in technology, which may in some way, alter or change the stated values.
7. No responsibility is assumed for information furnished by others and the appraiser assumes no responsibility for matters of a legal nature.
8. The appraiser has used his best professional judgment to accurately value the subject machinery and equipment according to the specified definitions, and the values reported in the appraisal documents represent the opinion of the appraiser and his associates of value as of the time thereafter. **Values rendered are an opinion of the appraiser and are not a guarantee of value.** Such opinions of value are subject to significant alternation and will be affected by time, changes in condition, obsolescence, and technological advancements, changes in the market place or in the economy and many other factors beyond the control of the appraiser. Reliance upon stated values for any purpose, beyond a reasonable period of time is inadvisable.
9. This appraisal was made for the purpose stated and is not to be used for any other purpose. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the intended users.
10. Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the express written consent of the appraiser.
11. The appraiser, by reason of the appraisal, shall not be required to give testimony as an expert witness in any legal hearing or before any court of law unless advance arrangements have been made with the appraiser at an additional fee.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS, CONTINUED

12. The owners and management are assumed to be competent and the machinery and equipment appraised is assumed to be in good running condition unless otherwise noted.

13. The values stated in this appraisal report reflect only the potential utility of this equipment and no allowance is made for the potential value of a continuing operating business. Profitability, good will or any other financial analysis has not been considered.

14. No analysis, observation, inspection, testing or study of any kind or character is made and no consideration in any manner has been taken into account with respect to the potential or possible presence of hazardous substances or waste on the property appraised, including but not limited to examination or investigation for the presence of asbestos, polychlorinated Biphenyls, heavy metals, toxic chemicals, or any other substance which is regulated by law or poses a hazard to human health or the environment.

15. Leasehold improvements have not been taken into consideration unless specifically noted in the appraisal report.

16. This appraisal has been made in accordance with accepted appraisal practices and in accordance with the Association of Machinery and Equipment Appraisers Standards and Procedures of Professional Appraisal Ethics and Practice as well as the Uniform Standards of Professional Appraisal Practice and reflects the best judgement of the appraiser. When appropriate new and used machinery dealers have been consulted for comparable prices; catalogues, trade publications and comparative results of auction sales have been utilized. Information provided by others has been assumed to be correct for the purposes of this report and no responsibility is assumed for the accuracy of same. Since conclusions of the appraiser are based on judgements, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.

17. During the course of analysis the appraiser may have made use of market data expressed in currencies other than the currency cited in the value certification. The exchange rates used in the analysis are quoted in the Statement of Specific Assumptions & Limiting Conditions.

18. During the course of analysis the appraiser may have made use of auction data. The appraiser has removed the buyer's premium from any analysis involving such data.

19. The opinions reported are based upon the definition of values stated in the Definitions of Value and assume that any sale would be properly advertised and managed by a remarketing individual or firm expert in the specific application of the equipment and machinery that is the subject of this report.

20. The appraiser reserves the right to recall all copies of this report to correct any errors or omissions.

FAIR MARKET VALUE
DEFINITIONS OF VALUE

FAIR MARKET VALUE APPRAISAL

A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of this appraisal report. This assumes the buyer will remove the property.

Source of definition AMEA

FAIR MARKET VALUE
PURPOSE AND METHOD OF APPRAISAL

The purpose of this appraisal is to estimate the FAIR MARKET VALUE of the subject machinery and equipment.

In estimating FAIR MARKET VALUE, the appraiser(s) has considered the following approaches in arriving at indicators of value.

MARKET (SALES COMPARISON APPROACH

One of the three recognized approaches used in appraisal analysis, this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the 'Comparison Sales Approach'. The primary intent of the market approach is to determine the desirability of the assets and recent sales or offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the assets being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

COST APPROACH

One of the three recognized approaches used in appraisal analysis, this approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

INCOME APPROACH

One of the three recognized approaches used in appraisal analysis, this approach considers value in relation to the present worth of future benefits derived from ownership and is usually measure through the capitalization of a specific level of income. This approach is the least common approach used in the valuation of machinery and equipment since it is difficult to isolate income attributable to such assets.

DEPRECIATION

Defined as the actual loss in value or worth of a property from all causes including those resulting from physical deterioration, functional obsolescence, and economic obsolescence.

A form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements.

A form of depreciation where the loss in value is due to factors inherent in the property itself and due to changes in design, or process resulting in inadequacy, over capacity, excess construction, lack of functional utility, or excess operating costs.

FAIR MARKET VALUE - PURPOSE AND METHOD OF APPRAISAL CONTINUED):

A form of depreciation or loss in value, caused by unfavorable external conditions. These can include such things as the economics of the industry, availability of financing, loss of material and labor sources, passage of new legislation, and changes in ordinances.

Values reflected in this report are based primarily upon one or a combination of both of the preceding methods with heavier emphasis on the Sales Comparison Approach, if sufficient data is available. In certain instances, as in the case of custom machinery and equipment, a market analysis may be undertaken to ascertain current demand/marketability and subsequent value. Market analysis may also be undertaken if functional or economic obsolescence is a key factor in a major machine tool or piece of equipment.

Certain categories of machinery and equipment are subject to routine loss in value as a result of usage (physical deterioration). In other instances, functional obsolescence in the form of more efficient and cost effective equipment is a factor in loss of value. These reasons, among others, are cited as major factors which limit the applicability of the values shown in regard to the effective date of this appraisal.

Finally, note that the value indicated in this report represents an "aggregate" value based upon all items noted herein. For this reason, isolation of any single element as a sole basis of comparison may be inaccurate, and subsequent isolation of any single item appraised, or group of items appraised, could result in a variance from the values reported.

USE AND INTERPRETATION OF REPORT

Because this is a computer-generated report, minor explanations may be necessary and helpful in utilizing the report to its fullest. Thus, the following instructions are presented, as you would normally read the report from left to right.

From the left, the first number is an entry number. If used, codes appear next and these will be numeric, alpha, or alpha-numeric. Explanations for the codes appear at the top of each page and in the code directory prior to the beginning of the list. The next entry is the quantity column, indicating totals or the word "lot." Numbers greater than one have been extended by the computer.

After the quantity is a description of the item, and beyond that the value or asterisk (*). When used, the asterisk will be explained within the description.

When codes are present, a separate code directory will be entered at the end of the listing, thereby providing one additional area to reference codes and their description.

APPEARANCE CODES

Throughout the personal property listing, the reader may have noted letters within brackets within the description portion of the listing. These were utilized as an expedient method of describing appearance. Explanations for those letters are listed below.

Please understand that each code refers to appearance of items of similar age. Thus, a 1955 vertical mill with [A] appended indicates a comparison with other mills of that production era.

- [A] Excellent or new appearance
- [B] Above average
- [C] Average
- [D] Below average - "as is" indication
- [E] Poor - No relation to condition is intended, however, our experience has been that appearance often leads to conclusions as to condition.

PERSONALTY

1443

Code 1:

Code 2:

APPRAISAL

CAROLINA CUSTOM CONVERTING, LLC-SELECTED ASSETS

Date : 09/16/14

Line	C1	C2	Qty	Description	FMV
1			1	SLITTER, CO.# S3, STANFORD, NO PLATE AVAILABLE, LIST SHOWS MDL. 338, 62" WIDE, SEMI-AUTOMATIC CONTROLS, (2) MOTORS, UNWIND AND REWIND STANDS, EDGE GUIDE SYSTEM, STAND ALONE RELIANCE ELECTRIC POWER SUPPLY/CONTROL W/BUILT-IN SCREEN, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS, [C]	45,000.00
2			1	BRIDGE CRANE SYSTEM, CUSTOM SETUP INCLUDES (4) HEAVY DUTY I-BEAM SUPPORT POSTS, SINGLE APPROX. 12' I-BEAM STATIONARY GIRDER, YALE 3-TON ELECTRIC CHAIN HOIST, TROLLEY, APPROX. 4' WIDE SPREADER BAR	1,500.00
3			1	TRIM REMOVAL SYSTEM, INCLUDES JOHN DUSENBERY, APPROX. 20" BLOWER/FAN, APPROX. 1 HP MOTOR, ALUMINUM FLEX HOSE DUCTING, ANGLE FRAME MOUNTED HOPPER	500.00
4			1	SLITTER, CO.# S1, NO PLATE AVAILABLE, LIST SHOWS STANFORD MDL. 338, 62" WIDE, SEMI-AUTOMATIC CONTROLS, BUILT-IN MONITOR, (2) MOTORS, UNWIND AND REWIND STANDS, EDGE GUIDE SYSTEM, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS, [C]	45,000.00
5			1	BRIDGE CRANE SYSTEM, CUSTOM SETUP, INCLUDES (4) LIGHT DUTY I-BEAM SUPPORT POSTS, SINGLE APPROX. 20' I-BEAM RAIL MOUNTED GIRDER, DAYTON 2-TON ELECTRIC CHAIN HOIST, TROLLEY, APPROX. 4' WIDE SPREADER BAR	1,250.00
6			1	TRIM REMOVAL SYSTEM, JOHN DUSENBERY MDL. 816919, S/N 2872, APPROX. 20" WIDE BLOWER/FAN, 2 HP MOTOR, ALUMINUM FLEX HOSE DUCTING, ANGLE IRON FRAME HOPPER	500.00
7			1	SLITTER, SELIM MACHINERY IN KOREA, MDL. SL-102-1200L, MACHINE ID# SL-999203, 54" WIDE, DUPLEX, (2) MOTORS, SHAFTLESS UNWIND STAND, REWIND STAND, EDGE GUIDE SYSTEM, SEMI-AUTOMATIC CONTROLS, CANTILEVERED SHAFTS, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS, [C]	10,000.00
8			1	TRIM REMOVAL SYSTEM, NO PLATE, APPROX. 20" BLOWER/FAN, APPROX. 1 HP MOTOR, PLASTIC FLEX HOSE DROPS, ANGLE IRON FRAME MOUNTED HOPPER	500.00
9			1	SLITTER, KAMPF, CO.# S31, TAG ALSO SHOWS CO.# K1, NO PLATE AVAILABLE, 62", DUPLEX, (2) MOTORS, SHAFTLESS UNWIND STAND W/MOTOR, DRIVE, REWIND STAND, SIEMENS SEMI-AUTOMATIC/PROGRAMMABLE CONTROL SYSTEM W/RELATED ELECTRICS, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS, [C]	45,000.00
10			1	BRIDGE CRANE SYSTEM, CUSTOM SETUP W/(4) LIGHT DUTY SUPPORT POSTS, SINGLE APPROX. 20' STATIONARY I-BEAM GIRDER, CM 1-TON ELECTRIC CHAIN HOIST, TROLLEY	1,250.00
11			1	TRIM REMOVAL SYSTEM, JOHN DUSENBERY, PLATE NOT READABLE, APPROX. 20" BLOWER/FAN, 2 HP MOTOR, ALUMINUM FLEX HOSE DROPS, HEAVY DUTY PORTABLE HOPPER CABINET	750.00
12			1	SLITTER, NO PLATE AVAILABLE, LIST SHOWS BAGLEY SEWALL MDL. CS-R, 84" WIDE, (2) 7.5 HP MOTORS, SHAFTLESS UNWIND STAND W/VARIABLE SPEED DRIVE, REWIND STAND, STAND ALONE POWER SUPPLY/CONTROL W/BUILT IN PLC W/COLOR DISPLAY MONITOR, EDGE GUIDE SYSTEM, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS, [C]	25,000.00

1444

Code 1:
Code 2:

APPRAISAL

CAROLINA CUSTOM CONVERTING, LLC-SELECTED ASSETS

Date : 09/16/14

Line	C1	C2	Qty	Description	FMV
13			1	BRIDGE CRANE, CUSTOM SETUP W/(4) TUBULAR STEEL SUPPORT POSTS, TWIN APPROX. 30' I-BEAM HEAVY DUTY GIRDERS, RAIL MOUNTED BRIDGE CRANE APPROX. 10' I-BEAM GIRDER AND YALE 3-TON ELECTRIC CHAIN HOIST, TROLLEY, APPROX. 4' WIDE SPREADER BEAM, BRIDGE CRANE W/(2) APPROX. 10' I-BEAM STATIONARY GIRDERS W/DAYTON 2-TON ELECTRIC CHAIN HOIST, TROLLEY, APPROX. 6' WIDE SPREADER BAR, VALUED AS COMPLETE SETUP	4,000.00
14			1	TRIM REMOVAL SYSTEM, G. MOUZON MDL. 100, S/N 5549, APPROX. 22" BLOWER/FAN W/ 7.5 HP MOTOR, HEAVY DUTY ALUMINUM FLEX HOSE DUCTING, PORTABLE HOPPER/CART	750.00
15			1	SLITTER/REWINDER, CO.# R3, STANFORD, NO PLATE AVAILABLE, PRODUCT SAFETY DATA SHEET SHOWS DESCRIPTION 03.12-SB030, S/N 194788, SAFETY LABEL: 132727, O&M LIT #132427, SHIPPING DATE: 10/94, 30", (2) MOTORS, UNWIND AND REWIND STANDS, SEMI-AUTOMATIC CONTROLS W/STAND ALONE RELIANCE ELECTRIC POWER SUPPLY/CONTROL, DIGITAL READOUT COUNTER, FIFE EDGE GUIDE SYSTEM, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS, [C]	22,000.00
16			1	SLITTER/REWINDER, CO.# R2, NO PLATE AVAILABLE, STANFORD, 24", (2) MOTORS, UNWIND AND REWIND STANDS, SEMI-AUTOMATIC CONTROLS, EDGE GUIDE SYSTEM, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS	17,500.00
17			1	SLITTER/REWINDER, CO.# R1, STANFORD DOCTOR MACHINE MDL. 188-30, S/N 4672677, APPROX. 30" WIDE, PLATE SHOWS ROLL DIA. 20", ROLL WEIGHT 250 LB., 1,000 FEET PER MINUTE, (2) MOTORS, UNWIND AND REWIND STANDS, SEMI-AUTOMATIC CONTROLS, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS, [C]	17,500.00
18			1	TRIM REMOVAL SYSTEM, INCLUDES QUICKDRAFT APPROX. 20" BLOWER/FAN, 10 HP MOTOR, ALUMINUM FLEX HOSE DROPS, ANGLE IRON FRAME MOUNTED	750.00
19			1	SLITTER, BLACK CLAWSON, NO PLATE AVAILABLE, 100" WIDE DUPLEX CENTER, SHAFTLESS UNWIND STAND W/MOTOR, DRIVE, REWIND STAND, SINGLE DRIVE W/APPROX. 25 HP MOTOR, SEMI-AUTOMATIC CONTROL W/STAND ALONE POWER SUPPLY/CONTROL, EDGE GUIDE SYSTEM, RELATED EQUIPMENT, COMPONENTS, CHANGE PARTS, OLDER APPEARANCE, [C]	25,000.00
20			1	BRIDGE CRANE SYSTEM, INCLUDES (4) I-BEAM SUPPORT POSTS AND (2) TUBULAR STEEL SUPPORT POSTS, DESCO INDUSTRIES 3-TON BRIDGE CRANE, APPROX. 15' RAIL MOUNTED I-BEAM GIRDER, R&M LOADMATE MDL. LM16 UNDERSLUNG ELECTRIC CHAIN HOIST, TROLLEY, 6-WAY ELECTRIC PENDANT CONTROL, BRIDGE RAIL ELECTRICS, ALSO INCLUDES STATIONARY APPROX. 8' I-BEAM GIRDER W/DAYTON 2-TON ELECTRIC CHAIN HOIST, TROLLEY	5,000.00
21			1	CORE CUTTER, APPLETON MFG. MDL. E1MS2, S/N 9470, APPROX. 120" LONG, HYDRAULIC SYSTEM W/APPROX. 3 HP MOTOR, RELATED ATTACHMENTS, ACCESSORIES	7,500.00
22			1	CORE CUTTER, DUSENBERY APPROX. 48" WIDE, 1/3 HP MOTOR, RELATED ATTACHMENTS	500.00
23			1	BALER, GENERAL HYDRAULICS, MDL. 615-60R-21, S/N 10530, 5' WIDE, DOWNSTROKE, TOP MOUNTED HYDRAULIC UNIT	3,500.00
24			1	BALER, J.V. MFG., MDL. DBR-60-LU, S/N BD10555-M01, MFG. 4/01, 5' WIDE, DOWNSTROKE, TOP MOUNTED HYDRAULIC UNIT	3,500.00

1445

Code 1:

Code 2:

APPRAISAL

CAROLINA CUSTOM CONVERTING, LLC-SELECTED ASSETS

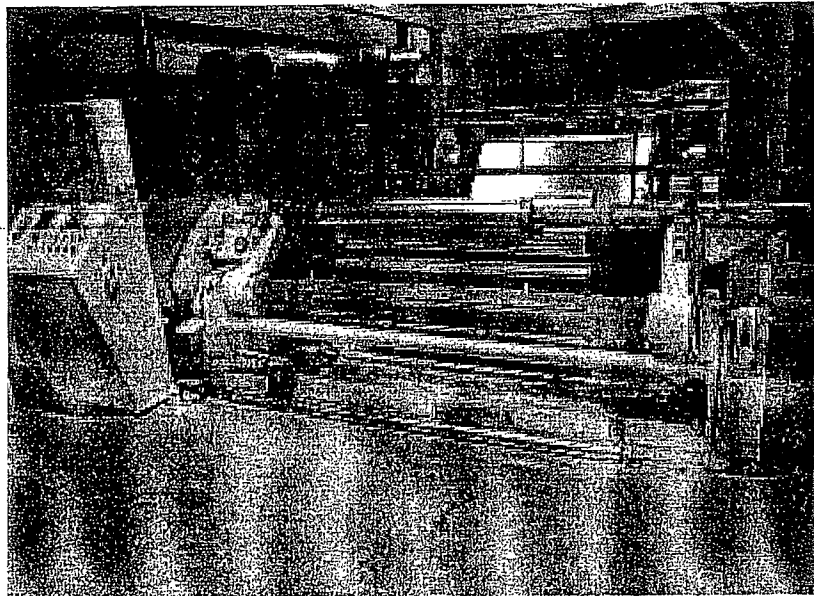
Date : 09/16/14

Line	C1	C2	Qty	Description	FMV
25			1	STRETCH WRAPPER, LANTECH, LAN-WRAPPER, V-SERIES, NO PLATE AVAILABLE, 6' WIDE, ROTATING TABLE, PRE-STRETCHER	3,500.00
26			1	SCALE, 5' X 5' PLATFORM, W/METTLER TOLEDO PANTHER PLUS DIGITAL WEIGHT INDICATOR	1,150.00
27			1	FORKLIFT, KOMATSU MDL. FB25SH-4, S/N 31404A, 4,480 LB. CAPACITY AT 180" LIFT HEIGHT, TRIPLE MAST, SOLID TIRES, ELECTRIC, W/BATTERY, CHARGER, APPROX. 6' FORKS	3,500.00
28			1	FORKLIFT, CATERPILLAR MDL. GC40K, S/N AT87A01787, 4,000 LB. CAPACITY, 224" LIFT HEIGHT, 3-STAGE MAST, SOLID TIRES, LP GAS, SIDE SHIFTER, INCLUDES SIDE LOADING FORKS ATTACHMENT W/4' FORKS, [C]	9,500.00
29			1	SLITTER, CO.# D1, NO PLATE AVAILABLE, LIST SHOWS DUSENBERY MDL. 835, 62" WIDE, SINGLE MOTOR, REWIND STAND, REWINDER, EDGE GUIDE, RELATED EQUIPMENT, COMPONENTS, CURRENTLY DISASSEMBLED AND NOT UNDER POWER IN LOWER WAREHOUSE, AS IS, SOME PARTS APPEAR TO BE MISSING [D]	5,000.00
30			1	SLITTER REWINDER, CO.# 4, STANFORD, NO PLATE AVAILABLE, LIST SHOWS 1992 VINTAGE, 30" WIDE, SINGLE MOTOR, REWIND STAND, REWINDER, EDGE GUIDE, BLOWER/FAN, CURRENTLY NOT UNDER POWER IN LOWER WAREHOUSE, [C-]	13,500.00
31			1	SALVAGE REWINDER, JOHN DUSENBERY, MDL. 750AB, S/N 59633, 4", TABLE MODEL, 1/2 HP MOTOR, CURRENTLY NOT UNDER POWER IN LOWER WAREHOUSE, [C], CO.# T2	3,750.00
32			1	SALVAGE REWINDER, JOHN DUSENBERY, MDL. 750AB, S/N 59632, 4", TABLE MODEL, 1/2 HP MOTOR, CURRENTLY NOT UNDER POWER IN LOWER WAREHOUSE, [C]	3,750.00
33			1	SLITTER REWINDER, ARPECO TRACKER, S/N NOT READABLE, APPROX. 12", CURRENTLY NOT UNDER POWER IN LOWER WAREHOUSE, [C]	5,000.00
34			1	DRUM SLITTER, NO PLATE AVAILABLE, LIST SHOWS ARROW, 66" WIDE DRUM, (24) SLITTER ARMS, 25 HP DRIVE MOTOR, CURRENTLY DISASSEMBLED AND NOT UNDER POWER IN LOWER WAREHOUSE, [C-]	2,000.00
35			1	CORE CUTTER, CORETECH, S/N 1586, LIST SHOWS 70" AUTOMATIC, FRAME ONLY, REMAINDER OF MACHINE AND PARTS MISSING, PRINCIPAL INDICATES NOT OPERATED FOR SEVERAL YEARS AND PARTS SOLD YEARS AGO, AS IS	50.00
36			1	SLITTER REWIND STAND, NO PLATE, LIST SHOWS BLACK CLAWSON MDL. DR-15, 86", AS IS, DISASSEMBLED IN YARD, PAINTED ORANGE	1,500.00
Grand Totals					335,950.00

PHOTOGRAPHS

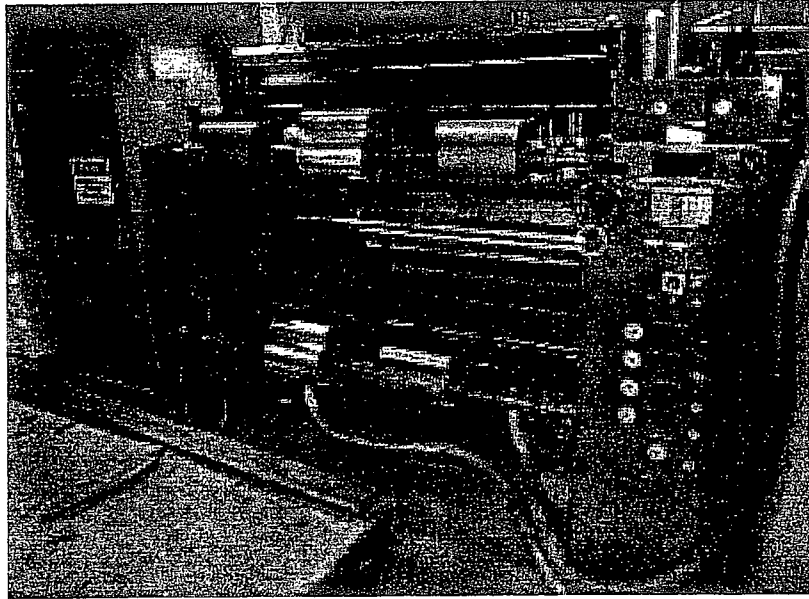


DUSENBERY SLITTER (AS IS)

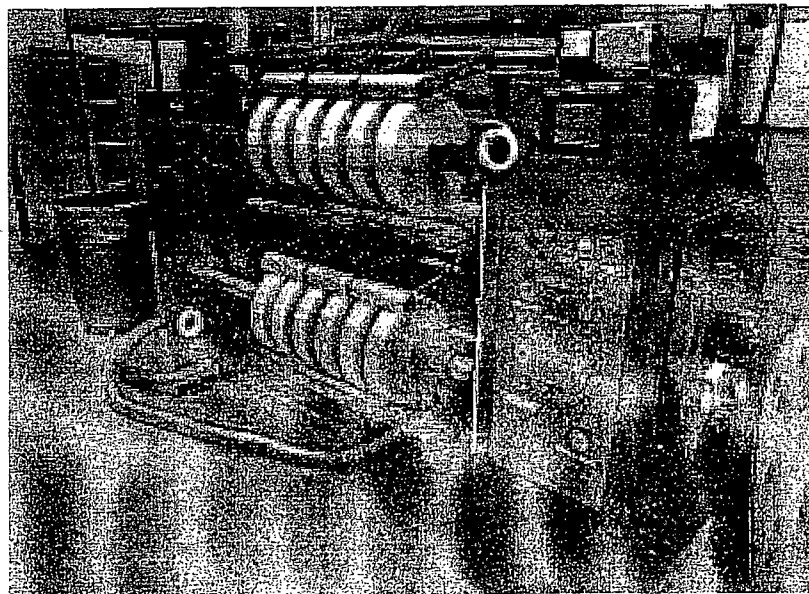


BLACK CLAWSON 100" SLITTER FRONT

ROSEN SYSTEMS INC.

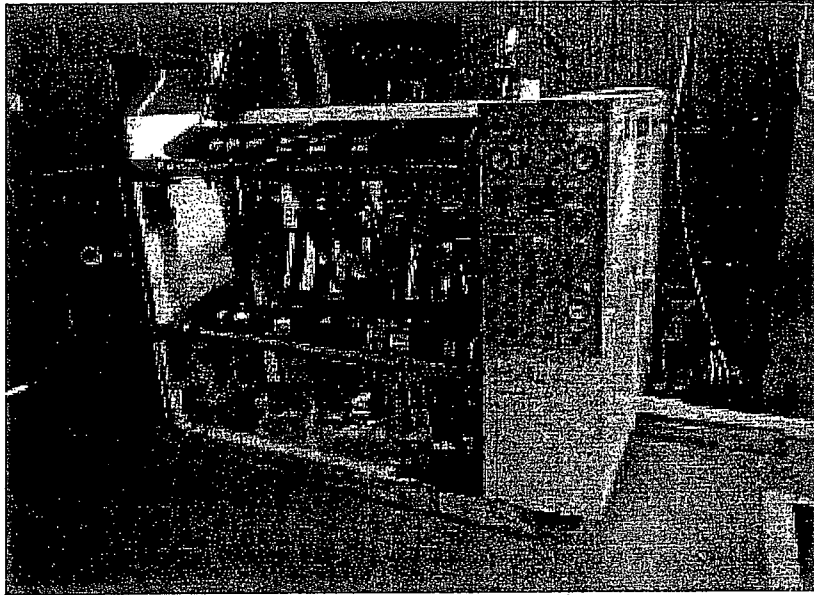


STANFORD SLITTER S3 - FRONT

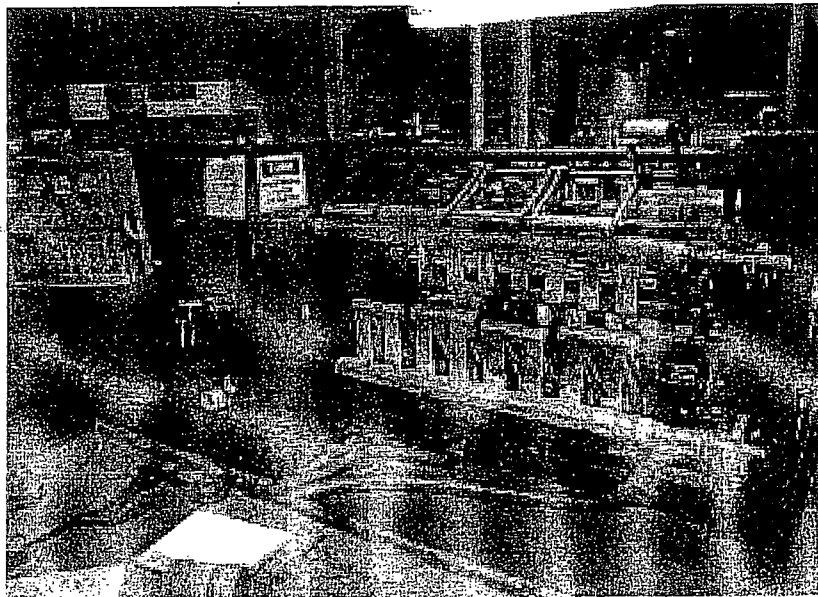


STANFORD SLITTER S1 - FRONT

ROSEN SYSTEMS INC.

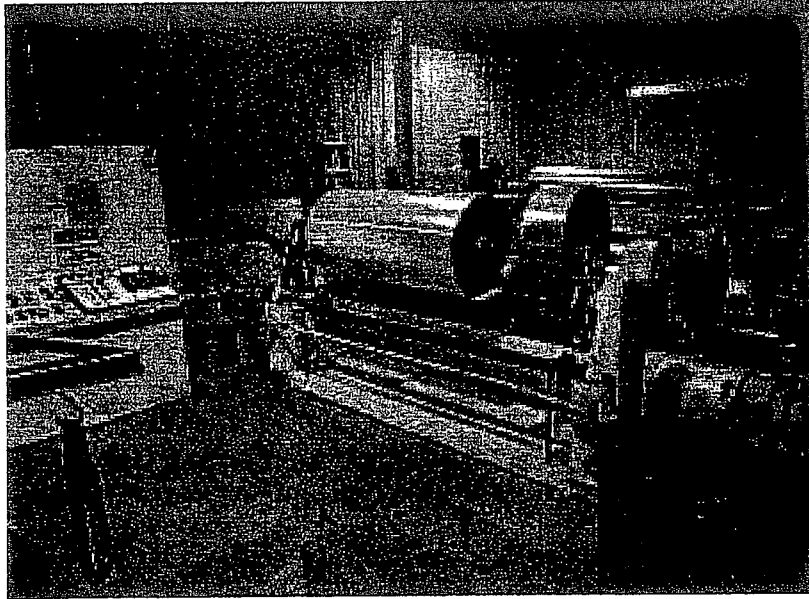


SELIM SLITTER - FRONT



KAMPF SLITTER - FRONT

ROSEN SYSTEMS INC.



BAGLEY SEWALL SLITTER - FRONT

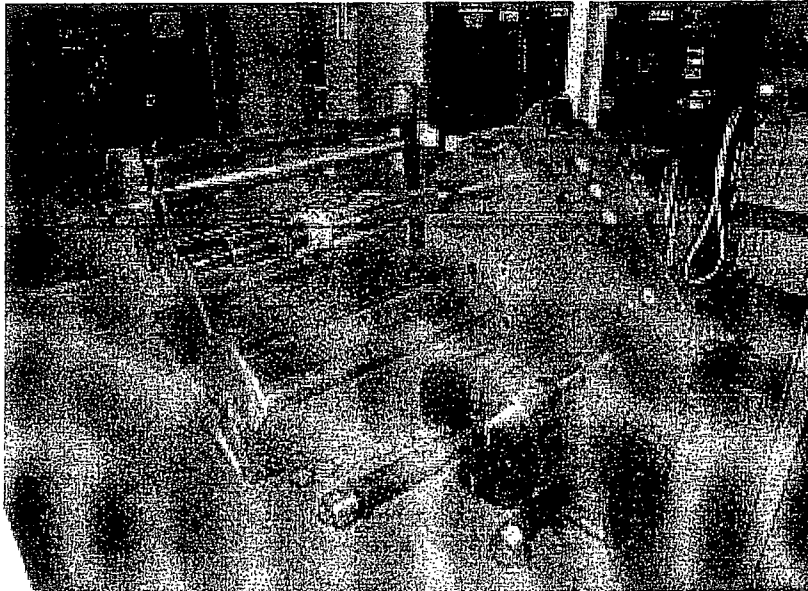


STANFORD SLITTER REWINDER R3

ROSEN SYSTEMS INC.

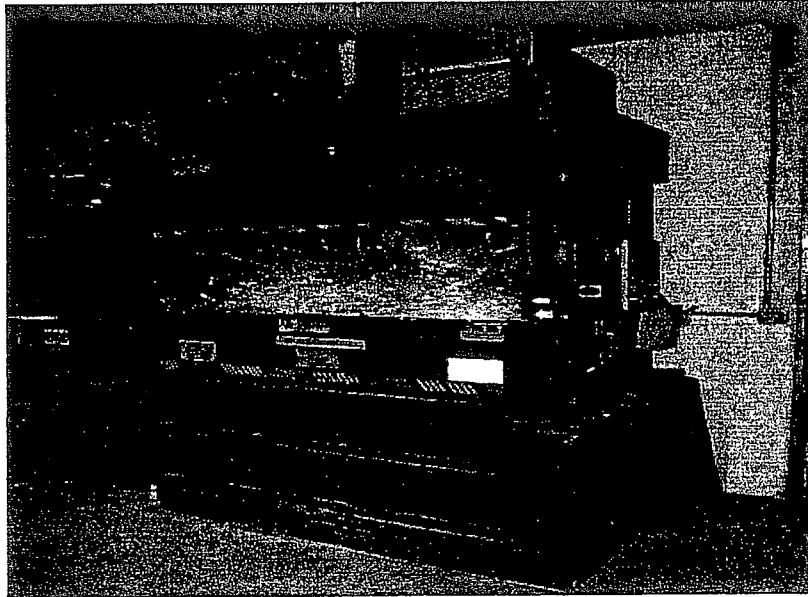


STANFORD SLITTER REWINDER R2

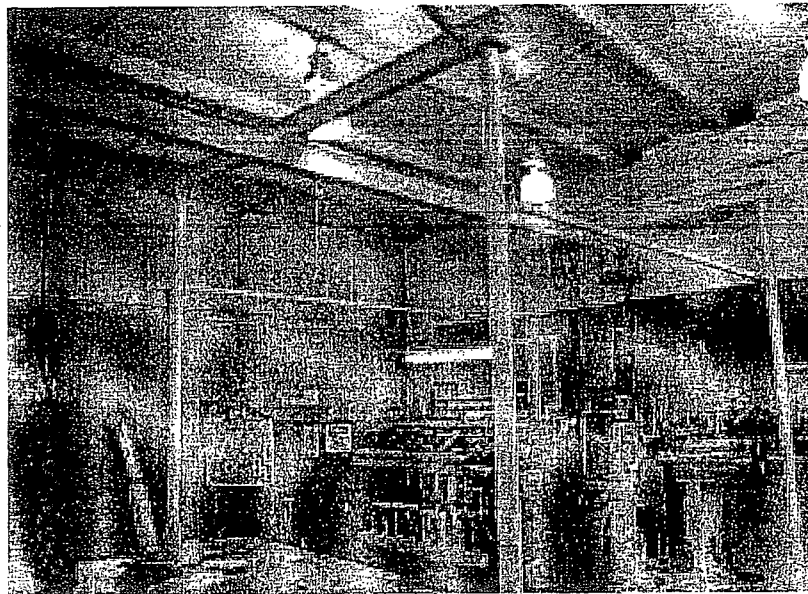


STANFORD SLITTER REWINDER R1

ROSEN SYSTEMS INC.



JV MFG BALER



BRIDGE CRANE OVER KAMPF SLITTER

ROSEN SYSTEMS INC.

CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The report analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is the writer's personal, unbiased professional analysis opinions and conclusions. Values rendered are an opinion of the appraiser and are not a guarantee of value.
- 3) I have no bias with respect to the property or parties that are the subject of this report or to any other parties involved with or related to supply machinery and equipment the subject of this assignment.
- 4) I have no present or prospective interest in purchasing the assets that are the subject of this report.
- 5) My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
- 6) The analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation and Standards and Procedures of Professional Appraisal Ethics and Practice as defined by the Association of Machinery and Equipment Appraisers.
- 7) The writer has personally viewed the assets that are the subject of this report.
- 8) No one person provided significant professional assistance to the person signing this report unless so stated.
- 9) No pertinent information was withheld or overlooked, and I, the undersigned, further certify that I have not been influenced in any way during the preparation of this appraisal report by any parties having a financial or other interest in this report.

ROSEN.SYSTEMS, INC



David A. Dalfonso, CEA
Vice President

I hereby certify that I reviewed this appraisal.



Michael D. Rosen, CEA
President



QUALIFICATIONS

ROSEN SYSTEMS, INC.

Rosen Systems, Inc., is a comprehensive national appraisal organization, evolving from Ralph Rosen Associates which began operations in 1917. Through the years, there has been increasing demand for Rosen Systems, Inc.'s appraisal services as a result of asset-based lending, merger and acquisition activities, and asset management/disposition requirements.

The company's position of eminence within the profession and national acceptance has resulted from:

- Leadership and membership in the National Association of Machinery and Equipment Appraisers organization and CEA certification of M&E appraisers, along with years of practical knowledge of the marketplace and asset valuing experience.
- Commercial/Industrial Real Estate Appraisers with multi-state GREA certification and national property valuation experience.
- Appraiser versatility in multiple value concepts.

Over eighty years of sales and appraisal experience, combined with Rosen Systems, Inc.'s proven valuation techniques, have been carefully coordinated to meet the unique needs of each client. This experience level finds Rosen Systems, Inc.'s appraisals accepted by major lenders in the United States and recommended by them as one of their primary sources for asset value indications. We are particularly well organized to suit the needs of those involved in the financing community generally. We have completed numerous appraisals in both Canada and Mexico.

Rosen Systems, Inc., includes appraisal departments which focus on values for making lending decisions as well as hard asset allocations subsequent to mergers/acquisitions as follows:

- Real Estate
- Machinery and Equipment
- Inventories (Manufacturing, Wholesale and Retail)
- Market Studies

ANCILLARY SERVICES INCLUDE:

- Updating and appraisal revision
- Review of appraisals performed by others
- Desk-Top Opinions or informal value studies
- Market and Industrial Surveys

As a full service organization offering business, industry and financial institutions accurate appraisals, Rosen Systems, Inc. includes in its list of national clients many of the top institutional and commercial lenders, and numerous Fortune 500 companies.

ATLANTA · CHARLOTTE · DALLAS · FORT LAUDERDALE · HOUSTON

For Further Information Contact:

Rosen Systems, Inc.
2323 Langford St.
Dallas, Texas 75208
(972) 248-2266 · (800) 527-5134 · FAX: (972) 248-6887
<http://www.rosensystems.com>

ROSEN SYSTEMS INC.

QUALIFICATIONS

David A. Dalfonso, CEA
ROSEN SYSTEMS, INC.

EXPERIENCE & BUSINESS ASSOCIATIONS:

1. Vice President/Appraiser - Rosen Systems, Inc.
2. Expert Witness, Federal Bankruptcy Courts
3. Senior Market Analyst - Rosen Systems, Inc.
4. Research and Marketing Background
5. Consumer Finance Background
6. Oilfield Experience
7. Steel Production Experience

EDUCATION:

1. Bachelor of Science - College of Steubenville - Business Management
2. Additional Studies include Economics, Accounting, and Marketing

MEMBERSHIPS:

1. Machinery Dealers National Association, (MDNA) Member
2. Association of Machinery and Equipment Appraisers (AMEA) - CEA

APPRAISAL & RESEARCH ASSIGNMENTS:

1. Auction Value
2. Orderly Liquidation Value
3. Fair Market Value
4. Fair Market Value In Place
5. Replacement Value

ADDITIONAL INFORMATION:

1. *Demystifying The Appraisal Process*, "THE SECURED LENDER," Nov./Dec. '94, Vol. 50, Number 6.
2. Contributor/Associate Editor, Market Update Report -- a value-oriented article generated for major lending institutions.
3. Featured Speaker, Rosen Systems, Inc. - Educational Seminars.

Note: Specific references and/or assignments can be furnished upon request.

ROSEN SYSTEMS INC.

QUALIFICATIONS

Michael D. Rosen, CEA
ROSEN SYSTEMS, INC.

EXPERIENCE & BUSINESS ASSOCIATIONS:

1. President, Rosen Systems, Inc.
2. Licensed Auctioneer since 1970, TXL 6732
3. Marketing and Merchandising
4. President, Association of Machinery and Equipment Appraisers

EDUCATION:

1. BBA with Management Emphasis - University of Texas
2. Additional courses - Real Estate and Appraisal

MEMBERSHIPS:

1. Machinery Dealers National Association, Former Director
2. Association of Machinery and Equipment Appraisers - Certified Machinery and Equipment Appraiser, Past President, Director
3. Industrial Auctioneers Association - Charter Member, Director, Treasurer

APPRAISAL AND SALE ASSIGNMENTS:

1. Industrial Machinery & Equipment and Inventories
 - (a) Metalworking machinery
 - (b) Woodworking machinery
 - (c) Contractor's equipment
 - (d) Transportation
 - (e) Oilfield
 - (f) Printing
 - (g) Electronics
 - (h) Textile equipment
 - (i) Office furniture and equipment

APPRAISAL VALUE EXPERIENCE:

1. Insurance Value
2. FAIR VALUE
3. FAIR VALUE In Place
4. Auction Value
5. Salvage Value

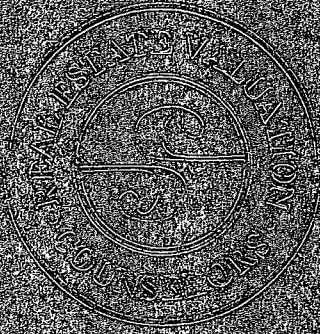
ADDITIONAL INFORMATION:

1. Real Estate Broker License #191785, File #92631
2. Speaker at National Commercial Finance Association Appraisal & Liquidation Workshops

Note: Specific references and/or assignments can be furnished upon request

ROSEN SYSTEMS INC.

DEFENDANT'S
EXHIBIT
181
10/2/14



STONE & ASSOCIATES, INC.

**MARKET RENT ANALYSIS
OF**

**OFFICE WAREHOUSE BUILDINGS
Carolina Custom Converting
1017 River Heights Circle
Anderson, South Carolina 29621**

RESTRICTED APPRAISAL REPORT

PREPARED FOR

**Mr. John Gandis
Carolina Custom Converting
P. O. Box 2726
Anderson, SC 29622**

**DATE OF INSPECTION
September 4, 2014**

**DATE OF VALUATION – “As Is”
September 4, 2014**

PREPARED BY

**William A. Tipping
Charles B. Stone, MAI
Stone & Associates, Inc.
1100A Rutherford Road
Greenville, South Carolina 29609**



STONE & ASSOCIATES, INC.

1100A RUTHERFORD ROAD • GREENVILLE, SC 29609
TEL. (864) 232-3051 • FAX (864) 232-3053 • E-MAIL cbstone@stoneandassoc.com

September 17, 2014

Mr. John Gandis
Carolina Custom Converting
P. O. Box 2726
Anderson, SC 29622

Subject: Carolina Custom Converting
1017 River Heights Circle
Anderson, SC 29621

Dear Mr. Gandis:

In accordance with your request, we have personally inspected the above referenced property and have completed an appraisal of the subject property. We are submitting a Restricted Appraisal Report with applicable exhibits and addenda, which explain and demonstrate the process used in completing this assignment.

This Restricted Appraisal Report is intended to comply with the reporting requirements set forth under STANDARD 2 of the Uniform Standards of Professional Appraisal Practice and Advisory Opinions (2014 – 2015 Edition) for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The information contained in this report is specific to the needs of the client and for the intended use stated herein. These appraisers are not responsible for unauthorized use of this report.

At the time of inspection, the subject property consisted of two pre-engineered structural steel office/warehouse buildings containing approximately 27,270 square feet of gross building area. The improvements are situated on a 4.19-acre tract of land located on the northeast side of River Heights Circle, at its intersection with Nalley Drive, Anderson, in Anderson County, South Carolina. The physical address is 1017 River Heights Circle. The property is further identified on Anderson County Tax Parcel Number 150-00-01-005.

Mr. Gandis
September 17, 2014
Page Two

The function of this appraisal is to estimate the Market Rent of the subject property as of the date of inspection, or September 4, 2014. Market Rent is further defined and qualified in the following appraisal.

It is our understanding that the intended use of this appraisal report is to assist the client with internal decisions concerning the subject property. This appraisal report has been prepared for the exclusive benefit of the client, Mr. John Gandis. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his/her own risk.

The scope of this appraisal encompasses the necessary research and analysis to prepare a report in accordance with the intended use, the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practices of the Appraisal Foundation. The scope of the assignment included inspecting the subject property, gathering regional, and county and neighborhood data from various public information sources. A final estimate of value is determined after assembling and analyzing the data defined in this category. It is our opinion that this analysis leads to a credible estimation of market rent for the subject property

History

In accordance with current courthouse documents, the owner of record is listed as M-TECH PROPERTIES, LLC, having been acquired from Barney D. Darby, Jr., by deed recorded December 16, 1999. This transaction is recorded in the Anderson County RMC Office in Deed Book 3598, at Page 00046.

Property Description

As previously stated, the subject site contains approximately 4.19 acres of land per Anderson County records. Ingress and egress to the site is available from curb cuts off of River Heights Circle and Nalley Drive. The subject site is along road grade with both streets. The subject site has approximately 2,330' of frontage along River Heights Circle, and approximately 282' along Nalley Drive. The subject site is very irregular in shape (long and narrow).

The subject is "unzoned" by Anderson County. The uses within the subject neighborhood are primarily industrial/service related (immediate area) and residential (surrounding area) in nature. This neighborhood is somewhat dormant in growth due to age and condition of the surrounding properties. The shape of the site is considered to be very irregular with gently rolling road grade topography. The site has access and good visibility from River Heights Circle and Nalley Drive. The utility of the subject site is considered to be adequate.

Mr. Gandis
September 17, 2014
Page Three

Utilities including electricity, water, sewer, and natural gas are available in adequate quantities from local utility companies. We are unaware of any easements other than the utility easements that are necessary for the use of the site. These easements are typical of the neighborhood, and do not adversely affect the utility of the subject tract.

Based on our observation of Greenville County Flood Map 45007C 0263E, dated September 29, 2011, the subject site appears to be located in Zone X, and is located in a low flood risk area. **Our observation of the subject site's flood zone status should not be relied upon as being accurate. The client should employ a professional engineer or surveyor to verify the actual flood zone status.**

The improvements to the subject site consist of two structures. **Building #1** is a pre-engineered office/warehouse building, and contains approximately 20,428 square feet of gross building area. The building contains a total of 2,270 square feet of office space, or 11.11%. This building, also referred to as the main building, has two sections that are 100% heated and cooled, which includes the clean room and the manufacturing area (7,000 square feet) and the balance of the building with the exception of the office area has no heat or air condition. **Building #1** has eave heights that range from 16' to 18'. **Building #2** is a freestanding warehouse building that contains approximately 6,842 square feet of GBA and is located on the west side of the main building. This building has no heated or air conditioned space with eave heights of approximately 14'.

The total square footage for both buildings is 27,270 square feet. There are various drive-in overhead doors located on the southern elevations of both buildings. The roof systems are a combination of various pre-engineered metal roof panels over pre-engineered steel frames. All exterior walls are pre-engineered metal panels. Both buildings have an effective-age of approximately 20 years old. **Building #1** has a covered concrete pad of approximately 3,266 square feet attached to its southern elevation.

The value estimate assumes no impact on value because of "Section 404 - Wetlands" as defined by the US Army Corp. of Engineers. We have found no evidence of wetlands; however, we are unqualified in this field and urge the client to seek the advice of an expert to determine any potential impact of wetlands on the above referenced property.

In this assignment, the existence of hazardous waste material, which may or may not be present on or in the subject property, was not observed by us. We have no knowledge of the existence of such materials on or near the subject property; however, we are not qualified to detect such substances. The presence of such material may have an effect on the value or use of the subject property. It is assumed that there are no hazardous material spills resulting from underground storage tanks or other causes associated with the subject property. Full compliance with all environmental laws is assumed. The client is urged to retain an expert in this field, if further clarification is desired. We wish to

Mr. Gandis
September 17, 2014
Page Four

clearly emphasize that the detection of any such hazardous materials are beyond the scope of this valuation analysis. Furthermore, it is assumed that the presence of any hazardous materials, gases or toxic substances that would cause a loss in value is assumed not to exist on the property.

Market Rent Valuation

At the request of the client, we have selected the price per square foot to estimate the value of the subject building. Shown in the following pages of this report, and on the various exhibits, and retained in the appraisers' files is the information pertaining to the approach utilized.

Market Rent is defined as *"the rental income that a property would most probably command in the open market; indicated by the current rents paid and asked for comparable spaces as of the date of appraisal."*¹

After analyzing the subject property and its market, and considering the various factors entering into the appraisal analysis, including the Assumptions and Limiting Conditions contained in the attached report, it is our opinion that Market Rent of the subject property, as of September 4, 2014 ranges from:

\$2.12/Per Square Foot to \$3.09/Per Square Foot (NNN Terms)

Furthermore, we would expect this property to lease for \$2.50 per square foot, which would equate to approximately \$5,700 per month.

The above rate is based on triple net terms with the tenant being responsible for real estate taxes and building insurance and the landlord being responsible for the structure of the buildings including major roof repairs.

The appraisal analysis, opinions and conclusions were developed and this appraisal report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice (USPAP) 2014-2015 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

We certify that we have the experience and knowledge to competently complete an appraisal of this type, and have made other appraisals of similar properties in the past. We further certify that the subject property was inspected by William A. Tipping and Charles B. Stone, MAI.

¹ The Dictionary of Real Estate Appraisal, 5th Edition, Chicago: The Appraisal Institute, 2010

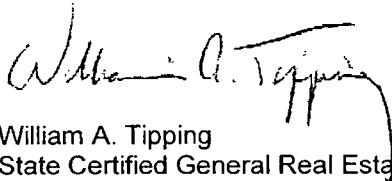
Mr. Gandis
September 17, 2014
Page Five

The employment of these appraisers was not conditional upon the appraiser producing a specified value or a value within a given range. Future employment prospects are not dependent upon the appraiser producing a specified value. Employment of the appraisers and the payment of the fee are not based on whether a loan application is approved or disapproved.

We appreciate the opportunity to be of service. If you have any questions or require any additional information, please feel free to contact us any time.

Respectfully submitted

STONE & ASSOCIATES, INC.



William A. Tipping
State Certified General Real Estate Appraiser
SC Certificate No. CG 4179



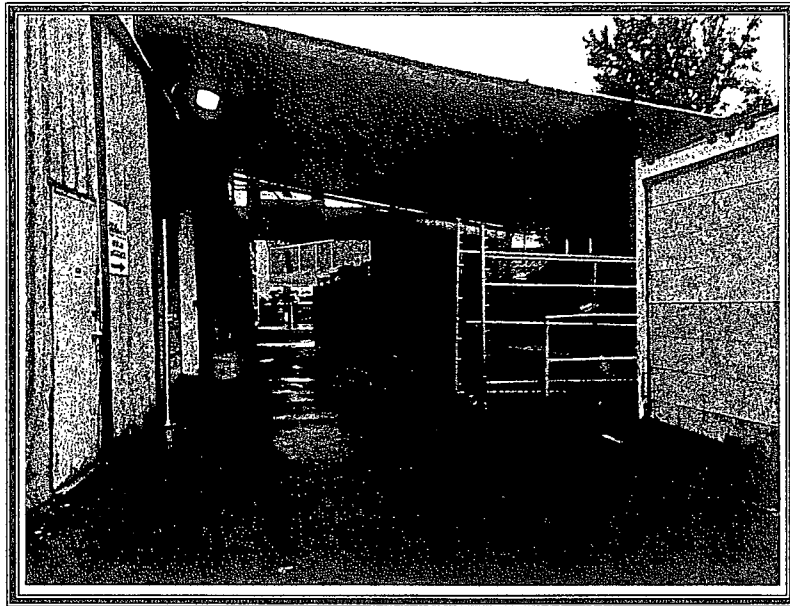
Charles B. Stone, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG188



**FRONT VIEW OF BUILDING #1
FROM NALLEY DRIVE**



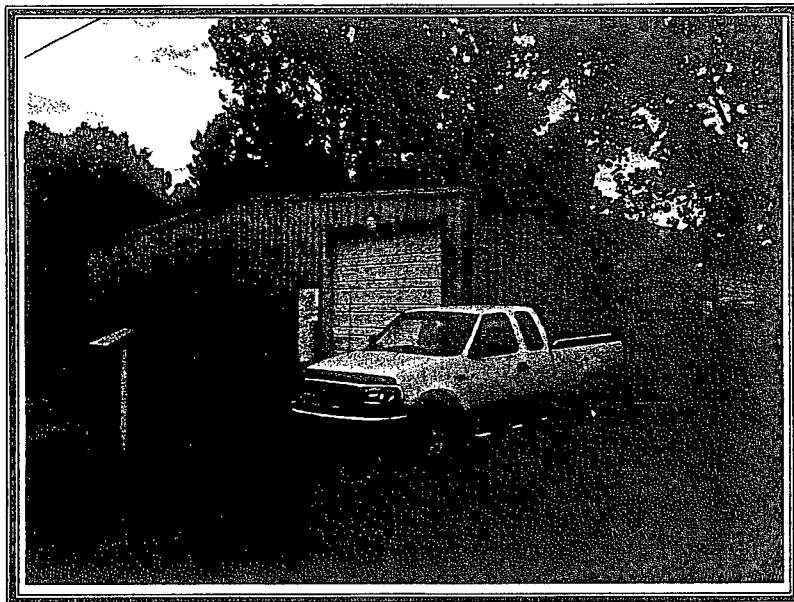
**SOUTH ELEVATION OF BUILDING #1
FROM RIVER HEIGHTS CIRCLE**



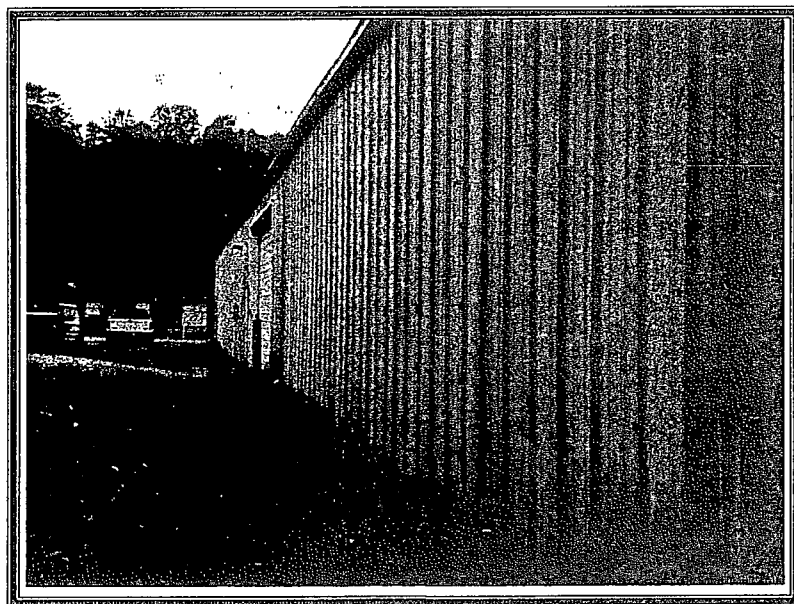
SOUTH ELEVATION WITH CANOPY AREA – BUILDING #1



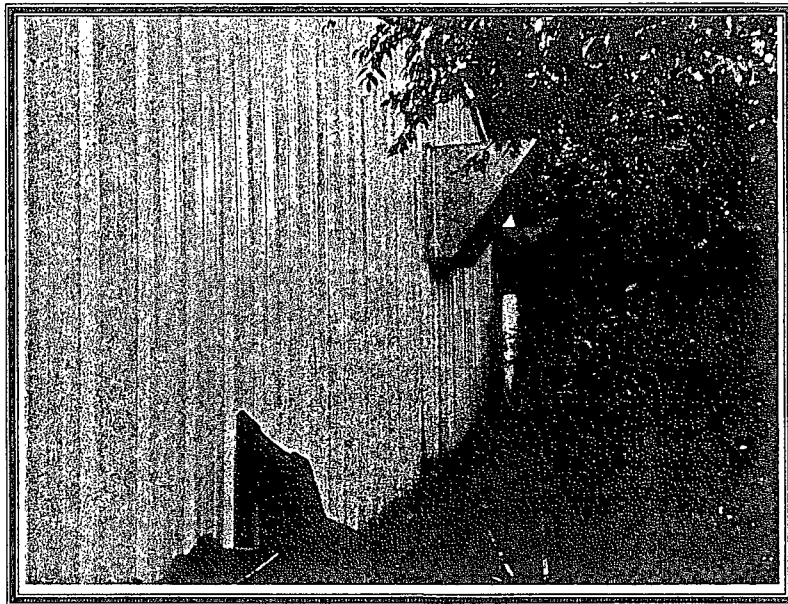
REAR VIEW OF BUILDING #1



FRONT VIEW OF BUILDING #2



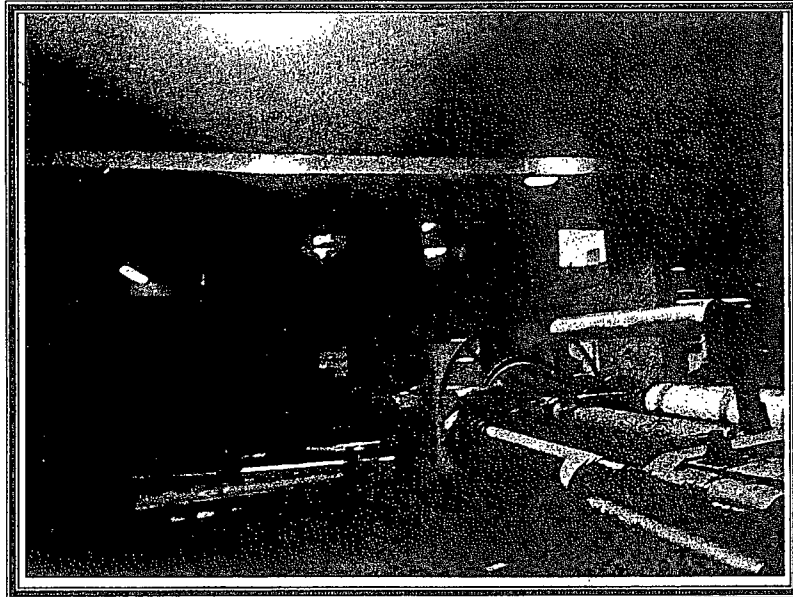
EAST ELEVATION OF BUILDING #2



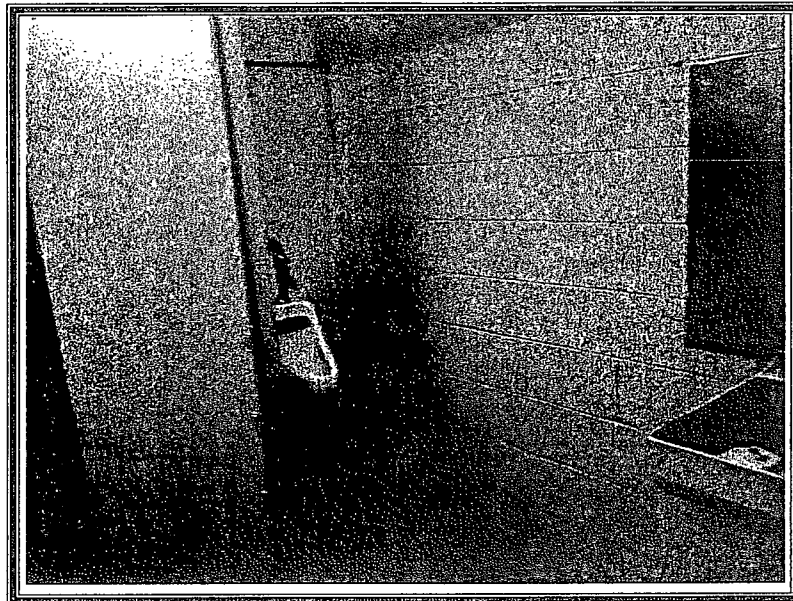
REAR ELEVATION OF BUILDING #2



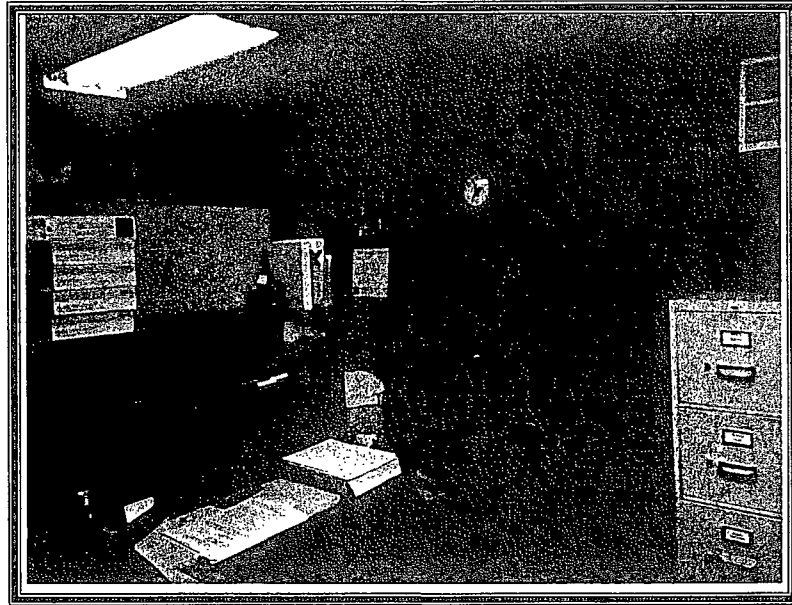
WEST ELEVATION OF BUILDING #2



WAREHOUSE/MANUFACTURING - BUILDING #1



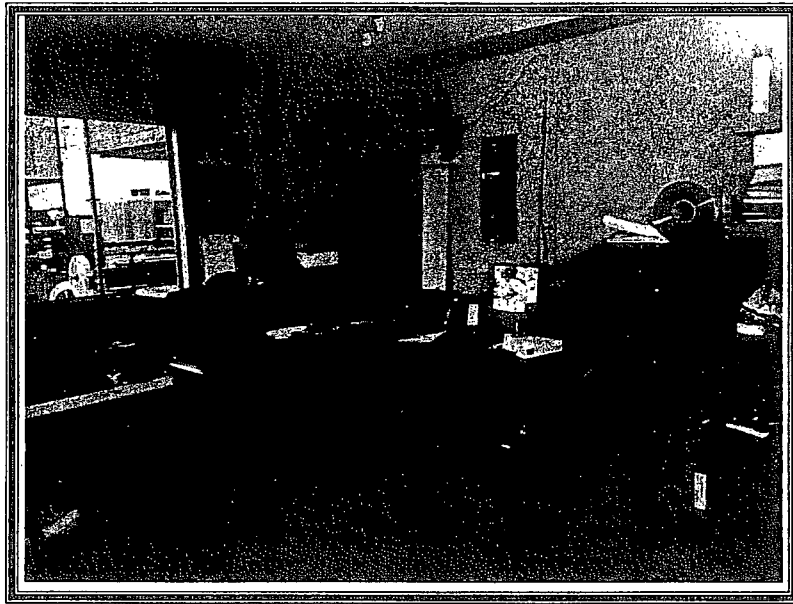
**RESTROOM AREA IN WAREHOUSE/MANUFACTURING WAREHOUSE
AREA - BUILDING #1**



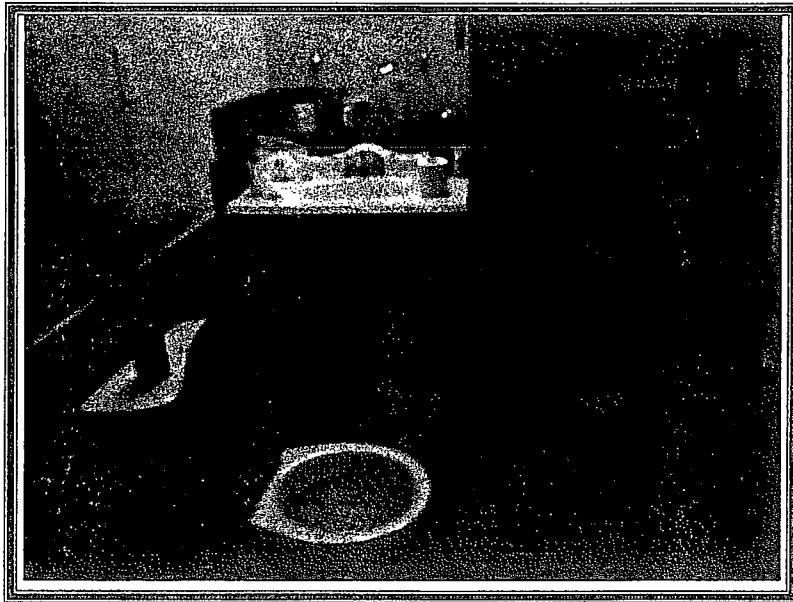
TYPICAL OFFICE AREA WAREHOUSE AREA - BUILDING #1



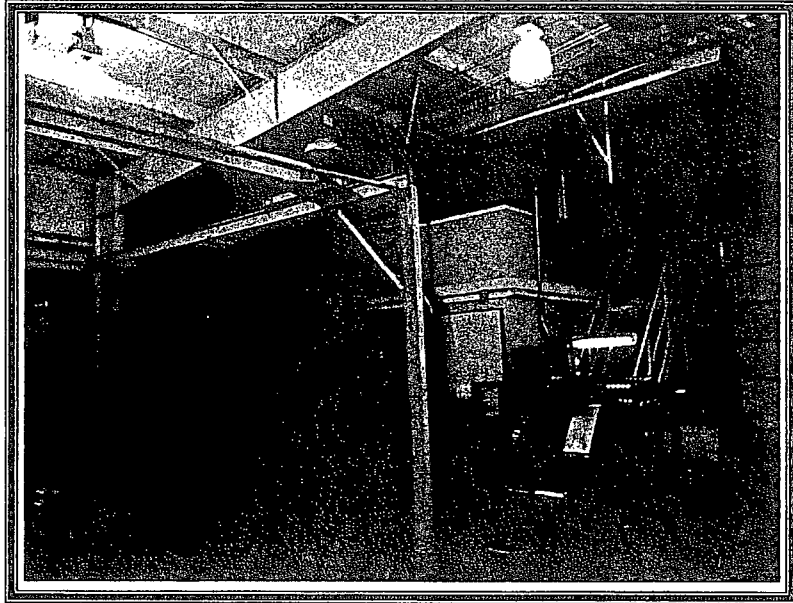
STORAGE AREA - BUILDING #2



OFFICE AREA - BUILDING #1



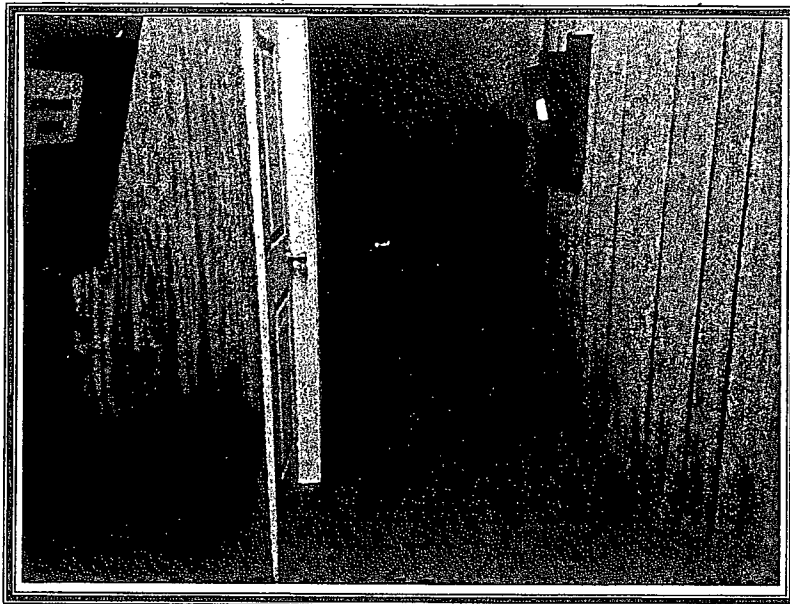
OFFICE RESTROOM



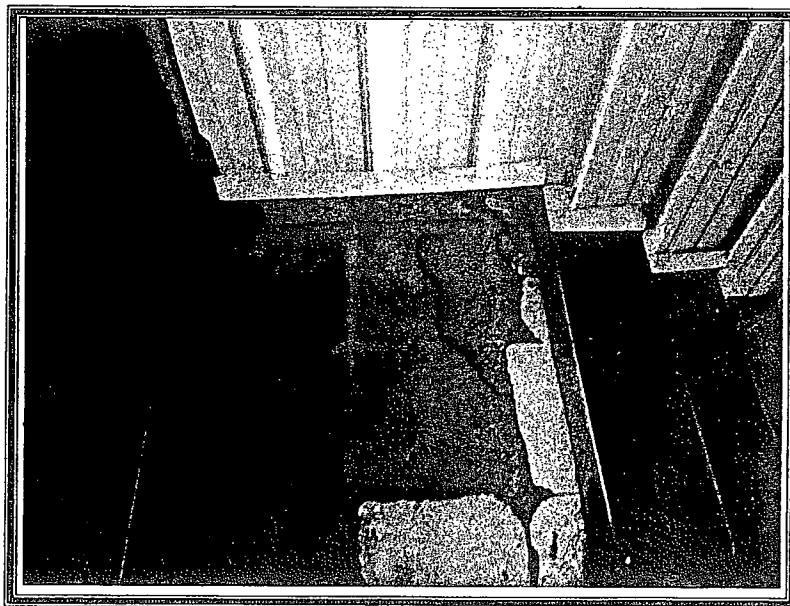
MANUFACTURING W/OFFICE AREA IN REAR – BUILDING #1



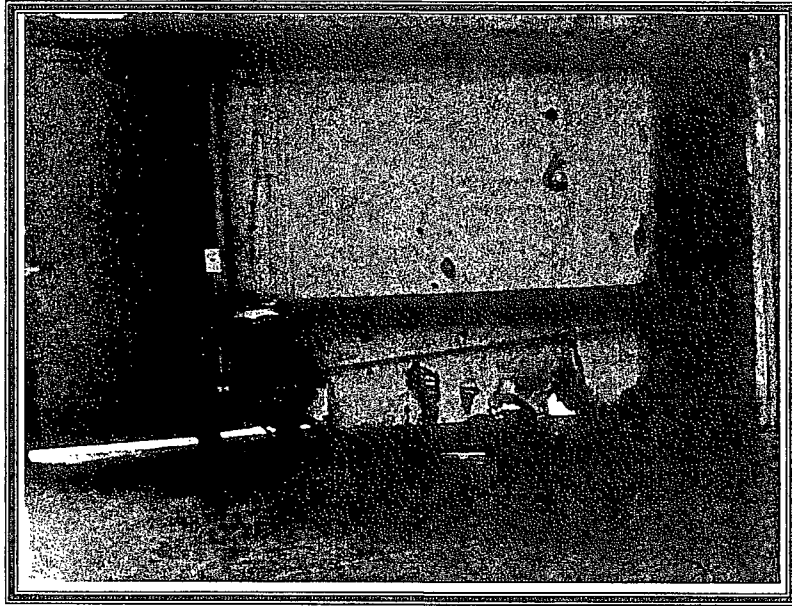
WAREHOUSE AREA - BUILDING #1



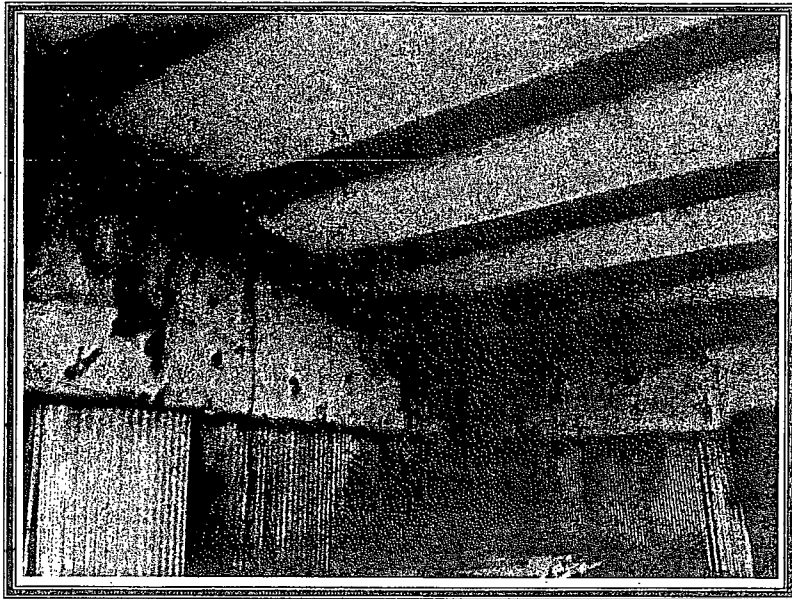
OFFICE AREA – BUILDING #1



STAIRS TO OFFICE – BUILDING #1



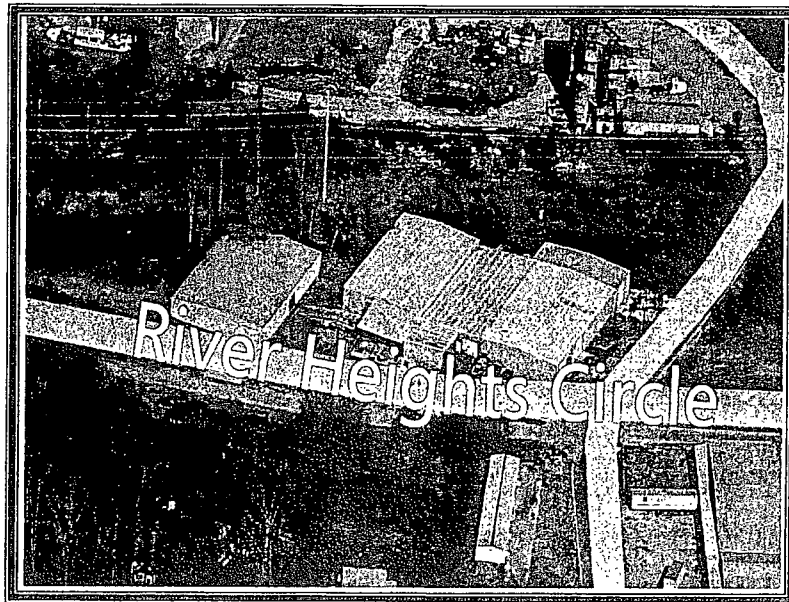
WAREHOUSE AREA – BUILDING #1



WAREHOUSE AREA – BUILDING #1



INTERSECTION OF RIVER HEIGHTS CIRCLE AND
NALLEY DRIVE



AERIAL VIEW

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

PROPERTY	Office/Warehouse Facility
LOCATION:	
STREET	1017 River Heights Circle
NEAREST CITY	Anderson
COUNTY	Anderson
STATE	South Carolina
TAX MAP NUMBER	150-00-01-005
OWNER(S) OF RECORD	M-TECH PROPERTIES, LLC
DATE OF INSPECTION	September 4, 2014
LAND AREA	4.19 Acres
ZONING	"Unzoned"
FEMA PANEL - FLOOD ZONE & DATE	X 45007C 0263E, September 29, 2011
DESCRIPTION OF IMPROVEMENTS	
SIZE - BUILDING #1 (OFFICE/WAREHOUSE)	20,428 Square Feet of Gross Building Area
CONSTRUCTION	Metal Frame with a Metal Exterior
CONDITION	Average
SIZE - BUILDING #2 (WAREHOUSE)	6,842 Square Feet of Gross Building Area
CONSTRUCTION	Metal Frame with a Metal Exterior
CONDITION	Average
TOTAL GBA	27,270 Square Feet of Gross Building Area
HIGHEST AND BEST USE - VACANT	Commercial - Industrial/Service Related
HIGHEST AND BEST USE - AS IMPROVED	Commercial - Industrial/Service Related
MARKET RENT	\$2.12 to \$3.09 per Square Foot (NNN Terms)
INSPECTING APPRAISER	William A. Tipping
INSPECTING APPRAISER	Charles B. Stone, MAI

ASSUMPTIONS AND LIMITING CONDITIONS

The following report is prepared subject to these Limiting Conditions. Do not rely on report unless you accept the following conditions:

CONDITION NO. 1

Unless otherwise stated, the value appearing in this appraisal represents our opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of Real Estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions. If the value reported herein is as of a future date, no liability can be assumed for changes that may occur in any conditions or factors that would impact the value conclusions reported.

CONDITION NO. 2

Title to the subject property is assumed to be good and marketable and is free and clear of all liens and encumbrances, unless otherwise stated herein. No responsibility is assumed for matters legal in nature, nor any opinion of title rendered herewith. Good and marketable title is assumed.

CONDITION NO. 3

The information contained herein has been gathered from sources thought to be reliable; however, no responsibility is assumed for their accuracy.

CONDITION NO. 4

Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report.

STONE & ASSOCIATES, INC.

ASSUMPTIONS AND LIMITING CONDITIONS – Continued

CONDITION NO. 5

This appraisal report covers only the property described, and the values and rates used do not apply to any other property, however similar it may be.

CONDITION NO. 6

It is assumed that the description of the property is correct, that the improvements are entirely and correctly located on the described property and that there are no encroachments on this property; however no investigation or survey has been made.

CONDITION NO. 7

This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

CONDITION NO. 8

No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered.

CONDITION NO. 9

Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sale, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to (The Appraisal Institute or any of its designations.) Further, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all the assumptions and limiting conditions of the assignment.

STONE & ASSOCIATES, INC.

ASSUMPTIONS AND LIMITING CONDITIONS – Continued

CONDITION NO. 10

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would make it more or less valuable. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

CONDITION NO. 11

This appraisal assumes competent management and marketing.

CONDITION NO. 12

The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.

CONDITION NO. 13

The distribution, if any, of the total valuation of this report between land and improvement applies only under the stated program of utilization. Separate valuations of land and improvements must not be used for any other purposes and are invalid if done so.

STONE & ASSOCIATES, INC.

ASSUMPTIONS AND LIMITING CONDITIONS – Continued

CONDITION NO. 14

The projections of income and expenses including the reversionary value are based on economic trends as of the date of the appraisal. The real estate market is constantly fluctuating and we cannot accept responsibility for economic variables that may occur in the future which was not known as of the date of the appraisal.

CONDITION NO. 15

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.

CONDITION NO. 16

It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

CONDITION NO. 17

No liability is assumed for the condition of the mechanical equipment, plumbing, roof, or electrical systems of the building. These components are considered to be in good condition and needed no repairs at the time of this appraisal.

CONDITION NO. 18

Possession of this report, or a copy thereof, does not carry with it the rights of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with properly written qualification and only in its entirety.

CONDITION NO. 19

The exact location and the determination of specific availability of any particular utility are beyond the scope of this appraisal. The client and prospective user of the property

STONE & ASSOCIATES, INC.

ASSUMPTIONS AND LIMITING CONDITIONS – Continued

must make such additional investigations and inquiries with professional engineers or directly with utility providers concerning specific utility services(s) as a part of the client's due diligence studies required for the client's intended use(s) of the property, all as the client, in the client's judgment, may deem appropriate. Any comments as to utilities contained herein are strictly limited to our physical observations, and we expressly do not warrant such comments or service(s) in any fashion. Any lack of particular utility service(s) will have a direct impact upon the valuation contained in this appraisal.

CONDITION NO. 20

The appraisal analysis, opinions and conclusions were developed and this appraisal report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice and Advisory Opinions (USPAP) 2014 - 2015 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

CONDITION NO. 21

An extraordinary assumption is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions (USPAP 2014 - 2015 Edition, ASB of The Appraisal Foundation). "Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis" (USPAP 2014 - 2015 Edition, ASB of The Appraisal Foundation, Comment). This appraisal employs no extraordinary assumptions.

CONDITION NO. 22

A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis (USPAP 2014 - 2015 Edition, ASB of The Appraisal Foundation). "Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or

STONE & ASSOCIATES, INC.

ASSUMPTIONS AND LIMITING CONDITIONS – Continued

about the integrity of data used in an analysis" (USPAP 2014 - 2015 Edition, ASB of The Appraisal Foundation, Comment). This appraisal employs no hypothetical conditions.

CONDITION NO. 23

This Restricted Appraisal Report is intended to comply with the reporting requirements set forth under STANDARD 2 of the Uniform Standards of Professional Appraisal Practice and Advisory Opinions (2014 - 2015 Edition) for a Restricted Appraisal Report. The content of this report is specific to the needs of the client and intended user, and for the intended use stated herein. These appraisers are not responsible for unauthorized use of this report.

CONDITION NO. 24

These appraisers are not building or environmental inspectors. The appraisers provide an opinion of value. This appraisal does not guarantee that the property is free of defects or environmental problems. The appraisers perform an inspection of visible and accessible areas only. Mold may be present in areas the appraisers cannot see. A professional building inspection or environmental inspection is recommended.

STONE & ASSOCIATES, INC.

CERTIFICATION

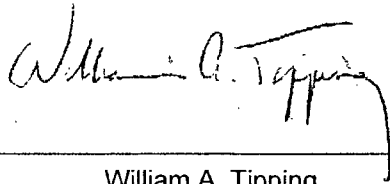
We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Charles B. Stone and William A. Tipping have made personal inspections of the property that is the subject of this report.

STONE & ASSOCIATES, INC.

CERTIFICATION – Continued

- No one provided significant real property appraisal assistance to the persons signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Charles B. Stone, MAI has completed the continuing education program of the Appraisal Institute.



William A. Tipping
State Certified General Real Estate Appraiser
SC Certificate No. CG 4179



Charles B. Stone, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG 188

September 17, 2014

Date

STONE & ASSOCIATES, INC.

**APPRAISER'S QUALIFICATION
CHARLES B. STONE**

EDUCATION:

- Graduated The Citadel, Charleston, South Carolina, B.S. in Business Administration, 1977.
 - Real Estate Appraisal Principles, University of North Carolina, 1981.
 - Basic Valuation Procedures, 1981.
 - Capitalization Theory and Techniques, Part A, University of Maryland.
 - Capitalization Theory and Techniques, Part B, University of Georgia, 1984.
 - Case Studies in Real Estate Valuation, University of Georgia, 1987.
 - Report Writing and Valuation Analysis, University of North Carolina, 1987.
 - Valuation of Lease Interests Analysis, University of North Carolina, 1987.
 - Applying Appraisal Techniques in Historical Districts, 1996.
 - Valuing Land Affected by Conservation Easements, 1997.
 - Understanding New Trends in Quality Appraisal Production, 1998.
 - Eminent Domain and Condemnation Appraising, 1998.
 - Case Studies and Appraisal Litigation, 1999.
 - Introduction to Appraising for Conservation Easements, 2001.
 - Business Practices and Ethics, Greensboro, North Carolina, 2006.
 - Inverse Condemnation, Columbia, South Carolina, 2007.
 - Appraisal for Alternate Uses: Life Beyond Lending, Columbia, South Carolina, 2008.
 - 2008 National USPAP Update, Columbia, South Carolina, 2008.
 - Maintaining Control: Dealing with Client Pressure, Appraisal Identify Theft, and Appraisal Report Tampering, Columbia, South Carolina, 2008.
 - SC Real Property Reform Act of 2006, Columbia, South Carolina, 2009.
 - Spotlight on USPAP: Agreement for Services, Columbia, South Carolina, 2010.
 - Appraising Distressed Commercial Real Estate, Columbia, South Carolina, 2010.
 - Valuation of Conservation Easements, as offered by the American Society of Appraisers, the American Society of Farm Managers and Rural Appraisers and the Appraisal Institute and endorsed by the Land Trust Alliance, Cary, North Carolina, 2011.
 - Fundamentals of Separating Real, Personal Property, and Intangible Business Assets. Columbia, South Carolina, 2012.
 - 2012 National USPAP Update, Columbia, South Carolina, 2012.
 - 2014 National USPAP Update Course (7 hours), Columbia, South Carolina, 2014.
 - Disclosures in the Real Estate Transaction, Greenville, South Carolina, 2014.
 - Federal Laws Update, Greenville, South Carolina, 2014.
- (Courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute.)

PROFESSIONAL AFFILIATIONS:

Member of Appraisal Institute with the MAI Designation, National Association of Realtors, South Carolina Association of Realtors, Greenville Real Estate Board.

COURT EXPERIENCE:

Qualified as an expert witness in the following:

Master in Equity Court, United States Federal Bankruptcy Court, Family Court and Circuit Court.

LICENSED:

Currently holds a Real Estate Brokers License in South Carolina.

State certified by the State of South Carolina as a General Real Estate Appraiser - Certificate No. CG188.

State certified by the State of North Carolina as a General Real Estate Appraiser - Certificate No. A2033.

State certified by the State of Georgia as a General Real Estate Appraiser - Certificate No. 219306.

EMPLOYMENT:

Present: Stone and Associates, Greenville, South Carolina, Real Estate Appraiser and Consultant.

May 1983 to May 1993: The Robinson Company of Greenville, Greenville, South Carolina.

APPRAISAL EXPERIENCE:

Appraisal experience consists of various types of income-producing properties, including office buildings, industrial properties, apartments, shopping centers and motel/hotel operations. Also appraised single-family residences and unimproved land.

OTHER:

Appointed by Governor of South Carolina to serve as a member of S.C. Real Estate Appraisers Board, served in different capacities as Chairman, Vice Chairman, and Secretary from 1998-2008.

STONE & ASSOCIATES, INC.

**APPRAISER'S QUALIFICATIONS
WILLIAM A. TIPPING**

EDUCATION:

GENERAL

- Business Administration, B. S. Degree – The Citadel, 1973.
- Real Estate Appraisal (Approved by SC REA Board).
- Introduction to Real Estate Agent/Salesman, Greenville, South Carolina, 2000.
- Introduction to Real Estate Appraisal - L-1, Greenville, South Carolina, 2001.
- Valuation Procedures – L-2, Greenville, South Carolina, 2001.
- Standards of Professional Practice – L-3, Greenville, South Carolina, 2001.
- Applied Residential Property Valuation – C-R Case Study, Greenville, South Carolina, 2001.
- Appraisal Methods – C-1, Greenville, South Carolina, 2002.
- General Applications – Appraisal Institute, Atlanta, Georgia, 2004.
- Advanced Income Capitalization Procedures, Columbia, South Carolina, 2004.
- Applied Income Property Valuation, Columbia, South Carolina, 2004.
- Business Practices and Ethics, Appraisal Institute, Columbia, South Carolina, 2006.
- National USPAP Update, Appraisal Institute, Columbia, South Carolina, 2006.
- Forecasting Revenue, Appraisal Institute, Columbia, South Carolina, 2007.
- Analytics with The Site To Do Business, Appraisal Institute, Columbia, South Carolina, 2007.
- Evaluating Commercial Construction, Appraisal Institute, Columbia, South Carolina, 2008.
- 2008- 2009 Edition of the National USPAP Update, Columbia, South Carolina, 2008.
- Appraisal Challenges: Declining Markets and Sales Concessions, Columbia, SC, 2009.
- Valuing Green Buildings, Appraisal Institute, Columbia, South Carolina, 2009.
- Business Practices and Ethics, Appraisal Institute, Columbia, South Carolina, 2011.
- National USPAP Update, Appraisal Institute, Columbia, South Carolina, 2011.
- Appraising Industrial and Flex Buildings for Mortgage, Online – McKissock, 2012.
- Appraising Office Buildings for Mortgage, Online – McKissock, 2012.
- Ad Valorem Tax Consultation – Online – McKissock, 2012.
- National USPAP Update, Spearman, Greenville, South Carolina, 2013.
- National USPAP Update, Spearman, Columbia, South Carolina, 2014.
- Facing Appraisal Challenges 2014, Spearman, Greenville, South Carolina, 2014

LICENSE DESIGNATION:

S. C., Certified General Real Estate Appraiser - License No. CG 4179.

EXPERIENCE:

Presently employed by Stone & Associates, Inc., Greenville, South Carolina, Real Estate Appraiser/Consultant, Primarily appraising commercial and income producing properties, shopping centers, vacant land, offices, office/warehouse, apartment complexes, commercial buildings, strip centers/shopping centers, industrial buildings, daycare facilities, and churches.

STONE & ASSOCIATES, INC.

PARTIAL LISTING OF COMPANY CLIENTS

Lending Institutions

- Ameris Bank
- Arthur State Bank
- Bank of America
- Bank of Travelers Rest
- Bank One
- Bank Greenville
- Barclay's Business Credit, Inc.
- Bank of North Carolina
- Branch Banking and Trust Co.
- Capital Bank
- Capital Corporation
- Chemical Bank of New York
- Columbus Bank and Trust
- CertusBank
- County Bank
- First Citizens
- First National Bank of the South
- First Trust Mortgage Corporation
- First Savers Bank
- Fleet Funding
- Great Western Bank
- Greer State Bank
- Harris Bank
- Independence Bank
- LJ Melody
- Laureate Capital
- Magna Bank
- National Bank of South Carolina
- Palmetto Bank
- Park Sterling Bank
- Pinnacle Bank
- Professional Mortgage
- Regions Bank
- South Carolina Bank and Trust
- Southern First
- SunTrust Bank
- TD Bank, N.A.
- Wachovia/Wells Fargo
- WesBanco

Commercial and Other

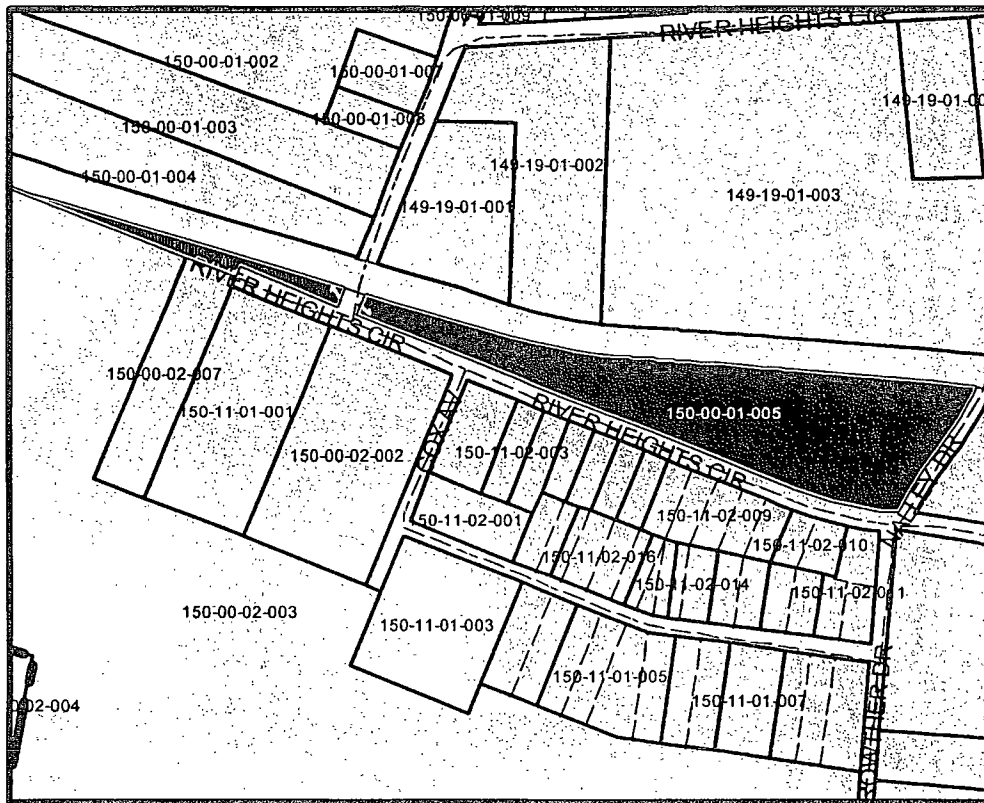
- Alice Manufacturing
- American United Life Insurance Co.
- Belk Simpson Co.
- City of Anderson, SC
- City of Easley, SC
- City of Greenville, SC
- City of Greer, SC
- City of Simpsonville, SC
- City of Travelers Rest, SC
- Clemson University
- Coopers & Lybrand
- County of Greenville, SC
- Cryovac/Sealed Air
- Duke Power Company
- Elliott Davis
- Fidelity Mutual Life Insurance Co.
- Flagstar
- Greenville Hospital System
- Haynsworth, Marion, McKay & Guerard
- Jefferson Pilot Life Insurance Co.
- J. P. Stevens and Company, Inc.
- Love, Thornton, Arnold and Thomason
- Mays Department Stores
- McNair Law Firm
- Merrill Lynch
- Metropolitan Sewer District
- Mission Hospital
- National Housing Corporation
- Nature Conservancy
- Nelson, Mullins, Riley & Scarborough
- North Greenville College
- Saluda River Electric Cooperative, Inc.
- Santee Cooper Electric
- Smith, Moore, Leatherwood, LLP
- S.C. Dept. of Highways and Public
- S. C. Dept. of Natural Resources
- S. C. Master and Equity Court
- University of South Carolina
- USC Upstate
- U. S. Internal Revenue Service
- U. S. Postal Service
- Womble Carlyle Sandridge & Rice

STONE & ASSOCIATES, INC.

ADDENDA

STONE & ASSOCIATES, INC.

CRS MAP

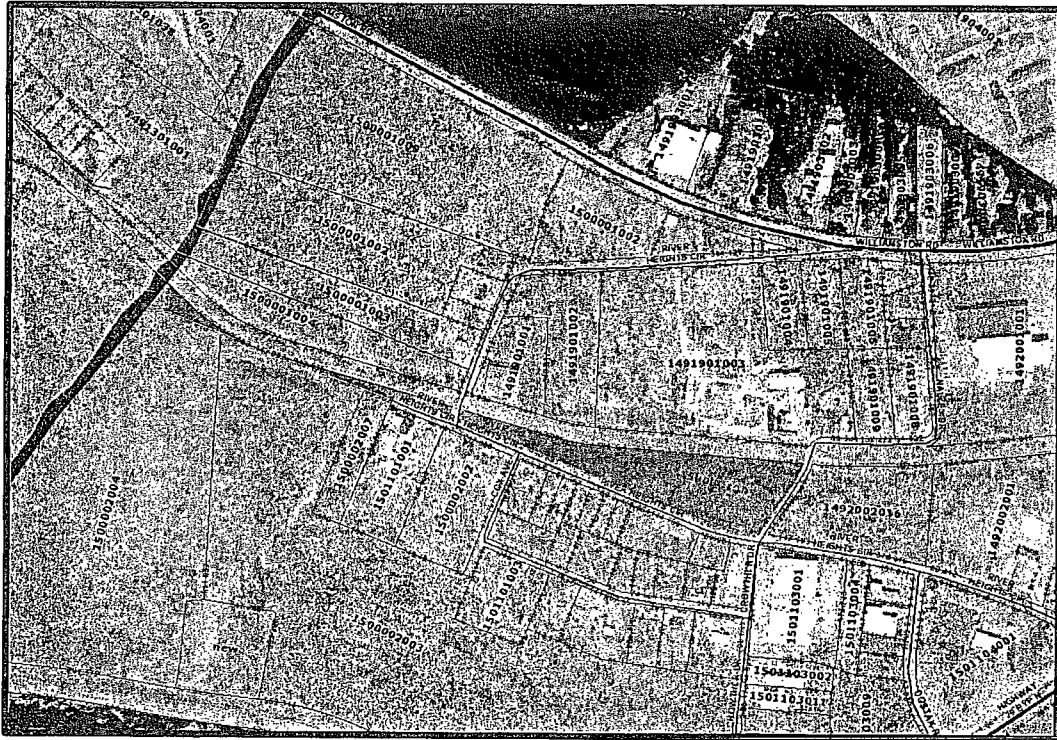


STONE & ASSOCIATES, INC.

This is a detailed land use map of a residential area in the City of Richmond, Virginia. The map shows numerous lots with their respective parcel numbers, such as 1500001001, 1491903001, and 1501103001. It also depicts streets like Williamston Rd, River Heights Cir, and Cox Ave. A scale bar indicates 200 meters, and a north arrow is present. The map is labeled 'City of Richmond' and 'Richmond, Virginia'.

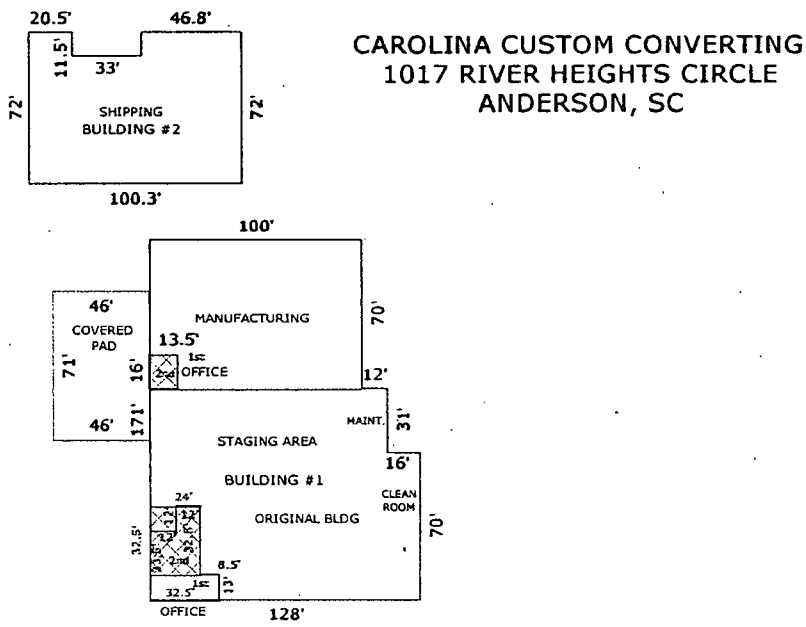
1490.

ANDERSON GIS AERIAL MAP



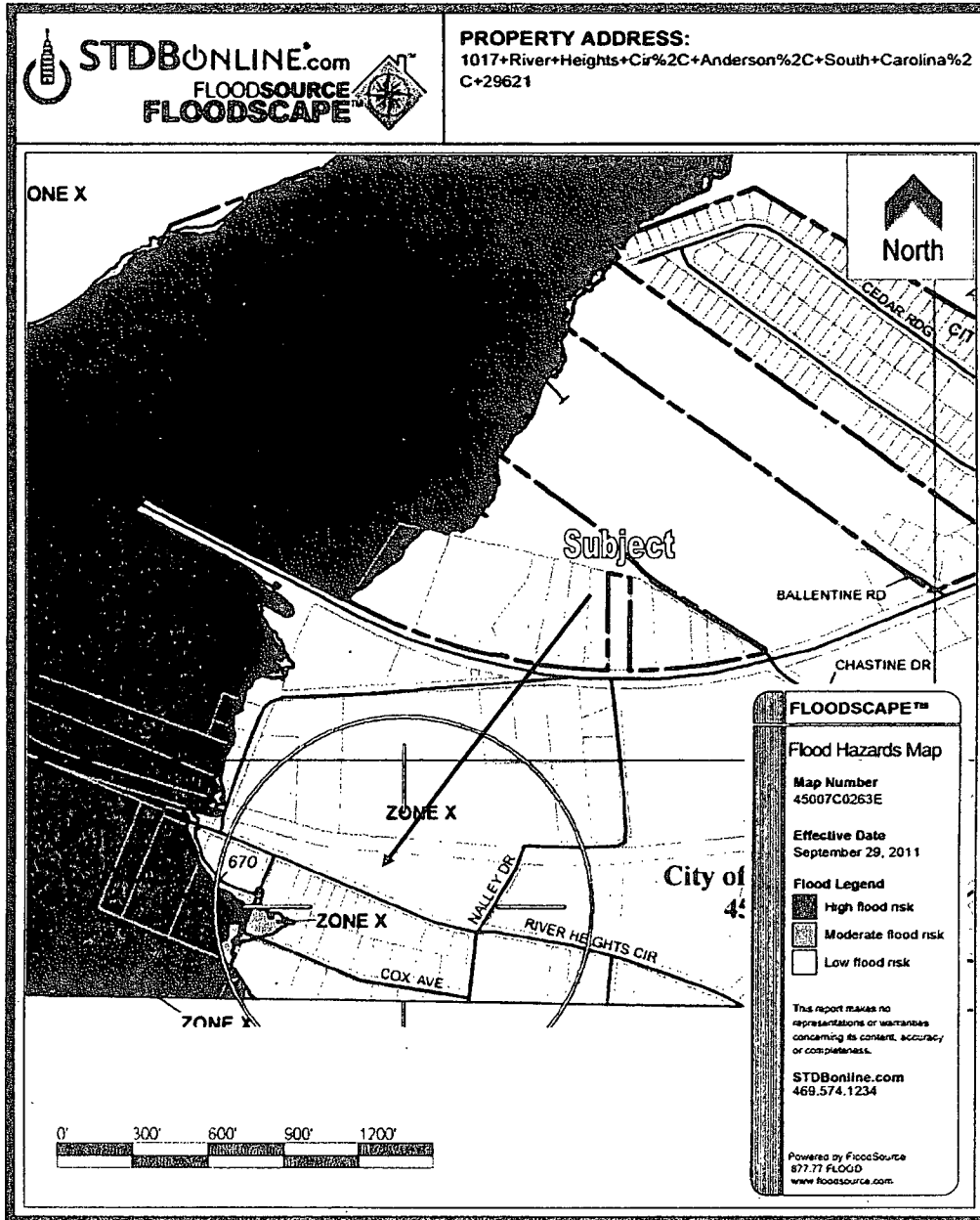
STONE & ASSOCIATES, INC.

BUILDING SKETCH

SKETCH/AREA TABLE ADDENDUM																																																																									
Case No 14287 D		File No 14287 D																																																																							
Property Address 1017 RIVER HEIGHTS CIRCLE																																																																									
City ANDERSON	County ANDERSON	State SC	Zip																																																																						
Borrower																																																																									
Lender/Client																																																																									
Appraiser Name WA TIPPING																																																																									
 CAROLINA CUSTOM CONVERTING 1017 RIVER HEIGHTS CIRCLE ANDERSON, SC																																																																									
Scale: 1" = 60'																																																																									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4">AREA CALCULATIONS SUMMARY</th> <th colspan="4">BUILDING AREA BREAKDOWN</th> </tr> <tr> <th>Code</th> <th>Description</th> <th>Net Size</th> <th>Net Totals</th> <th colspan="2">Breakdown</th> <th colspan="2">Subtotals</th> </tr> </thead> <tbody> <tr> <td>GRA1</td> <td>First Floor</td> <td>19432.0</td> <td rowspan="3">26274.1</td> <td colspan="2">First Floor</td> <td colspan="2"></td> </tr> <tr> <td></td> <td>Second Floor</td> <td>6842.1</td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>GRA2</td> <td>Second Floor - Ofc.</td> <td>216.0</td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td></td> <td>Second Floor - Ofc.</td> <td>780.0</td> <td>996.0</td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>P/P</td> <td>COVERED CONCRETE</td> <td>3266.0</td> <td>3266.0</td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td>OTH</td> <td>Office - 1st Level</td> <td>1058.5</td> <td>1058.5</td> <td colspan="2"></td> <td colspan="2"></td> </tr> <tr> <td colspan="3">Net BUILDING Area (rounded)</td> <td>27270</td> <td colspan="2">8 Items (rounded)</td> <td colspan="2">27270</td> </tr> </tbody> </table>				AREA CALCULATIONS SUMMARY				BUILDING AREA BREAKDOWN				Code	Description	Net Size	Net Totals	Breakdown		Subtotals		GRA1	First Floor	19432.0	26274.1	First Floor					Second Floor	6842.1					GRA2	Second Floor - Ofc.	216.0						Second Floor - Ofc.	780.0	996.0					P/P	COVERED CONCRETE	3266.0	3266.0					OTH	Office - 1st Level	1058.5	1058.5					Net BUILDING Area (rounded)			27270	8 Items (rounded)		27270	
AREA CALCULATIONS SUMMARY				BUILDING AREA BREAKDOWN																																																																					
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STONE & ASSOCIATES, INC.

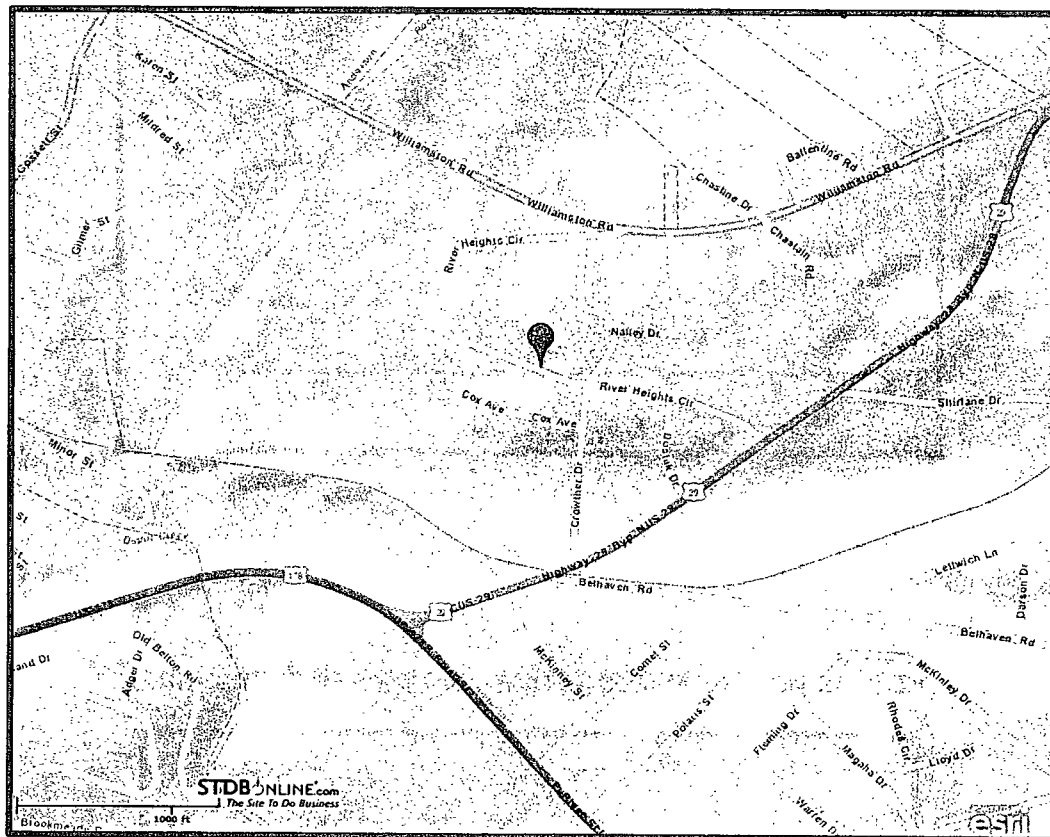
FLOOD MAP



© 1999-2014 SourceProse Corporation. All rights reserved. Protected by U.S. Patent Numbers 6631326, 6678615, 6842698, and /038681.

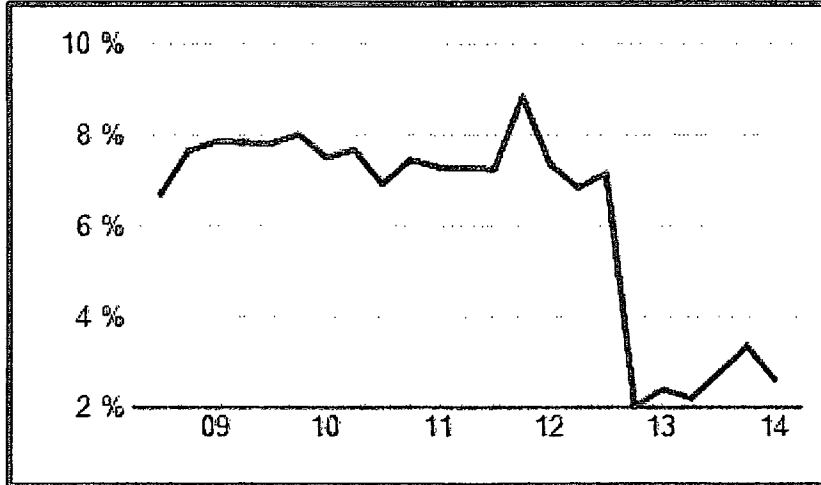
STONE & ASSOCIATES, INC.

NEIGHBORHOOD MAP

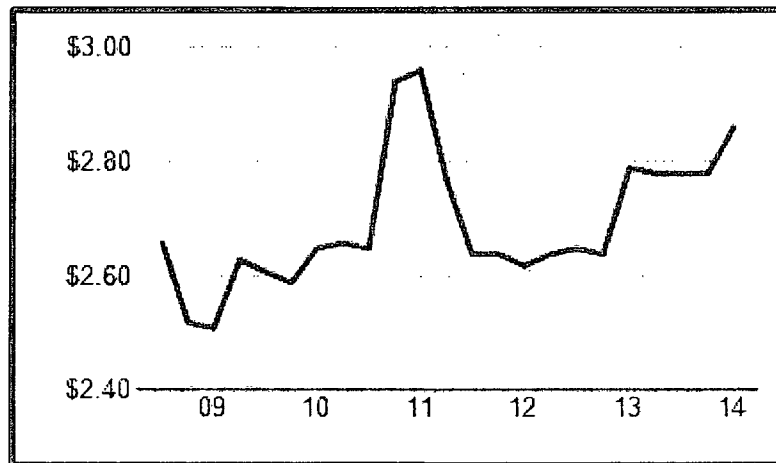


STONE & ASSOCIATES, INC.

VACANCY RATE – COSTAR REPORT- 2014 (ANDERSON COUNTY)



ASKING RENT PER SQUARE FOOT – 2014 (ANDERSON COUNTY)



STONE & ASSOCIATES, INC.

Exhibit IX
SUMMARY OF COMPETITIVE PROPERTIES
OFFICE/WAREHOUSE BUILDING
 Carolina Custom Converting
 1017 River Heights Circle
 Anderson, SC 29622

PROPERTY	GBA SF	Rent /\$SqFt	Expense Pass-Through	Lease Term	Origination	Comments
100 Twenty-Nine Court (off US Hwy 29) Williamston, SC	6,000	\$3.00	All	3 Years	Feb - 2014	Pre-Eng Steel. 8.40% finished office. 157" eaves. Built 2005 (2) OH doors. Fixed Term. 2012 - \$0.745 psf OE. Verified by owner Barney Atkison, 9/11/2014.
101 Twenty-Nine Court (off US Hwy 29) Williamston, SC	14,400	\$3.50	All	5 Years	Sep - 2011	Pre-eng Steel. 3.07% Office. Sprinkled. 237" Eaves. Built 2002. (4) dock & (5) OH doors. 3% escalators. (5) 1-Yr options unless terminated Verified by owner Barney Atkison.
301 Alliance Parkway Anderson, SC	34,236	\$2.93	All	3 Years	Jan-13	Renewed January 2013. 3.91% finished office. 20'-26" clear. Pre-engineered steel construction. 100% wet sprinkled. 7 docks/1 drive in.
107 Twenty-Nine Court (off US Hwy 29) Williamston, SC	40,000	\$3.10	All	1 Year	Aug-13	1.34% office (4) 30 Day options. Sprinkled. Multipl dock doors. Verified by owner Barney Atkison, 9/11/2014. May terminate 12/31/2014
106 Metro Drive Anderson, SC	8,000	\$3.22	Modified Gross	1 Year	Jun-14	Adj to 2.62 NNN. Pre-eng Steel. Wet sprinkled 14' eaves. One restroom, no Office. WH has suspended heat. Verified by Gerald Terry
311 Alliance Parkway Anderson, SC	14,750	\$4.39	Modified Gross	3 Years	Nov-14	Lease to commence Nov. 1 2014. Pre-eng Steel. Wet sprinkled 24 eaves. 100 SF office w/HVAC. Verified by Gerald Terry Adjusted to \$3.59 NNN.
Total Square Footage Surveyed	117,388					
Minimum	6,000	\$2.93				
Maximum	40,000	\$4.39				
Mean	19,565	\$3.36				
Standard Deviation	14,146	\$0.84				
Variance	72.30%	18.22%				

Exhibit IX
SUMMARY OF COMPETITIVE PROPERTIES
OFFICE/WAREHOUSE BUILDING
 Carolina Custom Converting
 1017 River Heights Circle
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PROPERTY	GBA SF	Rent /\$SqFt	Expense Pass-Through	Lease Term	Origination	Comments
100 Twenty-Nine Court (off US Hwy 29) Williamston, SC	6,000	\$3.00	All	3 Years	Feb - 2014	Pre-Eng Steel. 8.40% finished office. 157" eaves. Built 2005. (2) OH doors. Fixed Term. 2012 - \$0.745 psf OE Verified by owner Barney Atkinson, 9/11/2014.
101 Twenty-Nine Court (off US Hwy 29) Williamston, SC	14,400	\$3.50	All	5 Years	Sep - 2011	Pre-eng Steel. 3.07% Office. Sprinkled. 237" Eaves. Built 2002. (4) dock & (5) OH doors. 3% escalations. (5) 1-Yr options unless terminated Verified by owner Barney Atkinson.
301 Alliance Parkway Anderson, SC	34,238	\$2.93	All	3 Years	Jan-13	Renewed January 2013. 3.91% finished office. 20'-26' clear. Pre-engineered steel construction. 100% wet sprinkled. 7 docks/1 drive in
107 Twenty-Nine Court (off US Hwy 29) Williamston, SC	40,000	\$3.10	All	1 Year	Aug-13	1.34% office. (4) 30 Day options. Sprinkled. Multiple dock doors. Verified by owner Barney Atkinson, 9/11/2014. May terminate 12/31/2014
106 Metro Drive Anderson, SC	8,000	\$3.22	Modified Gross	1 Year	Jun-14	Adjusted to \$2.62 NNN. Pre-eng Steel. Wet sprinkled 14' eaves. One restroom, no Office. WH has suspended heat. Verified by Gerald Terry
311 Alliance Parkway Anderson, SC	14,750	\$4.39	Modified Gross	3 Years	Nov-14	Lease to commence Nov. 1 2014. Pre-eng Steel. Wet sprinkled 24' eaves. 100 SF office w/HVAC. Verified by Gerald Terry Adjusted to \$3.59 NNN.
Total Square Footage Surveyed	117,388					
Minimum	6,000	\$2.93				
Maximum	40,000	\$4.39				
Mean	19,565	\$3.36				
Standard Deviation	14,146	\$0.54				
Variance	72.30%	16.22%				

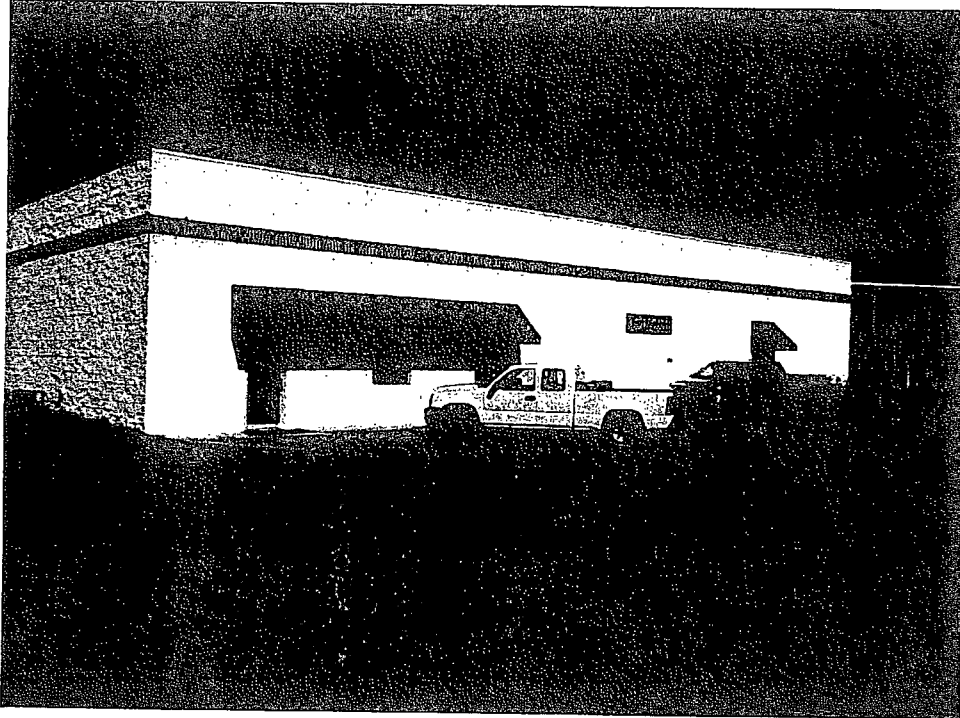
STONE & ASSOCIATES, INC.

RENTALS SUMMARY TABLE

No.	Location	Lease Type	Building Size	Rent/SF
1.	100 Twenty Nine Court	NNN	6,000	\$3.00
2.	101 Twenty Nine Court	NNN	14,400	\$3.50
3.	301 Alliance Parkway	NNN	34,238	\$3.10
4.	107 Twenty Nine Court	NNN	40,000	\$3.10
5.	106 Metro Drive	Mod. Gross	8,000	\$3.23
6.	311 Alliance Parkway	Mod. Gross	14,750	\$4.39

STONE & ASSOCIATES, INC.

Improved Lease No. 1



Property Identification

Record ID 1043
Property Type Commercial, Office Warehouse
Property Name Office Warehouse
Address 100 Twenty Nine Court, Williamston, Anderson County,
South Carolina

Physical Data

SF 6,000
SF 6,000

Tenant Rent Roll

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Size</u>	<u>Rent/S</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
	Classic European Motors, LLC	6,000	\$3.00	Triple Net	2/1/2014	3 Years

General Tenant Summary

Management Co. Trinity Investments & Development

STONE & ASSOCIATES, INC.

Improved Lease No. 1 (Cont.)

Verification

Confirmed by Tom Mahaffey

Rent Analysis

Actual Rent

\$3.00 - \$3.00/SF; \$3.00/SF Average

Effective Rent

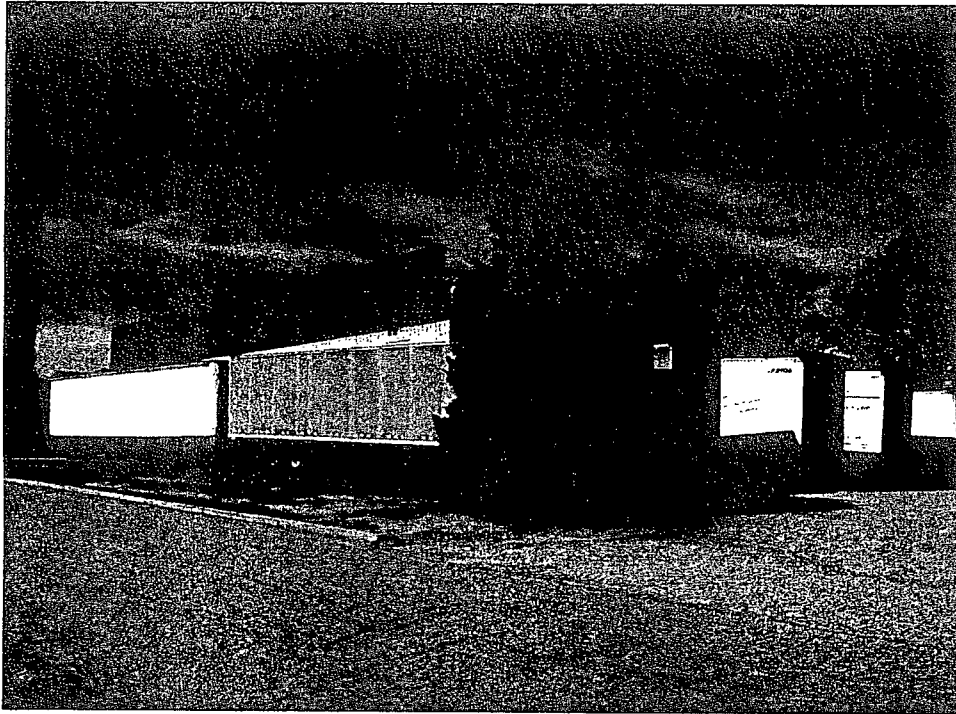
\$3.00 - \$3.00/SF; \$3.00/SF Average

Remarks

This building consists of 6,000 SF with 8.40% office space. The building has 100% HVAC in office area and suspended gas heat in the warehouse space. Eaves are approximately 15' 7". The building was built in 2005.

STONE & ASSOCIATES, INC.

Improved Lease No. 2



Property Identification

Record ID 1042
Property Type Commercial, Office Warehouse
Property Name Office Warehouse
Address 101 Twenty Nine Court, Williamston, Anderson County,
South Carolina

Physical Data

SF 14,400
SF 14,400

Tenant Rent Roll

<u>Suite</u> <u>No.</u>	<u>Tenant Name</u>	<u>Size</u>	<u>Rent/S</u> <u>F</u>	<u>Lease</u> <u>Type</u>	<u>Beg. Date</u>	<u>Term</u>
101	WM Universal Waste Tracker 2	14,400	\$3.50	Triple Net	9/30/2011	5.5 years

STONE & ASSOCIATES, INC.

Improved Lease No. 2 (Cont.)

General Tenant Summary

Management Co.

Trinity Investment & Development

Verification

Other sources: Lease, Confirmed by Tom Mahaffey

Rent Analysis

Actual Rent

\$3.50 - \$3.50/SF; \$3.50/SF Average

Effective Rent

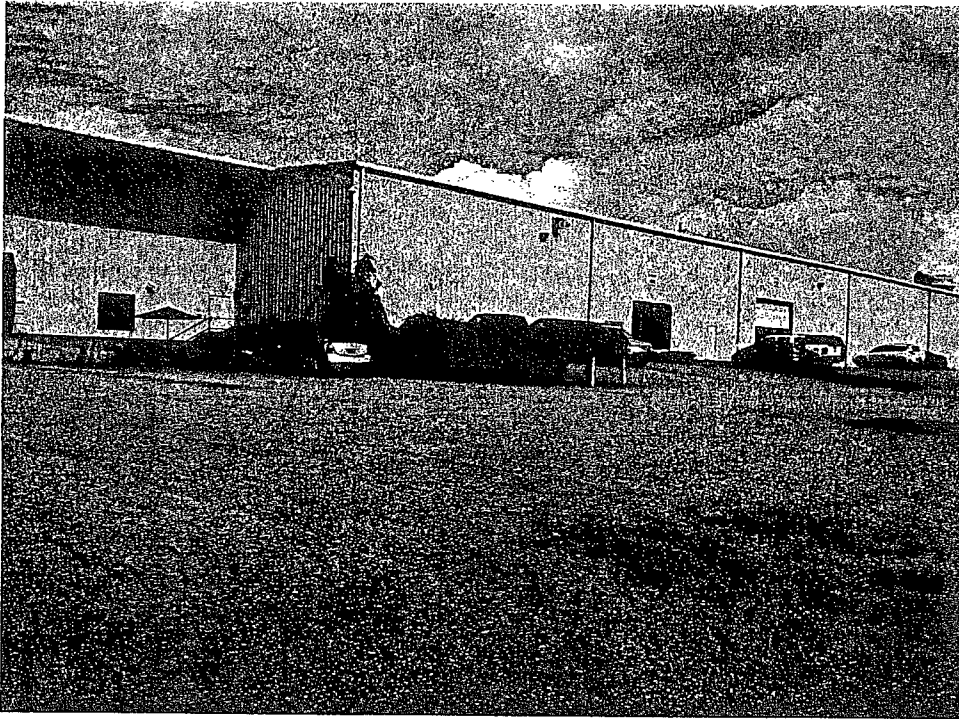
\$3.50 - \$3.50/SF; \$3.50/SF Average

Remarks

This building consists of 14,400 SF with 3.70% office space. The building has 100% HVAC in office are and suspended gas heat in the warehouse space. Eaves are approximately 23' 7". The building was built in 2002.

STONE & ASSOCIATES, INC.

Improved Lease No. 3



Property Identification

Record ID	1053
Property Type	Commercial, Office Warehouse
Property Name	Office Warehouse - Industrial
Address	301 Alliance Parkway, Anderson, Anderson County, South Carolina

Physical Data

SF	34,238
Gross SF	34,238
Area Breakdown	Office/Warehouse 34,238
Year Built	2000 , approx.

STONE & ASSOCIATES. INC.

Improved Lease No. 3 (Cont.)

General Tenant Summary

Verification	Other sources: 3rd Party, Confirmed by Billy Tipping
Percent Finished	3.91

Rent Analysis

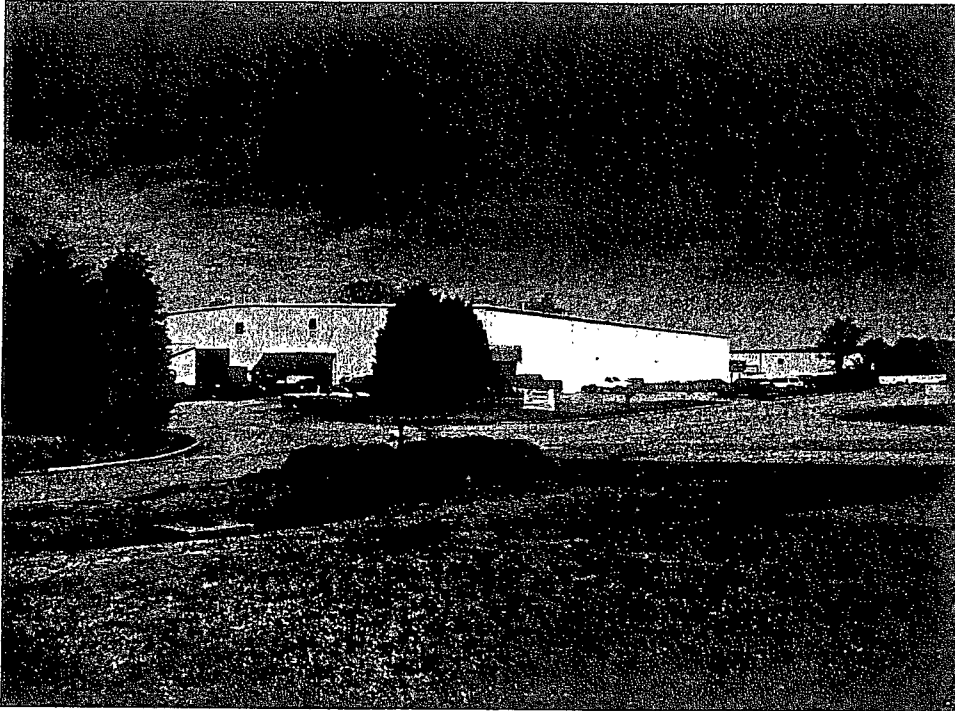
Actual Rent	\$3.10 - \$3.10/SF; \$3.10/SF Average
Effective Rent	\$3.10 - \$3.10/SF; \$3.10/SF Average

Remarks

This building is pre-engineered steel with (7) loading docks & (1) drive-in door. The ceilings range from 20' at the eaves to 26' at the center. The building is sprinkled throughout. Renewed 1/2013.

STONE & ASSOCIATES, INC.

Improved Lease No. 4



Property Identification

Record ID 1046
Property Type Commercial, Office Warehouse
Property Name Office Warehouse
Address 107 Twenty Nine Court, Williamston, Anderson County,
South Carolina

Physical Data

SF 40,000
SF 40,000

Tenant Rent Roll

<u>Suite</u> <u>No.</u>	<u>Tenant Name</u>	<u>Size</u>	<u>Rent/S</u> <u>F</u>	<u>Lease</u> <u>Type</u>	<u>Beg. Date</u>	<u>Term</u>
107	Stanco Metal Products, Inc.	40,000	\$3.10	Triple Net		

STONE & ASSOCIATES, INC.

Improved Lease No. 4 (Cont.)

General Tenant Summary

Management Co.

Trinity Investment and Develop

Verification

Other sources: Lease, Confirmed by Tom Mahaffey

Rent Analysis

Actual Rent

\$3.10 - \$3.10/SF; \$3.10/SF Average

Effective Rent

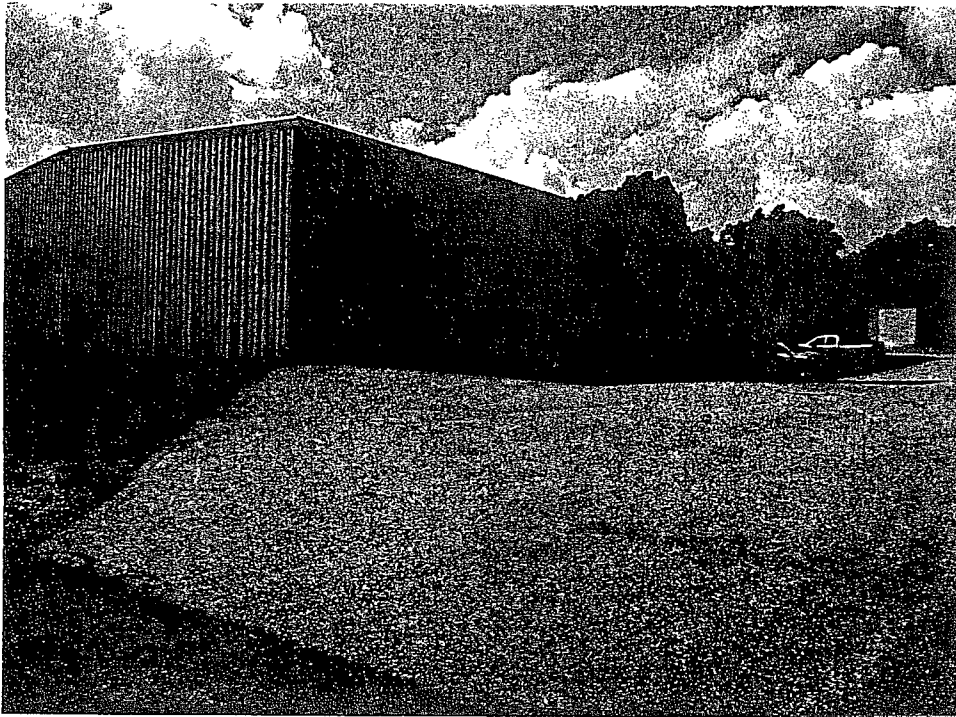
\$3.10 - \$3.10/SF; \$3.10/SF Average

Remarks

This building consists of 40,000 SF with 1.34% office space. The building has 100% HVAC in office are and suspended gas heat in the warehouse space. Eaves are approximately 24' 7". It is believed that this building was built in the mid 1990's, approximately.

STONE & ASSOCIATES, INC.

Improved Lease No. 5



Property Identification

Record ID	1055
Property Type	Commercial, Office Warehouse
Property Name	Office Warehouse
Address	106 Metro Drive, Anderson, Anderson County, South Carolina

Physical Data

SF	8,000
Gross SF	8,000
Area Breakdown	Office/shop area 8,000
Year Built	1995 , approx.

STONE & ASSOCIATES, INC.

Improved Lease No. 5 (Cont.)

General Tenant Summary

Verification

Gerald Terry; Other sources: 3rd Party, inspection,
Confirmed by Billy Tipping

Percent Finished

0.1

Rent Analysis

Actual Rent

\$3.23 - \$3.23/SF; \$3.23/SF Average

Effective Rent

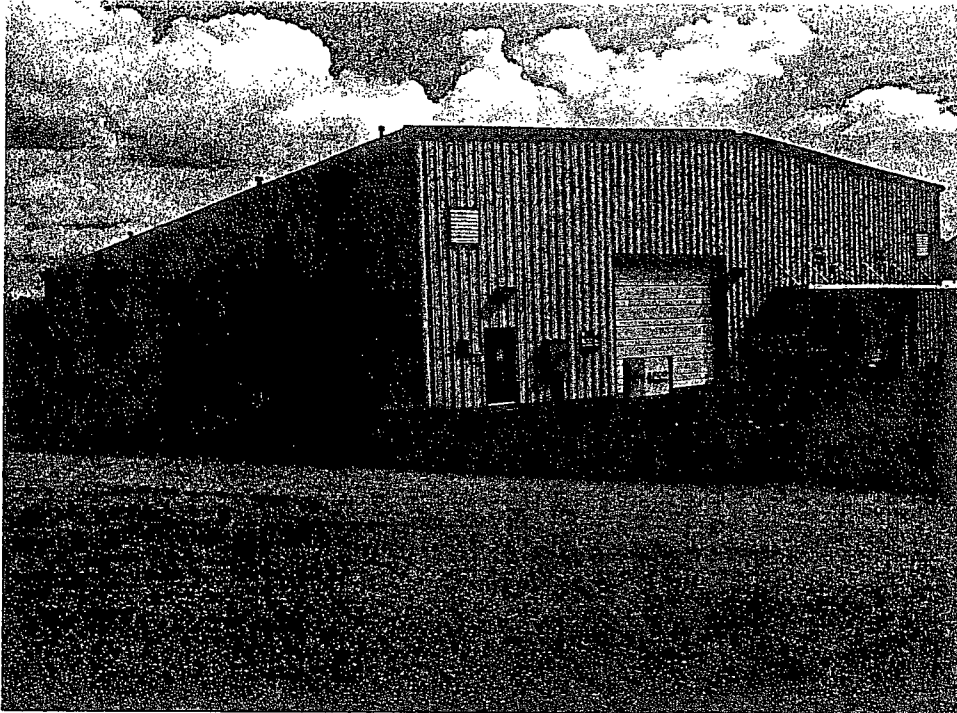
\$2.62 - \$2.62/SF; \$2.62/SF Average

Remarks

This building is pre-engineered steel with (1) drive-in door. The ceilings range from 18' at the eaves to approximately 22' at the center. The lease commenced on June 1, 2014, per leasing agent. The lease is a modified gross lease, with the effect rent at \$2.62, per realtor. Very little finished space.

STONE & ASSOCIATES, INC.

Improved Lease No. 6



Property Identification

Record ID	1054
Property Type	Commercial, Office Warehouse
Property Name	Office Warehouse - Industrial
Address	311 Alliance Parkway, Anderson, Anderson County, South Carolina

Physical Data

SF	14,750	
Gross SF	14,750	
Area Breakdown	Office/Warehouse	14,750
Year Built	2000 , approx.	

STONE & ASSOCIATES, INC.

Improved Lease No. 6 (Cont.)

General Tenant Summary

Verification Gerald Terry; Other sources: 3rd Party, Confirmed by Billy Tipping
Percent Finished 0.1

Rent Analysis

Actual Rent \$4.39 - \$4.39/SF; \$4.39/SF Average
Effective Rent \$3.57 - \$3.57/SF; \$3.57/SF Average

Remarks

This building is pre-engineered steel with (2) loading docks & (1) drive-in door. The ceilings range from 24' at the eaves to 28' at the center. The lease will commence November 1, 2014, per leasing agent. The lease is a modified gross lease, with the effect rent at \$3.57, per realtor.

DEED

099044473 12/20/1999 803598 P00046

STATE OF SOUTH CAROLINA)
COUNTY OF ANDERSON)

TITLE TO REAL ESTATE

GRANTEES' ADDRESS
101 Old Province Way
Greer, South Carolina 29650

KNOW ALL MEN BY THESE PRESENTS, that Barney D. Darby, Jr. (hereinafter referred to collectively, whether one or more, as "Grantor"), in the State aforesaid, in consideration of the sum of Five and no/100 (\$5.00) Dollars and other valuable consideration to Grantor in hand paid by M-Tech Properties, LLC (hereinafter referred to collectively, whether one or more, as "Grantee"), in the State aforesaid, the receipt of which is hereby acknowledged, has granted, bargained, sold and released, and by these presents Grantor does grant, bargain, sell and release unto the said

M-TECH PROPERTIES, LLC

All those tracts, pieces, or parcels of land, together with any improvements thereon, situated within the corporate limits of the City of Anderson, County and State aforesaid, and being shown as Lots "A" (1.205 acres), Lot "B" (0.425 acres), Lot "C" (0.200 acres) and Lot "D" (4.431 acres), River Heights Circle, on a plat prepared by R.D. Garrison, R.L.S., dated July 14, 1986, and recorded in the Office of the Clerk of Court for Anderson County, South Carolina, in Plat Book 96 at page 519, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

This is the same property conveyed unto Barney D. Darby, Jr. by deeds recorded in the Office of the Clerk of Court for Anderson County, South Carolina, in Deed Book 1367 at page 211, and Deed Book 20-X at page 493.

ALSO: All that lot, piece, or parcel of land, together with any improvements thereon, situated in the City of Anderson, State of South Carolina, containing approximately 3.312 acres, and being shown on a plat prepared by Robert D. Garrison, R.L.S., dated July 2, 1980, and recorded in the Office of the Clerk of Court for Anderson County, South Carolina, in Plat Book 87 at page 378, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference; said property being bounded on the west by Lloyd Drive, on the north by Southern Railroads (centerline of right of way being the line), on the east by 4.868 acre tract, and on the south by River Heights Circle.

This is the same property conveyed unto Barney D. Darby, Jr. by deed of Paul Popham, Bobby Porter and Horace Burton, as successor trustees of the River Heights Pentecostal Holiness Church dated September 17, 1980, and recorded in the Office of the Clerk of Court for Anderson County, South Carolina, in Deed Book 19-K at page 816.

ALSO: All that lot, piece, or parcel of land, together with any improvements thereon, situated in the City of Anderson, in County of Anderson, State of South Carolina, and being shown as Lots

STONE & ASSOCIATES, INC.

Thirty-eight (38) and Thirty-nine (39), River Heights Circle, on a plat prepared by W.T. Divver, RLS, dated March 25-29, 1949, and recorded in the Office of the Clerk of Court for Anderson County, South Carolina, in Plat Book 25 at page 155, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

This is the same property conveyed unto Barney Darby, Jr. by deed of Louise L. MacLean dated December 10, 1990, and recorded in the Office of the Clerk of Court for Anderson County, South Carolina, in Deed Book 1111 at page 44.

This conveyance is made subject to applicable zoning ordinances and valid recorded easements, restrictions and covenants.

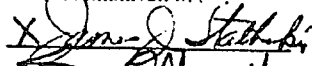
Together with all and singular, the rights, members, hereditaments and appurtenances to the said premises belonging or in anywise incident or appertaining.

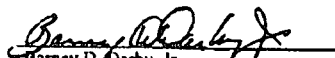
To Have and to Hold all and singular the premises before mentioned unto the said Grantee and Grantee's heirs, or successors, and assigns forever.

And Grantor does hereby bind Grantor and Grantor's heirs, successors and assigns, to warrant and forever defend all and singular the said premises unto the said Grantee, and Grantee's heirs, successors and assigns, against Grantor and Grantor's heirs, successors and assigns and against every person whomsoever lawfully claiming, or to claim the same or any part thereof.

IN WITNESS WHEREOF, the execution hereof this 16 day of December, in the year of our Lord One Thousand Nine Hundred Ninety-Nine (1999) and in the Two Hundred and Twenty-Fourth (224th) year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:





Barney D. Darby, Jr.

STATE OF SOUTH CAROLINA)
COUNTY OF ANDERSON)

PROBATE

PERSONALLY APPEARED before me James Slatko, who, being duly sworn, deposes and says that s/he saw Barney D. Darby, Jr. sign and deliver the within Deed for the uses and purposes therein mentioned and that s/he with Barney D. Darby, Jr. witnessed the execution thereof.

SWORN TO BEFORE ME THIS

16 day of December, 1999.

[Signature] (LS)
Notary Public for South Carolina

My commission Expires: 6/5/08

X James J. Slatko
Witness

STATE OF SOUTH CAROLINA)
)
 COUNTY OF ANDERSON) AFFIDAVIT

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says:

Property located at River Heights Circle (Lots "A", "B", "C", "D", 38, 39 and J.312 acre tract), bearing Anderson County Tax Map Number, 150-11-02-010, 149-20-02-016 and 150-00-01-005 was transferred by Barney D. Darby, Jr. to M-Tech Properties, LLC on December ___, 1999.

The transaction was (Check one):

X an arm's length real property transaction and the sales price paid or to be paid in money or money's worth was: \$160,000.00*

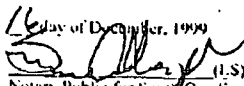
___ not an arm's length real property transaction and the fair market value of the property is \$ ___

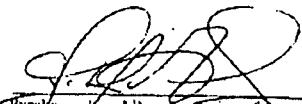
___ The above transaction is exempt, or partially exempt, from the recording fee as set forth in S.C. Code Ann. Section 12-24-10 et seq. because the deed is (See back of affidavit):

As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as: ___ Seller ___ Attorney for Purchaser
 Other: ___

I further understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

SWORN TO BEFORE ME THIS

16 day of December, 1999

 (L.S.)
 Notary Public for South Carolina
 My Commission Expires: June 6, 2008


 Purchaser, Legal Representative of the Purchaser, or
 other responsible Person Connected with the
 Transaction

* The fee is based on the real property's value. Value means the realty's fair market value. In arm's length real property transactions, this value is the sales price to be paid in money or money's worth (e.g. stocks, personal property, other realty, forgiveness of debt, mortgages assumed or placed on the realty as a result of the transaction). However, a deduction is allowed from this value for the amount of any lien or encumbrance existing on land, tenement, or realty before the transfer and remaining on it after the transfer.

099044473 12/20/1999 03:14:43PM
 FILED, RECORDED, INDEXED
 Bk103598 Pg100016 Page14
 Rec Fee:10.00 St Fee:416.00
 Co Fee:176.00
 REGISTER OF DEEDS, ANDERSON CO, SC
 Shirley McElhannon

STONE & ASSOCIATES, INC.

BCD1074114

State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

CHARLES B STONE

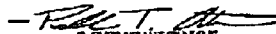
Is hereby entitled in practice as a:

Certified General Appraiser

License Number: 188

Expiration Date: 06/30/2016

OFFICE COPY


ADMINISTRATOR

BCD 1101162

State of South Carolina
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

WILLIAM ALLEN TIPPING JR

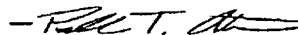
Is hereby entitled in practice as a:

Certified General Appraiser

License Number: 4179

Expiration Date: 06/30/2016

OFFICE COPY


ADMINISTRATOR

STONE & ASSOCIATES, INC.

Real Estate Appraisers Professional Liability



Date Issued	Policy Number	Previous Policy Number
08/26/2013	LSIG05432-012	LSIG05432-011

LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")
175 Berkeley Street
Boston, MA 02117

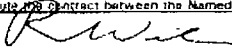
THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE READ IT CAREFULLY.

Item

DECLARATIONS

1. Customer ID: 114143 Named Insured: STONE & ASSOCIATES, INC. 1100A Rutherford Road Greenville, SC 29609	This company has been approved by the director or his designee of the South Carolina Department of Insurance to write business in this State as an eligible surplus lines insurer, but it is not afforded guaranty fund protection.
2. Policy Period: From: 09/24/2013 To: 09/24/2014 12:01 A.M. Standard Time at the address stated in Item 1.	
3. Deductible: \$2,500 Each Claim	
4. Retroactive Date: 09/24/1993	
5. Inception Date: 09/24/2002	
6. Limits of Liability: A. \$1,000,000 Each Claim B. \$1,000,000 Aggregate	The Limit of Liability for Each Claim and in the Aggregate is reduced by Damages and Claims Expenses as defined in the Policy.
7. Mail all notices, including notice of claim, to Agent:	LIA Administrators & Insurance Services 1600 Asacapa Street Santa Barbara, California 93101 (800) 334-0652 Fax: (805) 962-0652
8. Annual Premium: \$7,243.00 + \$434.58 Surplus Lines Tax	
9. Number of Appraisers: 7	
10. Forms attached at issue: LIA002S (10/11) LIA012 (08/11) LIA013 (08/11) LIA025 (03/10) OFAC (08/09) SC-9 (10/08)	

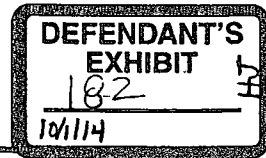
This Declarations Page together with the completed and signed Policy Application including all attachments and exhibits thereto, and the Real Estate Appraisers Professional Liability Insurance Policy shall constitute the Contract between the Named Insured and the Company.

By: 

Authorized Signature

LIA001S (04/10)

STONE & ASSOCIATES, INC.



From: Bill Shaw <bill@neologicdistribution.com>
Sent: Friday, April 19, 2013 12:35 PM
To: 'Joe Benedict'
Cc: 'JulieAnne London'; 'Dave Wilson'
Subject: NeoLogic Invoice 1087
Attachments: Invoice 1087.pdf; image003.jpg

Follow Up Flag: Follow up
Flag Status: Completed

Hi Joe,

Attached please find our invoice 1087 for toll slitting job commissions.

Best regards,

Bill Shaw
Manager, Customer Service
(864) 751-9136 Direct
(864) 284-1819 Fax
(864) 612-0430 Cell

Neo Logic
DISTRIBUTION

NeoLogic Distribution, Inc.

85 Commerce Center
Greenville, SC 29615

Invoice

Date	Invoice #
4/19/2013	1087

Bill To
ROL-VAC 207 Tracy Road Dayville, CT 06241 USA

Ship To
ROL-VAC 207 Tracy Road Dayville, CT 06241 USA

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30	DW	4/19/2013			
Quantity	Item Code	Description			Price Each	Amount
	misc	Toll Slitting Job Commissions			1,499.42	1,499.42
		Remit To: NeoLogic Distribution, Inc. 85 Commerce Center Greenville, SC 29615 Attn: JulieAnne London Out-of-state sale, exempt from sales tax			0.00%	0.00
					Total	\$1,499.42

NORVELL2_023043

**DEFENDANT'S
EXHIBIT**

182
10/1/14

From: Bill Shaw <bill@neologicdistribution.com>
Sent: Friday, April 19, 2013 12:35 PM
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Cc: 'JulieAnne London'; 'Dave Wilson'
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Attachments: Invoice 1087.pdf; image003.jpg

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NeoLogic
DISTRIBUTION

NeoLogic Distribution, Inc.

85 Commerce Center
Greenville, SC 29615

Invoice

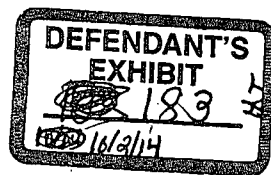
Date	Invoice #
4/19/2013	1087

Bill To
ROL-VAC 207 Tracy Road Dayville, CT 06241 USA

Ship To
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	Net 30	DW	4/19/2013			
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		Remit To: NeoLogic Distribution, Inc. 85 Commerce Center Greenville, SC 29615 Attn: JulieAnne London Out-of-state sale, exempt from sales tax			0.00%	0.00
</						

NORVELL2_023043



CCC Lost Gross Profit
CCC Gross Profit Margin Applied to EFS Revenue

GP % 23.14% 23.14% 27.45%

EFS Customer	7/1/08-12/31/08	2009	2010	Total
31 Incorporated	-	-	-	-
Calflex	13,007	-	-	13,007
Chata Coating & Laminating	-	-	-	-
Chiefs AC Supply	2,189	-	-	2,189
Coating Specialty Co.	-	-	-	-
Dundas Jafine	21,465	-	-	21,465
E Sider & Company	-	-	26	26
Filmquest Group	-	-	-	-
Filmtech	-	-	-	-
Flexcase	-	-	-	-
FlexTech	799	-	-	799
Global Packaging Solutions, Inc.	-	-	-	-
Gray Flex	-	-	-	-
Hart & Cooley	-	-	-	-
Industries Vermont SA DE CV	2,290	-	-	2,290
Interflex Group	2,548	-	-	2,548
JP Lamborn	49,215	95,697	-	144,912
Kempol	-	-	-	-
Lambro Venting	-	-	-	-
Minova USA	-	-	-	-
Modular Metal Fabricators	62,526	-	-	62,526
PCFI II	-	-	-	-
Phoenix Films, Inc.	-	35	-	35
Plant Growers Workshop	-	-	-	-
Roxcel USA	131	-	-	131
Techniflex	774	-	-	774
Valencia	-	-	-	-
West Carrolton Parchment	144,095	-	-	144,095
	299,040	95,732	26	394,797

CCC Lost Gross Profit
CCC Gross Profit Margin Applied to EFS Revenue

	GP %	23.14%	23.14%	23.14%	27.45%	
EFS Customer	1/1/08-6/30/08	7/1/08-12/31/08	2009	2010	Total	
31 Incorporated	-	-	-	-	-	
Calflex	13,007	-	-	-	13,007	
Chata Coating & Laminating	-	-	-	-	-	
Chiefs AC Supply	2,189	-	-	-	2,189	
Coating Specialty Co.	-	-	-	-	-	
Dundas Jafine	21,465	-	-	-	21,465	
E Sider & Company	-	-	-	26	26	
Filmquest Group	-	-	-	-	-	
Filmtech	-	-	-	-	-	
Flexease	-	-	-	-	-	
FlexTech	799	-	-	-	799	
Global Packaging Solutions, Inc.	-	-	-	-	-	
Gray Flex	-	-	-	-	-	
Hart & Cooley	-	-	-	-	-	
Horizon Energy	-	-	-	-	-	
Industries Vermont SA DE CV	2,290	-	-	-	2,290	
Interflex Group	2,548	-	-	-	2,548	
JP Lamborn	49,215	95,697	-	-	144,912	
Kempol	-	-	-	-	-	
Lambro Venting	-	-	-	-	-	
Minova USA	-	-	-	-	-	
Modular Metal Fabricators	62,526	-	-	-	62,526	
PCFI II	-	-	-	-	-	
Phoenix Films, Inc.	-	35	-	-	35	
Plant Growers Workshop	-	-	-	-	-	
Roxcel USA	131	-	-	-	131	
Techniflex	774	-	-	-	774	
Valencia	-	-	-	-	-	
West Carrolton Parchment	144,095	-	-	-	144,095	
	-	299,040	95,732	26	394,797	

CCC Lost Gross Profit
CCC Gross Profit Margin Applied to EFS Revenue

	GP %	23.14%	23.14%	23.14%	27.45%	
EFS Customer	1/1/08-6/30/08	7/1/08-12/31/08	2009	2010	Total	
31 Incorporated	1,653.17	-	-	-	1,653.17	
Calflex	-	13,006.96	-	-	13,006.96	
Chata Coating & Laminating	229.46	-	-	-	229.46	
Chiefs AC Supply	11,100.07	2,189.34	-	-	13,289.41	
Coating Specialty Co.	-	-	-	-	-	
Dundas Jafine	-	21,464.62	-	-	21,464.62	
E Sider & Company	-	-	-	26.08	26.08	
Filmquest Group	-	-	-	-	-	
Filmtech	6.45	-	-	-	6.45	
Flexease	3,684.02	-	-	-	3,684.02	
FlexTech	13,804.81	798.87	-	-	14,603.68	
Global Packaging Solutions, Inc.	1,161.05	-	-	-	1,161.05	
Gray Flex	421.56	-	-	-	421.56	
Hart & Cooley	-	-	-	-	-	
Horizon Energy	1,843.44	2,637.44	-	-	4,480.88	
Industries Vermont SA DE CV	18,210.83	2,290.41	-	-	20,501.24	
Interflex Group	4,996.59	2,547.91	-	-	7,544.50	
JP Lamborn	21,768.44	49,215.10	95,697.08	-	166,680.62	
Kempol	917.09	-	-	-	917.09	
Lambro Venting	7,408.75	-	-	-	7,408.75	
Minova USA	96,298.71	-	-	-	96,298.71	
Modular Metal Fabricators	36,983.46	62,525.59	-	-	99,509.05	
PCFI II	23,247.93	-	-	-	23,247.93	
Phoenix Films, Inc.	-	-	34.61	-	34.61	
Plant Growers Workshop	1,153.07	-	-	-	1,153.07	
Roxcel USA	393.20	131.46	-	-	524.66	
Techniflex	2,745.75	774.16	-	-	3,519.91	
Valencia	25,859.04	-	-	-	25,859.04	
West Carrolton Parchment	43,844.46	144,095.30	-	-	187,939.76	
	317,731.35	301,677.16	95,731.69	26.08	715,166.28	

CCC Lost Gross Profit

CCC Gross Profit Margin Applied to Selected Neologic Revenue

	2012	2013	2014 thru July	Total
Neologic Sales to Selected Customers	135,197	582,756	267,323	985,276
CCC Gross profit margin	18.62%	21.26%	21.26%	
CCC Lost Gross Profit	25,178	123,879	56,826	205,884



7102381605 31 I

EASTERN FILM SOLUTIONS INC
ATTN: STEVEN B NORVELL
85 COMMERCE CENTER DR
GREENVILLE SC 29615

October 31, 2008 - November 30, 2008 Account Number 7102381605 Page 1 of 3
6 enclosures

FREE SMALL BUSINESS CHECKING Summary 7102381605

Previous Balance	+ Deposits Credits	- Checks Debits	- Service Charges	+ Interest Credits	New Balance
1,361.70	116,837.96	110,781.53	0.00	0.00	7,418.13

30 Days in Statement Period

Deposits

Date	Description	Amount
11-12	CUSTOMER DEPOSIT	63,064.20
11-12	CUSTOMER DEPOSIT	53,773.76
Total Deposits		\$116,837.96

Checks

Date	Number	Amount	Date	Number	Amount	Date	Number	Amount
11-03	1002	1,110.00	11-26	1003	3,709.17	11-14	1004	5,914.20
Total Checks		\$10,733.37						

Described Debits

Date	Description	Amount
11-12	DEBIT MEMO	100,048.16
Total Described Debits		\$100,048.16

CCC_NORVELL0033

EASTERN FILM SOLUTIONS INC
ATTN: STEVEN B NORVELL

Account Number 7102381605

Page 2 of 3

Daily Balance Summary

<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>
10-31 Beginning Balance	1,361.70	11-14	11,127.30
11-03	251.70	11-26 Ending Balance	7,418.13
11-12	17,041.50		

CCC_NORVELL0034

EASTERN FILM SOLUTIONS INC
ATTN: STEVEN B NORVELL

Account Number 7102381605
Page 3 of 3

This is a legal copy of your image.

EASTERN FILM SOLUTIONS, LLC
200 W. Warehouse Court, Suite 200
Taylors, SC 29687

11-12-08

CASH

CAROLINA FIRST

\$ 63,064.20

11/12/08 \$63,064.20

EASTERN FILM SOLUTIONS, LLC
200 W. Warehouse Court, Suite 200
Taylors, SC 29687

11-12-08

CASH

CAROLINA FIRST

\$ 53,773.76

11/12/08 \$53,773.76

EASTERN FILM SOLUTIONS, LLC
200 W. Warehouse Court, Suite 200
Taylors, SC 29687

23 10-25-08 Date

Pay to the Order of Thomson \$ 1,110.00

Eleven Hundred Ten + 00/100 Dollars

CAROLINA FIRST 237811

For 237388, 237408, 237613

11/03/08 1002 \$1,110.00

EASTERN FILM SOLUTIONS, LLC
200 W. Warehouse Court, Suite 200
Taylors, SC 29687

11-12-08 Date

Pay to the Order of Krist Ausberger \$ 3,709.17

Thirty Seven Hundred Nine + 17/100 Dollars

CAROLINA FIRST 1003

For FR 4573, 4575

11/26/08 1003 \$3,709.17

EASTERN FILM SOLUTIONS, LLC
200 W. Warehouse Court, Suite 200
Taylors, SC 29687

11-12-08 Date

Pay to the Order of Norvell Family Trust \$ 5,914.20

Fifty Nine Hundred Fourteen + 20/100 Dollars

CAROLINA FIRST 4571

For 4572, 4575

11/14/08 1004 \$5,914.20

MISCELLANEOUS DEBIT

ACCOUNT NAME Carolina Film DATE 11-12-08

DESCRIPTION / REMARKS

1101-389 W. L. B. Inc.

Spring 2008

Office 610102285

ACCOUNT NUMBER

7102381605 74 10004816

11/12/08 \$100,048.15

CCC_NORVELL0035

From: Steve Norvell <snorvell@freshwatersystems.com>
Sent: Wednesday, December 10, 2008 4:32 PM
To: 'davewilson@easternfilms.net'
Subject: JM Lamborn

I'm interested. What is the film weight, arrival date and payment due to Polyasia per container? Also, how many containers delivered in Feb, Mar & April? Lastly, what is the payment terms w/ customer?

From: Dave Wilson [mailto:davewilson@easternfilms.net]
Sent: Wednesday, December 10, 2008 4:25 PM
To: 'Steve Norvell'
Subject: west carrollton and new financing opportunity

Hi Steve,

I spoke with Tamarah at west carrollton today. She has one of the three open invoices cued for payment on the 19th. She is waiting for her controller to code the other two invoices, one from 11/3 and one from October. I asked her to see if she could get the October invoice paid on this Friday's check run. She will check with her controller. I'll let you know. More than likely, the second invoice from 11/3 will be paid on the 19th as well.

I have another financing opportunity for us. I have 4 containers of metalized pet on order from a customer, JP Lamborn. These containers were originally scheduled to deliver in October, November and December. They ordered more film than they needed and asked me to push back the delivery dates which I did. The delivery dates were pushed back to Feb, march and april. They have come back to me again and asked if I can do anything to push the dates back further since their business has slowed down. I am importing this through Mike. We have terms from Polyasia but we don't want to ask polyasia to delay the shipments again. We need to bring the containers in as scheduled but delay billing to Lamborn by 60 days. In order for us to do this and pay Polyasia within terms, we need to finance the orders for 60 days.

Since our line with Carolina First will be paid down, do you want to use the line to finance these 4 orders? We can pay you \$.05/lb on these orders and I will pay all finance charges with the bank. This would be an easy \$8000 to \$10000 for you. Lamborn is a solid company who typically takes discounts but they are just heavy on inventory and want to delay shipments. I would like to propose shipping the material into them as scheduled on consignment or with delayed billing.

Let me know if you are OK with the concept and I'll send you all of the details in a spreadsheet.

Regards,

Dave Wilson
Eastern Film Solutions
864-238-5407

From: Dave Wilson <dave@ccc-films.com>
Sent: Monday, April 13, 2009 5:44 PM
To: 'John Gandis'
Cc: Andrea Comeau-Shirley (namasteconsult@bellsouth.net)
Subject: RE: Andrea Responds

Follow Up Flag: Follow up
Flag Status: Flagged

Hi John and Andrea,

I am pretty ignorant on distributions of profits and taxes so forgive me for asking some questions.

I spoke with my accountant today and he was a bit confused as to why the company needs to take advantage of home mortgage deductions. He said our personal deductions have nothing to do with distributions of profits or taxes.

My accountant said that both John and I should probably be taking in w-2 income since our distributions may be classified as salaries if we are audited. If we can make the claim that we are passive owners with other jobs, then I can see the reasoning behind pulling out distributions and not salaries.

Regarding my distributions last year... should these payments be classified as guaranteed payments instead of distributions? The company can deduct 50% of this which will reduce our net income. The payments I received last year was basically a salary which I required since I was taking my customers from EFS and putting them into CCC reducing my ability to earn a living. John, you agreed to not take any money out initially since cash flow was tight. This was helpful. Now that the company is profitable and cash flow is better, we are both pulling out money each month which is in the form of a distribution on Andrea's recommendation. I guess the question is whether the payments to me last year were distribution of profits or a salary. Are we calling my income last year a distribution so that the equity accounts match?

We need to determine what operating cash should be left in the business. My accountant recommends that we keep no more than 30 days of operating cash in the business. If we are leaving cash in the business to buy equipment for example, then the cash requirement changes. I think we need to have a plan for distributions that we both agree on and that makes sense for us to operate the company without debt. I don't know what that should look like but I think we should have some idea so we can plan our personal finances based on how the business is doing. This really hasn't been an issue until now but now that the company is making money, we need to have a plan which may include retirement plans, etc. Andrea, I'm sure you can help advise us on these things.

My marginal tax rate in 2007 was 30% with state and federal combined. What exactly does my accountant need to prepare before distributions are made? Below you said that the company will cut a check for the taxes owed and then may still owe the partners distributions from profits in 2008 and Q1 2009. Will these be additional checks cut to the partners?

Again, sorry for my ignorance but I need to be educated on these subjects. I look forward to hearing from you.

Regards,

Dave Wilson

Carolina Custom Converting
864 238 5407

From: John Gandis [mailto:john@ccc-films.com]
Sent: Monday, April 06, 2009 8:49 PM
To: dave@ccc-films.com
Subject: Andrea Responds

The next step is as follows:

John gathers his W-2, his home mortgage and real property tax information and sends it to Andrea so she can prepare a tax estimate.

Dave gives his accountant that summarized P&L that I had you write on, along with his tax information so that accountant can prepare his tax estimate.

Once these estimates (federal and SC are prepare) – Dave let's you know what his accountant wants him to remit – we compare it to what I want you to remit ... and we cut checks based on those amounts.

In this manner, the company gets to take advantage of home mortgage interest deductions and the like and doesn't have to send out too much \$\$ to the IRS. We will talk about how to handle Estimated Tax payments at the same time.

Can you ask Dave how long it will take his accountant to prepare his extension calculation? I only need a few days once you get your data to me.

NEXT – we do NOT subtract the taxes from the draws that have already been made, but we ADD them to it. So if Dave's accountant says he need \$25K to pay his taxes ... the company will give him \$25K and he will have "earned" \$106 and received \$48K + \$25 off that distributed to him. The company will still "owe" him \$33k (\$106 profits less \$48 distributed in 2008 less \$25 distributed for taxes = \$33K).

Tax planning – I think everyone should remember that we are dealing with CASH BASIS numbers for 2008 – that means the checks that were received in 2008 less the checks written in 2008. We cannot write a check in 2009 and change those results. ALSO – there is still a risk that the company earned too much money and will need to be on the accrual basis.

NOW You can create a SEP deduction by taking \$\$ that is allocated to you and putting it into a retirement account – ROUGHLY you could fund \$26,500 and end up owing taxes on only \$80K... This will require more \$\$ to come out of the company because you will have to fund 100% of the SEP and then the taxes on the remainder IT is a great financial plan though ...but will lock your cash up until retirement ... For this reason I would NOT recommend it as a corporate funding... We should talk about it – I would have the company fund the taxes AND ... if the owner wants to set aside \$\$ for the SEP... they can fund out of 2009 distributions (so long as they are paid in by 10/15 – they will be able to deduct on their tax returns).

Since we are going to just do a quick extension calculation – how about if you fax to me the few items I mentioned .. if there is another large item out there – send it as well ... and let's see how things are shaking up.

Andrea

From: John Gandis <john@decotexllc.com>
Sent: Wednesday, May 28, 2008 11:07 AM
To: davewilson@easternfilms.net
Subject: CCC Questions

Follow Up Flag: Follow up
Flag Status: Completed

Been thinking again... dangerous !

Andrea is going to want to know what you did in sales last year with these accounts that CCC will assume... this will help us better determine how well we can afford a salary.

Is this something that you have available ?

Also –

We should start systematically purchasing the film from EFS – the stuff that you have on your books... we should buy here. Do you have an inventory ?

- JG

From: Namaste Consulting <namasteconsult@bellsouth.net>
Sent: Tuesday, May 04, 2010 2:27 PM
To: 'Dave Wilson'
Cc: john@ccc-films.com
Subject: RE: inventory discrepancy

Inventory True – up is still in process and I had warned you and John not to use the quickbook figures yet as we are still to hone a process that keeps us from having issues

John and I exchanged a series of emails at end of year and we are working on a process that reduces bookkeeping issues. As to physical inventories - We didn't do a physical in April – I don't think we need to do monthly but we do need to have a period inventory ... If you would like to come and do the physical this weekend – I could back it up to April as not too much time has gone by... I think it would be great to do at least three times a year (I was willing to settle for twice)...

You should NOT be looking in the Quickbooks and only looking at the excel data. As an owners we will report to you cleaned up numbers – looking at the data before clean ups are done just creates questions. The intention is to come up with a process that eventually keeps BOTH you and John out of the Quickbooks. YOU should be aware that only the Excel document is maintained on a DAILY basis... so that really is the best and only place you should look....

As for the cash situation – this is not new - we have been strapped for cash since day one and our growth has made it worse because we have to buy even MORE film now that before Minova has created a new pinch on cash because, while we make great \$\$ from them – we are always "invested" in film for them.

I haven't quite figured out yet how to show you guys the cash conversion cycle in a way that makes the most sense You guys tend to see the profit and think it means available cash ... but the reality is –we are constantly re-investing this months' cash into inventory to make new profits....

As for inventory status- I have continuously recommended that we convert film (ALL FILM) to sales.

If I get you guys to see that the pounds are not what is critical (we can have HUGE inventory on hand – if its flipping) – what really needs to be monitored is the AGE of the inventory This is why I had Joy and Jeff add the dates to the Excel spreadsheet so you guys can see this very easily on the spreadsheet.

We do have A LOT OF MONEY invested in film that has been here for a very long time

BUT in talking with John ... we also have a capacity and a risk/reward issue. We don't really have an extra machine (yet) that could convert product to finished goods ... AND John also says we incur risks cutting some of our rolls when they haven't been sold yet.

It would be really helpful if you could look over the film listing and identify which rolls would be used for FUTURE SALES – especially in the duct area – so we could make a commitment and CUT the rolls now and hold them for future orders.... While that won't generate \$\$ today – what it will do is reduce (or even eliminate) the current trend of purchasing NEW films (wider rolls) to meet these customer demands because we don't have enough lead time to work with the existing film supply....

Andrea

From: Dave Wilson [mailto:dave@ccc-films.com]
Sent: Tuesday, May 04, 2010 2:04 PM
To: 'Namaste Consulting'

Cc: john@ccc-films.com

Subject: inventory discrepancy

Hi Andrea,

I am looking at our inventory to see where we can turn some items into sales within the next 30 days. Are you aware that our inventory in excel shows roughly 350,000 lbs between A grade, Rewinds and finished goods compared to quickbooks which shows our inventory at 460,000 lbs? This is concerning if the numbers in excel are correct. This means we are carrying 110,000 lbs on our books that does not exist. This is of great concern to me because this was one of the big problems we had at Palmetto Custom Films. Did we do a physical inventory at the end of March? In my opinion, quarterly physicals are the minimum we should do. Monthly would be even better but I know it takes manpower and we are short on this. Please let me know if I am missing something. I am happy to help if we need to do a physical to reconcile the two. 110,000 lbs of loss accounts for a lot of cash and helps explain why we are so strapped.

Regards,

Dave Wilson

Carolina Custom Converting

864 238 5407

Product	Alias'	Vendor
777		3M
890		3M
860		3M
862		3M
870		3M
990		3M
DS1		DuPont
DS2		DuPont
DSCW		DuPont
054		DuPont
ST504		DuPont
XPCR		DuPont
XPCRP		DuPont
ARS		DuPont
A		DuPont
S		DuPont
822		DuPont
X6615		DuPont
XST661		DuPont
X66550		DuPont
X6528		DuPont
X6574		DuPont
XST6557		DuPont
XST6573		DuPont
XST6580		DuPont
X6581		DuPont
X6550		DuPont
568		DuPont
625		DuPont
626		DuPont
XST6632		DuPont
XST6646		DuPont
X6570		DuPont
627		DuPont
628		DuPont
727		DuPont
927W		DuPont

11/4/2010

7074		DuPont
RSX631		DuPont
X635		DuPont
808H		DuPont
834		DuPont
X6554		DuPont
X6537		DuPont
X6563		DuPont
X6566		DuPont
X6576		DuPont
X689TOP		DuPont
X842		DuPont
1320	2000, 2364	Mitsubishi
1327		Mitsubishi
1328		Mitsubishi
1329		Mitsubishi
132B		Mitsubishi
132C		Mitsubishi
132F		Mitsubishi
132R		Mitsubishi
132T		Mitsubishi
132Z		Mitsubishi
1360	2240N, 2440N, 2261N, 2262N	Mitsubishi
1367		Mitsubishi
1368	2600N, 2601N, 2602N, 2604N, 2609N, 2MAIN	Mitsubishi
1369	2662N,	Mitsubishi
136Q		Mitsubishi
136B	2GB1N	Mitsubishi
136C	3SAB, 3SAC, 2SAB, 2SAC	Mitsubishi
136R	2CSRN	Mitsubishi
136T		Mitsubishi
1330	3901, 3915, 3955	Mitsubishi
1334		Mitsubishi
3LD4		Mitsubishi
133B		Mitsubishi
133C		Mitsubishi
133M		Mitsubishi
1340		Mitsubishi
1341		Mitsubishi
1342		Mitsubishi
1344	4407, 4WB4	Mitsubishi
1345	4507, 4WB5, 4WP5	Mitsubishi
1346		Mitsubishi
1347		Mitsubishi
1348		Mitsubishi
1349		Mitsubishi
134J		Mitsubishi
134L		Mitsubishi
134M	43M7, 43SM	Mitsubishi
134P	4LAP	Mitsubishi
135A		Mitsubishi
13C4		Mitsubishi
13C8		Mitsubishi
13D2		Mitsubishi

11/4/2010

Clarity	Treatment
medium Haze	
Low Haze	
Low Haze	
Low Haze	
medium Haze	
High Clarity	
Clear	
Clear	
High Clarity 1%	
High Clarity	
Crystal Clear	
medium Haze 3-6%	
medium Haze 3-6%	
Lo Clarity	
Lo Clarity (48g MED)	
low haze	
	1ST
	NT
	2ST
	1ST
	1ST
	NT
Haze 3% - 7%	1ST
Haze 3% - 7%	
White Opaque Film	

11/4/2010

Matte film	
Matte film	Medium Gloss
White Voided/Translucent Film	
White Voided/Translucent Film	
White Opaque Film	
White Opaque Film	
Clear (MED)	
Moderate Haze 3%	
Moderate Haze	
Ultra Clear	
Ultra Clear	
Ultra Clear	
High-Med Clarity	
Ultra Clear	
Ultra Clear	
Ultra Clear .6 - 1.0 %	
Clear	
Clear	
Clear	
Clear	
Ultra Clear	
UC 1% Haze	
Ultra Clear	
Hi Clarity	
Clear	
Clear	
High Clarity	(R) side is acrylic, (6) side is co-poly
Hi - Med Clarity 2.5% (92g)	
Hi Clarity 1.8%	
Med	
medium Haze 3%	
Moderate Haze	
Ultra Clear	
Moderate Haze	
Ultra Clear	
Medium	

11/4/2010

Treatment Type
No Treatment
Corona Treat outside
Corona Treat or No treat
Corona Treat or No treat
Corona Treat or No treat
1 Side print adhesion, 1 side plain
Outside slip treat, Chem inside Treat
2 side Chem Treat
Outside Corona Treated
2 side treat adhesion promoting
Outside treat adhesion promoting
No Treatment
1 Side Adhesion Promoting
Outside treat adhesion promoting
No Treatment
No Treatment
1 side chem treat
1 Side Treated
Adhesion promoting outside
Adhesion promoting 2 sides
TWO SIDE COATED - INSIDE COATED WITH COLOR FILTER (NIR), DRUM SIDE INSIDE. OUTSIDE COATED WITH ANTISTAT/SLIP, AIR SIDE OUTSIDE
ONE SIDE (OUTSIDE) SLIP PRETREATED
STABILIZED FILM, UV STABILIZED, TWO SIDE SURLYN ADHESION PRETREATED
STABILIZED FILM, ONE SIDE (OUTSIDE) PU PRETREATED COATED ON ONE SIDE FOR ADHESION
TWO-SIDE COATED USED FOR ANTI-GLARE/ANTI-FOG MEDICAL FACE SHIELD
HIGH CLARITY -STANDARD ADHESION PROMOTER OUTSIDE AND ANTISTATIC PROTECTION INSIDE . INTENDED FOR INK JET APPLICATIONS
HIGH CLARITY - COEXTRUDED B69 WITH NO PRETREATMENT ON THE B69 SURFACE. MUST BE WOUND WITH THE ADHESION SURFACE INSIDE
COEXTRUDED CONTAINING A UV ABSORBER WITH RHOPLEX INSIDE SURFACE. OUTSIDE NON COATED CO-EXTRUDED SURFACE.
AB COEX FILM FOR PHOTOTOOL APPLICATIONS. ONE SIDE PROVIDES SLIP/SHEETING ATTRIBUTES. OTHER SIDE IS UNTREATED..
COEXTRUDED UV ABSORBER . INSIDE IS ADHESION PRETREATED OUTSIDE IS COEXTRUDED
COEXTRUDED UV ABSORBERT-SUB. INSIDE IS HIGH COAT WEIGHT RHOPLEX SURFACE. OUTSIDE OF THE ROLL IS NON COATED COEXTRUDED
BOTH SIDES ARE PRETREATED W/ HEAVY WEIGHT RHOPLEX-3208 WITH SANTICIZER
High Opacity White Untreated

11/4/2010

Silicone treated
two side coated -clear and colorless B43 film
no treatment
Food Packaging 1 side coated, release inside
SUPER-CLEAR WITH C-SUB BOTH SIDES
Non Pretreated
lightly filled, 1 side adhesion, 1 side slip/antistat
lightly filled, 1 side slip/antistat
UV Stabilized 2 Side print adhesion
1 side print adhesion
1 Side chem for Adh, 1 side chem for print/PE extrusion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
silicone adherable one side
silicone adherable both sides
2 Side print adhesion
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
1 Side corona treatment, 1 side print adhesion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
2 Side adhesion
1 Side print adhesion, 1 side plain
1 or 2 side silicone adherable, dyne of 50 to 55
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
No Treatment
Both sides treated for Ink adhesion
1 side slip and adhesion, 1 side plain
1 side silicone adherable
silicone adherable both sides
1 side slip treated, 1 side plain
No Treatment
Both sides slip treated
Both sides anti-stat
1 side print adhesion, 1 side plain
Both sides print adhesion
1 side print adhesion, 1 side anti-stat
1 side anti-stat treatment, 1 side plain
1 side print adhesion, 1 side plain
Both sides print adhesion
Both sides print adhesion
Both sides print adhesion
1 side slip treated, 1 side plain
1 side print adhesion, 1 side slip treated
Plain both sides
No Treatment
1 Side adhesion, 1 side plain
1 side slip, 1 side plain

11/4/2010

Product	Alias'	Vendor
777		3M
890		3M
860		3M
862		3M
870		3M
990		3M
DS1		DuPont
DS2		DuPont
DSCW		DuPont
054		DuPont
ST504		DuPont
XPCR		DuPont
XPCRP		DuPont
ARS		DuPont
A		DuPont
S		DuPont
822		DuPont
X6615		DuPont
XST661		DuPont
X66550		DuPont
X6528		DuPont
X6574		DuPont
XST6557		DuPont
XST6573		DuPont
XST6580		DuPont
X6581		DuPont
X6550		DuPont
568		DuPont
625		DuPont
626		DuPont
XST6632		DuPont
XST6646		DuPont
X6570		DuPont
627		DuPont
628		DuPont
727		DuPont
927W		DuPont

7074		DuPont
RSX631		DuPont
X635		DuPont
808H		DuPont
834		DuPont
X6554		DuPont
X6537		DuPont
X6563		DuPont
X6566		DuPont
X6576		DuPont
X689TOP		DuPont
X842		DuPont
1320	2000, 2364	Mitsubishi
1327		Mitsubishi
1328		Mitsubishi
1329		Mitsubishi
132B		Mitsubishi
132C		Mitsubishi
132F		Mitsubishi
132R		Mitsubishi
132T		Mitsubishi
132Z		Mitsubishi
1360	2240N, 2440N, 2261N, 2262N	Mitsubishi
1367		Mitsubishi
1368	2600N, 2601N, 2602N, 2604N, 2609N, 2MAIN	Mitsubishi
1369	2662N,	Mitsubishi
136Q		Mitsubishi
136B	2GB1N	Mitsubishi
136C	3SAB, 3SAC, 2SAB, 2SAC	Mitsubishi
136R	2CSRN	Mitsubishi
136T		Mitsubishi
1330	3901, 3915, 3955	Mitsubishi
1334		Mitsubishi
3LD4		Mitsubishi
133B		Mitsubishi
133C		Mitsubishi
133M		Mitsubishi
1340		Mitsubishi
1341		Mitsubishi
1342		Mitsubishi
1344	4407, 4WB4	Mitsubishi
1345	4507, 4WB5, 4WP5	Mitsubishi
1346		Mitsubishi
1347		Mitsubishi
1348		Mitsubishi
1349		Mitsubishi
134J		Mitsubishi
134L		Mitsubishi
134M	43M7, 43SM	Mitsubishi
134P	4LAP	Mitsubishi
135A		Mitsubishi
13C4		Mitsubishi
13C8		Mitsubishi
13D2		Mitsubishi

[illegible]

Clarity	Treatment
medium Haze	
Low Haze	
Low Haze	
Low Haze	
medium Haze	
High Clarity	
Clear	
Clear	
High Clarity 1%	
High Clarity	
Crystal Clear	
medium Haze 3-6%	
medium Haze 3-6%	
Lo Clarity	
Lo Clarity (48g MED)	
low haze	
	1ST
	NT
	2ST
	1ST
	1ST
	NT
Haze 3% - 7%	1ST
Haze 3% - 7%	
White Opaque Film	

[illegible]

Matte film	
Matte film	Medium Gloss
White Voided/Translucent Film	
White Voided/Translucent Film	
White Opaque Film	
White Opaque Film	
Clear (MED)	
Moderate Haze 3%	
Moderate Haze	
Ultra Clear	
Ultra Clear	
Ultra Clear	
High-Med Clarity	
Ultra Clear	
Ultra Clear	
Ultra Clear .6 - 1.0 %	
Clear	
Clear	
Clear	
Clear	
Ultra Clear	
UC 1% Haze	
Ultra Clear	
Hi Clarity	
Clear	
Clear	
High Clarity	(R) side is acrylic, (6) side is co-poly
Hi - Med Clarity 2.5% (92g)	
Hi Clarity 1.8%	
Med	
medium Haze 3%	
Moderate Haze	
Ultra Clear	
Moderate Haze	
Ultra Clear	
Medium	

Silicone treated
two side coated -clear and colorless B43 film
no treatment
Food Packaging 1 side coated, release inside
SUPER-CLEAR WITH C-SUB BOTH SIDES
Non Pretreated
lightly filled, 1 side adhesion, 1 side slip/antistat
lightly filled, 1 side slip/antistat
UV Stabilized 2 Side print adhesion
1 side print adhesion
1 Side chem for Adh, 1 side chem for print/PE extrusion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
silicone adherable one side
silicone adherable both sides
2 Side print adhesion
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
1 Side corona treatment, 1 side print adhesion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
2 Side adhesion
1 Side print adhesion, 1 side plain
1 or 2 side silicone adherable, dyne of 50 to 55
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
No Treatment
Both sides treated for Ink adhesion
1 side slip and adhesion, 1 side plain
1 side silicone adherable
silicone adherable both sides
1 side slip treated, 1 side plain
No Treatment
Both sides slip treated
Both sides anti-stat
1 side print adhesion, 1 side plain
Both sides print adhesion
1 side print adhesion, 1 side anti-stat
1 side anti-stat treatment, 1 side plain
1 side print adhesion, 1 side plain
Both sides print adhesion
Both sides print adhesion
Both sides print adhesion
1 side slip treated, 1 side plain
1 side print adhesion, 1 side slip treated
Plain both sides
No Treatment
1 Side adhesion, 1 side plain
1 side slip, 1 side plain

[illegible]

Product	Alias'	Vendor
777		3M
890		3M
860		3M
862		3M
870		3M
990		3M
DS1		DuPont
DS2		DuPont
DSCW		DuPont
054		DuPont
ST504		DuPont
XPCR		DuPont
XPCRP		DuPont
ARS		DuPont
A		DuPont
S		DuPont
822		DuPont
X6615		DuPont
XST661		DuPont
X66550		DuPont
X6528		DuPont
X6574		DuPont
XST6557		DuPont
XST6573		DuPont
XST6580		DuPont
X6581		DuPont
X6550		DuPont
568		DuPont
625		DuPont
626		DuPont
XST6632		DuPont
XST6646		DuPont
X6570		DuPont
627		DuPont
628		DuPont
727		DuPont
927W		DuPont

7074		DuPont
RSX631		DuPont
X635		DuPont
808H		DuPont
834		DuPont
X6554		DuPont
X6537		DuPont
X6563		DuPont
X6566		DuPont
X6576		DuPont
X689TOP		DuPont
X842		DuPont
1320	2000, 2364	Mitsubishi
1327		Mitsubishi
1328		Mitsubishi
1329		Mitsubishi
132B		Mitsubishi
132C		Mitsubishi
132F		Mitsubishi
132R		Mitsubishi
132T		Mitsubishi
132Z		Mitsubishi
1360	2240N, 2440N, 2261N, 2262N	Mitsubishi
1367		Mitsubishi
1368	2600N, 2601N, 2602N, 2604N, 2609N, 2MAIN	Mitsubishi
1369	2662N,	Mitsubishi
136Q		Mitsubishi
136B	2GB1N	Mitsubishi
136C	3SAB, 3SAC, 2SAB, 2SAG	Mitsubishi
136R	2CSRN	Mitsubishi
136T		Mitsubishi
1330	3901, 3915, 3955	Mitsubishi
1334		Mitsubishi
3LD4		Mitsubishi
133B		Mitsubishi
133C		Mitsubishi
133M		Mitsubishi
1340		Mitsubishi
1341		Mitsubishi
1342		Mitsubishi
1344	4407, 4WB4	Mitsubishi
1345	4507, 4WB5, 4WP5	Mitsubishi
1346		Mitsubishi
1347		Mitsubishi
1348		Mitsubishi
1349		Mitsubishi
134J		Mitsubishi
134L		Mitsubishi
134M	43M7, 43SM	Mitsubishi
134P	4LAP	Mitsubishi
135A		Mitsubishi
13C4		Mitsubishi
13C8		Mitsubishi
13D2		Mitsubishi

[illegible]

Clarity	Treatment
medium Haze	
Low Haze	
Low Haze	
Low Haze	
medium Haze	
High Clarity	
Clear	
Clear	
High Clarity 1%	
High Clarity	
Crystal Clear	
medium Haze 3-6%	
medium Haze 3-6%	
Lo Clarity	
Lo Clarity (48g MED)	
low haze	
	1ST
	NT
	2ST
	1ST
	1ST
	NT
Haze 3% - 7%	1ST
Haze 3% - 7%	
White Opaque Film	

Hi Clarity - Lo gloss	
Moderate Haze	
Clear	2ST
	1ST
	NT
Clear	1ST
	NT
Hi Clarity	
Clear	1ST
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Medium Haze <2.7%	
Clear (Med)	
Clear (Med)	
Moderate Haze	
Low Haze	
Low Haze	
Low Haze	
Low Haze	
Low Haze	
Low Haze	
Clear	
Clear	
Clear	
Ultra Clear	
Ultra Clear	
Clear	
Clear	
Clear	
Clear	
Clear	
Clear	
Ultra Clear	
Ultra Clear	
Clear	
Transition Polymer/Haze varies	
Moderate Haze	
Clear	

Matte film	
Matte film	Medium Gloss
White Voided/Translucent Film	
White Voided/Translucent Film	
White Opaque Film	
White Opaque Film	
Clear (MED)	
Moderate Haze 3%	
Moderate Haze	
Ultra Clear	
Ultra Clear	
Ultra Clear	
High-Med Clarity	
Ultra Clear	
Ultra Clear	
Ultra Clear .6 - 1.0 %	
Clear	
Clear	
Clear	
Clear	
Ultra Clear	
UC 1% Haze	
Ultra Clear	
Hi Clarity	
Clear	
Clear	
High Clarity	(R) side is acrylic, (6) side is co-poly
Hi - Med Clarity 2.5% (92g)	
Hi Clarity 1.8%	
Med	
medium Haze 3%	
Moderate Haze	
Ultra Clear	
Moderate Haze	
Ultra Clear	
Medium	

Treatment Type
No Treatment
Corona Treat outside
Corona Treat or No treat
Corona Treat or No treat
Corona Treat or No treat
1 Side print adhesion, 1 side plain
Outside slip treat, Chem inside Treat
2 side Chem Treat
Outside Corona Treated
2 side treat adhesion promoting
Outside treat adhesion promoting
No Treatment
1 Side Adhesion Promoting
Outside treat adhesion promoting
No Treatment
No Treatment
1 side chem treat
1 Side Treated
Adhesion promoting outside
Adhesion promoting 2 sides
TWO SIDE COATED - INSIDE COATED WITH COLOR FILTER (NIR), DRUM SIDE INSIDE. OUTSIDE COATED WITH ANTISTAT/SLIP, AIR SIDE OUTSIDE
ONE SIDE (OUTSIDE) SLIP PRETREATED
STABILIZED FILM, UV STABILIZED, TWO SIDE SURLYN ADHESION PRETREATED
STABILIZED FILM, ONE SIDE (OUTSIDE) PU PRETREATED COATED ON ONE SIDE FOR ADHESION
TWO-SIDE COATED USED FOR ANTI-GLARE/ANTI-FOG MEDICAL FACE SHIELD
HIGH CLARITY -STANDARD ADHESION PROMOTER OUTSIDE AND ANTISTATIC PROTECTION INSIDE . INTENDED FOR INK JET APPLICATIONS
HIGH CLARITY - COEXTRUDED B69 WITH NO PRETREATMENT ON THE B69 SURFACE. MUST BE WOUND WITH THE ADHESION SURFACE INSIDE
COEXTRUDED CONTAINING A UV ABSORBER WITH RHOPLEX INSIDE SURFACE. OUTSIDE NON COATED CO- EXTRUDED SURFACE.
AB COEX FILM FOR PHOTOTOOL APPLICATIONS. ONE SIDE PROVIDES SLIP/SHEETING ATTRIBUTES. OTHER SIDE IS UNTREATED.
COEXTRUDED UV ABSORBER . INSIDE IS ADHESION PRETREATED OUTSIDE IS COEXTRUDED
COEXTRUDED UV ABSORBERT-SUB. INSIDE IS HIGH COAT WEIGHT RHOPLEX SURFACE. OUTSIDE OF THE ROLL IS NON COATED COEXTRUDED
BOTH SIDES ARE PRETREATED W/ HEAVY WEIGHT RHOPLEX-3208 WITH SANTICIZER
High Opacity White Untreated

Silicone treated
two side coated -clear and colorless B43 film
no treatment
Food Packaging 1 side coated, release inside
SUPER-CLEAR WITH C-SUB BOTH SIDES
Non Pretreated
lightly filled, 1 side adhesion, 1 side slip/antistat
lightly filled, 1 side slip/antistat
UV Stabilized 2 Side print adhesion
1 side print adhesion
1 Side chem for Adh, 1 side chem for print/PE extrusion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
silicone adherable one side
silicone adherable both sides
2 Side print adhesion
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
1 Side corona treatment, 1 side print adhesion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
2 Side adhesion
1 Side print adhesion, 1 side plain
1 or 2 side silicone adherable, dyne of 50 to 55
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
No Treatment
Both sides treated for Ink adhesion
1 side slip and adhesion, 1 side plain
1 side silicone adherable
silicone adherable both sides
1 side slip treated, 1 side plain
No Treatment
Both sides slip treated
Both sides anti-stat
1 side print adhesion, 1 side plain
Both sides print adhesion
1 side print adhesion, 1 side anti-stat
1 side anti-stat treatment, 1 side plain
1 side print adhesion, 1 side plain
Both sides print adhesion
Both sides print adhesion
Both sides print adhesion
1 side slip treated, 1 side plain
1 side print adhesion, 1 side slip treated
Plain both sides
No Treatment
1 Side adhesion, 1 side plain
1 side slip, 1 side plain

No Treatment
1 Side Print Adh
No Treatment
Both sides print adhesion
No Treatment
Both sides print adhesion
1 sides cold seal release 1 side adhesion
1 side Adh (copoly)/ 1 side plain with high cof
no treatment
1 side anti-stat treatment, 1 side plain
1 side Slip , 1 side cold seal
1 side Slip , 1 side plain
2 side slip modified
2 side slip modified
1 sides cold seal release 1 side plain
1 side cold seal release 1 side slip/Adh
Anti-Fog both sides
1 sides slip & anti-stat 1 side slip,anti-stat & adhesion
2 sides adhesion and slip
1 side slip and adhesion, 1 side plain
1 side slip treated, 1 side plain
1 side slip , 1 side plain
1 side slip treated, 1 side plain
Both sides slip treated
No Treatment
1 side adhesion and slip, 1 side plain
1 Side Slip 1 Side Slip/release
2 Side print adhesion
2 side slip
1 side print adhesion, 1 side slip treated
1 Side Silicone Coated
Slip Modified surface
1 sides cold seal release 1 side adhesion
1 side Slip , 1 side plain
1 sides cold seal release 1 side adhesion
Both sides adhesion
No Treatment
No Treatment
1 Side Enhanced for Print, 1 plain
No Treatment
No Treatment
No Treatment
No Treatment
No Treatment
No Treatment
No Treatment

Product	Alias'	Vendor
777		3M
890		3M
860		3M
862		3M
870		3M
990		3M
DS1		DuPont
DS2		DuPont
DSCW		DuPont
054		DuPont
ST504		DuPont
XPCR		DuPont
XPCRP		DuPont
ARS		DuPont
A		DuPont
S		DuPont
822		DuPont
X6615		DuPont
XST661		DuPont
X66550		DuPont
X6528		DuPont
X6574		DuPont
XST6557		DuPont
XST6573		DuPont
XST6580		DuPont
X6581		DuPont
X6550		DuPont
568		DuPont
625		DuPont
626		DuPont
XST6632		DuPont
XST6646		DuPont
X6570		DuPont
627		DuPont
628		DuPont
727		DuPont
927W		DuPont

7074		DuPont
RSX631		DuPont
X635		DuPont
808H		DuPont
834		DuPont
X6554		DuPont
X6537		DuPont
X6563		DuPont
X6566		DuPont
X6576		DuPont
X689TOP		DuPont
X842		DuPont
1320	2000, 2364	Mitsubishi
1327		Mitsubishi
1328		Mitsubishi
1329		Mitsubishi
132B		Mitsubishi
132C		Mitsubishi
132F		Mitsubishi
132R		Mitsubishi
132T		Mitsubishi
132Z		Mitsubishi
1360	2240N, 2440N, 2261N, 2262N	Mitsubishi
1367		Mitsubishi
1368	2600N, 2601N, 2602N, 2604N, 2609N, 2MAIN	Mitsubishi
1369	2662N,	Mitsubishi
136Q		Mitsubishi
136B	2GB1N	Mitsubishi
136C	3SAB, 3SAC, 2SAB, 2SAC	Mitsubishi
136R	2CSRN	Mitsubishi
136T		Mitsubishi
1330	3901, 3915, 3955	Mitsubishi
1334		Mitsubishi
3LD4		Mitsubishi
133B		Mitsubishi
133C		Mitsubishi
133M		Mitsubishi
1340		Mitsubishi
1341		Mitsubishi
1342		Mitsubishi
1344	4407, 4WB4	Mitsubishi
1345	4507, 4WB5, 4WP5	Mitsubishi
1346		Mitsubishi
1347		Mitsubishi
1348		Mitsubishi
1349		Mitsubishi
134J		Mitsubishi
134L		Mitsubishi
134M	43M7, 43SM	Mitsubishi
134P	4LAP	Mitsubishi
135A		Mitsubishi
13C4		Mitsubishi
13C8		Mitsubishi
13D2		Mitsubishi

[illegible]

Clarity	Treatment
medium Haze	
Low Haze	
Low Haze	
Low Haze	
medium Haze	
High Clarity	
Clear	
Clear	
High Clarity 1%	
High Clarity	
Crystal Clear	
medium Haze 3-6%	
medium Haze 3-6%	
Lo Clarity	
Lo Clarity (48g MED)	
low haze	
	1ST
	NT
	2ST
	1ST
	1ST
	NT
Haze 3% - 7%	1ST
Haze 3% - 7%	
White Opaque Film	

[illegible]

Matte film	
Matte film	Medium Gloss
White Voided/Translucent Film	
White Voided/Translucent Film	
White Opaque Film	
White Opaque Film	
Clear (MED)	
Moderate Haze 3%	
Moderate Haze	
Ultra Clear	
Ultra Clear	
Ultra Clear	
High-Med Clarity	
Ultra Clear	
Ultra Clear	
Ultra Clear .6 - 1.0 %	
Clear	
Clear	
Clear	
Clear	
Ultra Clear	
UC 1% Haze	
Ultra Clear	
Hi Clarity	
Clear	
Clear	
High Clarity	(R) side is acrylic, (6) side is co-poly
Hi - Med Clarity 2.5% (92g)	
Hi Clarity 1.8%	
Med	
medium Haze 3%	
Moderate Haze	
Ultra Clear	
Moderate Haze	
Ultra Clear	
Medium	

Treatment Type
No Treatment
Corona Treat outside
Corona Treat or No treat
Corona Treat or No treat
Corona Treat or No treat
1 Side print adhesion, 1 side plain
Outside slip treat, Chem inside Treat
2 side Chem Treat
Outside Corona Treated
2 side treat adhesion promoting
Outside treat adhesion promoting
No Treatment
1 Side Adhesion Promoting
Outside treat adhesion promoting
No Treatment
No Treatment
1 side chem treat
1 Side Treated
Adhesion promoting outside
Adhesion promoting 2 sides
TWO SIDE COATED - INSIDE COATED WITH COLOR FILTER (NIR), DRUM SIDE INSIDE. OUTSIDE COATED WITH ANTISTAT/SLIP, AIR SIDE OUTSIDE
ONE SIDE (OUTSIDE) SLIP PRETREATED
STABILIZED FILM, UV STABILIZED, TWO SIDE SURLYN ADHESION PRETREATED
STABILIZED FILM, ONE SIDE (OUTSIDE) PU PRETREATED COATED ON ONE SIDE FOR ADHESION
TWO-SIDE COATED USED FOR ANTI-GLARE/ANTI-FOG MEDICAL FACE SHIELD
HIGH CLARITY -STANDARD ADHESION PROMOTER OUTSIDE AND ANTISTATIC PROTECTION INSIDE . INTENDED FOR INK JET APPLICATIONS
HIGH CLARITY - COEXTRUDED B69 WITH NO PRETREATMENT ON THE B69 SURFACE. MUST BE WOUND WITH THE ADHESION SURFACE INSIDE
COEXTRUDED CONTAINING A UV ABSORBER WITH RHOPLEX INSIDE SURFACE. OUTSIDE NON COATED CO- EXTRUDED SURFACE.
AB COEX FILM FOR PHOTOTOOL APPLICATIONS. ONE SIDE PROVIDES SLIP/SHEETING ATTRIBUTES. OTHER SIDE IS UNTREATED.
COEXTRUDED UV ABSORBER . INSIDE IS ADHESION PRETREATED OUTSIDE IS COEXTRUDED
COEXTRUDED UV ABSORBERT-SUB. INSIDE IS HIGH COAT WEIGHT RHOPLEX SURFACE. OUTSIDE OF THE ROLL IS NON COATED COEXTRUDED
BOTH SIDES ARE PRETREATED W/ HEAVY WEIGHT RHOPLEX-3208 WITH SANTICIZER
High Opacity White Untreated

Silicone treated
two side coated -clear and colorless B43 film
no treatment
Food Packaging 1 side coated, release inside
SUPER-CLEAR WITH C-SUB BOTH SIDES
Non Pretreated
lightly filled, 1 side adhesion, 1 side slip/antistat
lightly filled, 1 side slip/antistat
UV Stabilized 2 Side print adhesion
1 side print adhesion
1 Side chem for Adh, 1 side chem for print/PE extrusion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
silicone adherable one side
silicone adherable both sides
2 Side print adhesion
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
1 Side corona treatment, 1 side print adhesion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
2 Side adhesion
1 Side print adhesion, 1 side plain
1 or 2 side silicone adherable, dyne of 50 to 55
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
No Treatment
Both sides treated for Ink adhesion
1 side slip and adhesion, 1 side plain
1 side silicone adherable
silicone adherable both sides
1-side slip treated, 1 side plain
No Treatment
Both sides slip treated
Both sides anti-stat
1 side print adhesion, 1 side plain
Both sides print adhesion
1 side print adhesion, 1 side anti-stat
1 side anti-stat treatment, 1 side plain
1 side print adhesion, 1 side plain
Both sides print adhesion
Both sides print adhesion
Both sides print adhesion
1 side slip treated, 1 side plain
1 side print adhesion, 1 side slip treated
Plain both sides
No Treatment
1 Side adhesion, 1 side plain
1 side slip, 1 side plain

[illegible]

Product	Alias'	Vendor
777		3M
890		3M
860		3M
862		3M
870		3M
990		3M
DS1		DuPont
DS2		DuPont
DSCW		DuPont
054		DuPont
ST504		DuPont
XPCR		DuPont
XPCRP		DuPont
ARS		DuPont
A		DuPont
S		DuPont
822		DuPont
X6615		DuPont
XST661		DuPont
X66550		DuPont
X6528		DuPont
X6574		DuPont
XST6557		DuPont
XST6573		DuPont
XST6580		DuPont
X6581		DuPont
X6550		DuPont
568		DuPont
625		DuPont
626		DuPont
XST6632		DuPont
XST6646		DuPont
X6570		DuPont
627		DuPont
628		DuPont
727		DuPont
927W		DuPont

7074		DuPont
RSX631		DuPont
X635		DuPont
808H		DuPont
834		DuPont
X6554		DuPont
X6537		DuPont
X6563		DuPont
X6566		DuPont
X6576		DuPont
X689TOP		DuPont
X842		DuPont
1320	2000, 2364	Mitsubishi
1327		Mitsubishi
1328		Mitsubishi
1329		Mitsubishi
132B		Mitsubishi
132C		Mitsubishi
132F		Mitsubishi
132R		Mitsubishi
132T		Mitsubishi
132Z		Mitsubishi
1360	2240N, 2440N, 2261N, 2262N	Mitsubishi
1367		Mitsubishi
1368	2600N, 2601N, 2602N, 2604N, 2609N, 2MAIN	Mitsubishi
1369	2662N,	Mitsubishi
136Q		Mitsubishi
136B	2GB1N	Mitsubishi
136C	3SAB, 3SAC, 2SAB, 2SAC	Mitsubishi
136R	2CSRN	Mitsubishi
136T		Mitsubishi
1330	3901, 3915, 3955	Mitsubishi
1334		Mitsubishi
3LD4		Mitsubishi
133B		Mitsubishi
133C		Mitsubishi
133M		Mitsubishi
1340		Mitsubishi
1341		Mitsubishi
1342		Mitsubishi
1344	4407, 4WB4	Mitsubishi
1345	4507, 4WB5, 4WP5	Mitsubishi
1346		Mitsubishi
1347		Mitsubishi
1348		Mitsubishi
1349		Mitsubishi
134J		Mitsubishi
134L		Mitsubishi
134M	43M7, 43SM	Mitsubishi
134P	4LAP	Mitsubishi
135A		Mitsubishi
13C4		Mitsubishi
13C8		Mitsubishi
13D2		Mitsubishi

[illegible]

Clarity	Treatment
medium Haze	
Low Haze	
Low Haze	
Low Haze	
medium Haze	
High Clarity	
Clear	
Clear	
High Clarity 1%	
High Clarity	
Crystal Clear	
medium Haze 3-6%	
medium Haze 3-6%	
Lo Clarity	
Lo Clarity (48g MED)	
low haze	
	1ST
	NT
	2ST
	1ST
	1ST
	NT
Haze 3% - 7%	1ST
Haze 3% - 7%	
White Opaque Film	

Hi Clarity - Lo gloss	
Moderate Haze	
Clear	2ST
	1ST
	NT
Clear	1ST
	NT
Hi Clarity	
Clear	1ST
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Moderate Haze	
Medium Haze <2.7%	
Clear (Med)	
Clear (Med)	
Moderate Haze	
Low Haze	
Low Haze	
Low Haze	
Low Haze	
Low Haze	
Low Haze	
Clear	
Clear	
Clear	
Ultra Clear	
Ultra Clear	
Clear	
Clear	
Clear	
Clear	
Clear	
Clear	
Ultra Clear	
Ultra Clear	
Clear	
Transition Polymer/Haze varies	
Moderate Haze	
Clear	

[illegible]

Treatment Type
No Treatment
Corona Treat outside
Corona Treat or No treat
Corona Treat or No treat
Corona Treat or No treat
1 Side print adhesion, 1 side plain
Outside slip treat, Chem inside-Treat
2 side Chem Treat
Outside Corona Treated
2 side treat adhesion promoting
Outside treat adhesion promoting
No Treatment
1 Side Adhesion Promoting
Outside treat adhesion promoting
No Treatment
No Treatment
1 side chem treat
1 Side Treated
Adhesion promoting outside
Adhesion promoting 2 sides
TWO SIDE COATED - INSIDE COATED WITH COLOR FILTER (NIR), DRUM SIDE INSIDE. OUTSIDE COATED WITH ANTISTAT/SLIP, AIR SIDE OUTSIDE
ONE SIDE (OUTSIDE) SLIP PRETREATED
STABILIZED FILM, UV STABILIZED, TWO SIDE SURLYN ADHESION PRETREATED
STABILIZED FILM, ONE SIDE (OUTSIDE) PU PRETREATED COATED ON ONE SIDE FOR ADHESION
TWO-SIDE COATED USED FOR ANTI-GLARE/ANTI-FOG MEDICAL FACE SHIELD
HIGH CLARITY -STANDARD ADHESION PROMOTER OUTSIDE AND ANTISTATIC PROTECTION INSIDE . INTENDED FOR INK JET APPLICATIONS
HIGH CLARITY - COEXTRUDED B69 WITH NO PRETREATMENT ON THE B69 SURFACE. MUST BE WOUND WITH THE ADHESION SURFACE INSIDE
COEXTRUDED CONTAINING A UV ABSORBER WITH RHOPLEX INSIDE SURFACE. OUTSIDE NON COATED CO- EXTRUDED SURFACE.
AB COEX FILM FOR PHOTOTOOL APPLICATIONS. ONE SIDE PROVIDES SLIP/SHEETING ATTRIBUTES. OTHER SIDE IS UNTREATED.
COEXTRUDED UV ABSORBER . INSIDE IS ADHESION PRETREATED OUTSIDE IS COEXTRUDED
COEXTRUDED UV ABSORBERT-SUB. INSIDE IS HIGH COAT WEIGHT RHOPLEX SURFACE. OUTSIDE OF THE ROLL IS NON COATED COEXTRUDED
BOTH SIDES ARE PRETREATED W/ HEAVY WEIGHT RHOPLEX-3208 WITH SANTICIZER
High Opacity White Untreated

Silicone treated
two side coated -clear and colorless B43 film
no treatment
Food Packaging 1 side coated, release inside
SUPER-CLEAR WITH C-SUB BOTH SIDES
Non Pretreated
lightly filled, 1 side adhesion, 1 side slip/antistat
lightly filled, 1 side slip/antistat
UV Stabilized 2 Side print adhesion
1 side print adhesion
1 Side chem for Adh, 1 side chem for print/PE extrusion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
silicone adherable one side
silicone adherable both sides
2 Side print adhesion
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
1 Side corona treatment, 1 side print adhesion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
2 Side adhesion
1 Side print adhesion, 1 side plain
1 or 2 side silicone adherable, dyne of 50 to 55
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
No Treatment
Both sides treated for Ink adhesion
1 side slip and adhesion, 1 side plain
1 side silicone adherable
silicone adherable both sides
1 side slip treated, 1 side plain
No Treatment
Both sides slip treated
Both sides anti-stat
1 side print adhesion, 1 side plain
Both sides print adhesion
1 side print adhesion, 1 side anti-stat
1 side anti-stat treatment, 1 side plain
1 side print adhesion, 1 side plain
Both sides print adhesion
Both sides print adhesion
Both sides print adhesion
1 side slip treated, 1 side plain
1 side print adhesion, 1 side slip treated
Plain both sides
No Treatment
1 Side adhesion, 1 side plain
1 side slip, 1 side plain

No Treatment
1 Side Print Adh
No Treatment
Both sides print adhesion
No Treatment
Both sides print adhesion .
1 sides cold seal release 1 side adhesion
1 side Adh (copoly)/ 1 side plain with high cof
no treatment
1 side anti-stat treatment, 1 side plain
1 side Slip , 1 side cold seal
1 side Slip , 1 side plain
2 side slip modified
2 side slip modified
1 sides cold seal release 1 side plain
1 side cold seal release 1 side slip/Adh
Anti-Fog both sides
1 sides slip & anti-stat 1 side slip,anti-stat & adhesion
2 sides adhesion and slip
1 side slip and adhesion, 1 side plain
1 side slip treated, 1 side plain
1 side slip , 1 side plain
1 side slip treated, 1 side plain
Both sides slip treated
No Treatment
1 side adhesion and slip, 1 side plain
1 Side Slip 1 Side Slip/release
2 Side print adhesion
2 side slip
1 side print adhesion, 1 side slip treated
1 Side Silicone Coated
Slip Modified surface
1 sides cold seal release 1 side adhesion
1 side Slip , 1 side plain
1 sides cold seal release 1 side adhesion
Both sides adhesion
No Treatment
No Treatment
1 Side Enhanced for Print, 1 plain
No Treatment
No Treatment
No Treatment
No Treatment
No Treatment
No Treatment
No Treatment

Product	Alias'	Vendor
777		3M
890		3M
860		3M
862		3M
870		3M
990		3M
DS1		DuPont
DS2		DuPont
DSCW		DuPont
054		DuPont
ST504		DuPont
XPCR		DuPont
XPCRP		DuPont
ARS		DuPont
A		DuPont
S		DuPont
822		DuPont
X6615		DuPont
XST661		DuPont
X66550		DuPont
X6528		DuPont
X6574		DuPont
XST6557		DuPont
XST6573		DuPont
XST6580		DuPont
X6581		DuPont
X6550		DuPont
568		DuPont
625		DuPont
626		DuPont
XST6632		DuPont
XST6646		DuPont
X6570		DuPont
627		DuPont
628		DuPont
727		DuPont
927W		DuPont

7074		DuPont
RSX631		DuPont
X635		DuPont
808H		DuPont
834		DuPont
X6554		DuPont
X6537		DuPont
X6563		DuPont
X6566		DuPont
X6576		DuPont
X689TOP		DuPont
X842		DuPont
1320	2000, 2364	Mitsubishi
1327		Mitsubishi
1328		Mitsubishi
1329		Mitsubishi
132B		Mitsubishi
132C		Mitsubishi
132F		Mitsubishi
132R		Mitsubishi
132T		Mitsubishi
132Z		Mitsubishi
1360	2240N, 2440N, 2261N, 2262N	Mitsubishi
1367		Mitsubishi
1368	2600N, 2601N, 2602N, 2604N, 2609N, 2MAIN	Mitsubishi
1369	2662N,	Mitsubishi
136Q		Mitsubishi
136B	2GB1N	Mitsubishi
136C	3SAB, 3SAC, 2SAB, 2SAC	Mitsubishi
136R	2CSRN	Mitsubishi
136T		Mitsubishi
1330	3901, 3915, 3955	Mitsubishi
1334		Mitsubishi
3LD4		Mitsubishi
133B		Mitsubishi
133C		Mitsubishi
133M		Mitsubishi
1340		Mitsubishi
1341		Mitsubishi
1342		Mitsubishi
1344	4407, 4WB4	Mitsubishi
1345	4507, 4WB5, 4WP5	Mitsubishi
1346		Mitsubishi
1347		Mitsubishi
1348		Mitsubishi
1349		Mitsubishi
134J		Mitsubishi
134L		Mitsubishi
134M	43M7, 43SM	Mitsubishi
134P	4LAP	Mitsubishi
135A		Mitsubishi
13C4		Mitsubishi
13C8		Mitsubishi
13D2		Mitsubishi

[illegible]

Clarity	Treatment
medium Haze	
Low Haze	
Low Haze	
Low Haze	
medium Haze	
High Clarity	
Clear	
Clear	
High Clarity 1%	
High Clarity	
Crystal Clear	
medium Haze 3-6%	
medium Haze 3-6%	
Lo Clarity	
Lo Clarity (48g MED)	
low haze	
	1ST
	NT
	2ST
	1ST
	1ST
	NT
Haze 3% - 7%	1ST
Haze 3% - 7%	
White Opaque Film	

[illegible]

Matte film	
Matte film	Medium Gloss
White Voiced/Translucent Film	
White Voiced/Translucent Film	
White Opaque Film	
White Opaque Film	
Clear (MED)	
Moderate Haze 3%	
Moderate Haze	
Ultra Clear	
Ultra Clear	
Ultra Clear	
High-Med Clarity	
Ultra Clear	
Ultra Clear	
Ultra Clear .6 - 1.0 %	
Clear	
Clear	
Clear	
Clear	
Ultra Clear	
UC 1% Haze	
Ultra Clear	
Hi Clarity	
Clear	
Clear	
High Clarity	(R) side is acrylic, (6) side is co-poly
Hi - Med Clarity 2.5% (92g)	
Hi Clarity 1.8%	
Med	
medium Haze 3%	
Moderate Haze	
Ultra Clear	
Moderate Haze	
Ultra Clear	
Medium	

Treatment Type
No Treatment
Corona Treat outside
Corona Treat or No treat
Corona Treat or No treat
Corona Treat or No treat
1 Side print adhesion, 1 side plain
Outside slip treat, Chem inside Treat
2 side Chem Treat
Outside Corona Treated
2 side treat adhesion promoting
Outside treat adhesion promoting
No Treatment
1 Side Adhesion Promoting
Outside treat adhesion promoting
No Treatment
No Treatment
1 side chem treat
1 Side Treated
Adhesion promoting outside
Adhesion promoting 2 sides
TWO SIDE COATED - INSIDE COATED WITH COLOR FILTER (NIR), DRUM SIDE INSIDE. OUTSIDE COATED WITH ANTISTAT/SLIP, AIR SIDE OUTSIDE
ONE SIDE (OUTSIDE) SLIP PRETREATED
STABILIZED FILM, UV STABILIZED, TWO SIDE SURLYN ADHESION PRETREATED
STABILIZED FILM, ONE SIDE (OUTSIDE) PU PRETREATED COATED ON ONE SIDE FOR ADHESION
TWO-SIDE COATED USED FOR ANTI-GLARE/ANTI-FOG MEDICAL FACE SHIELD
HIGH CLARITY - STANDARD ADHESION PROMOTER OUTSIDE AND ANTISTATIC PROTECTION INSIDE . INTENDED FOR INK JET APPLICATIONS
HIGH CLARITY - COEXTRUDED B69 WITH NO PRETREATMENT ON THE B69 SURFACE. MUST BE WOUND WITH THE ADHESION SURFACE INSIDE
COEXTRUDED CONTAINING A UV ABSORBER WITH RHOPLEX INSIDE SURFACE. OUTSIDE NON COATED CO- EXTRUDED SURFACE.
AB COEX FILM FOR PHOTOTOOL APPLICATIONS. ONE SIDE PROVIDES SLIP/SHEETING ATTRIBUTES. OTHER SIDE IS UNTREATED.
COEXTRUDED UV ABSORBER . INSIDE IS ADHESION PRETREATED OUTSIDE IS COEXTRUDED
COEXTRUDED UV ABSORBERT-SUB. INSIDE IS HIGH COAT WEIGHT RHOPLEX SURFACE. OUTSIDE OF THE ROLL IS NON COATED COEXTRUDED
BOTH SIDES ARE PRETREATED W/ HEAVY WEIGHT RHOPLEX-3208 WITH SANTICIZER
High Opacity White Untreated

Silicone treated
two side coated -clear and colorless B43 film
no treatment
Food Packaging 1 side coated, release inside
SUPER-CLEAR WITH C-SUB BOTH SIDES
Non Pretreated
lightly filled, 1 side adhesion, 1 side slip/antistat
lightly filled, 1 side slip/antistat
UV Stabilized 2 Side print adhesion
1 side print adhesion
1 Side chem for Adh, 1 side chem for print/PE extrusion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
silicone adherable one side
silicone adherable both sides
2 Side print adhesion
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
1 Side corona treatment, 1 side print adhesion
No Treatment
1 side anti-stat treatment, 1 side plain
1 Side print adhesion, 1 side plain
2 Side print adhesion
2 Side adhesion
1 Side print adhesion, 1 side plain
1 or 2 side silicone adherable, dyne of 50 to 55
1 Side print Treated, 1 side plain
1 Side corona treatment, 1 side plain
No Treatment
Both sides treated for Ink adhesion
1 side slip and adhesion, 1 side plain
1 side silicone adherable
silicone adherable both sides
1 side slip treated, 1 side plain
No Treatment
Both sides slip treated
Both sides anti-stat
1 side print adhesion, 1 side plain
Both sides print adhesion
1 side print adhesion, 1 side anti-stat
1 side anti-stat treatment, 1 side plain
1 side print adhesion, 1 side plain
Both sides print adhesion
Both sides print adhesion
Both sides print adhesion
1 side slip treated, 1 side plain
1 side print adhesion, 1 side slip treated
Plain both sides
No Treatment
1 Side adhesion, 1 side plain
1 side slip, 1 side plain

[illegible]

Inventory Reduction Plan

Item ID: 98723
Subject: Inventory Reduction Plan
From: Namaste Consulting <namasteconsult@bellsouth.net>
To: John Gandis <john@ccc-films.com>, Dave Wilson <dave@ccc-films.com>
Cc: Higgins <jwh@ccc-films.com>
Sent: August 12, 2011 1:37:07 PM EDT
Received: August 12, 2011 1:37:00 PM EDT
Attachments: 2009 and 2010 inventory still on hand.xlsx, Inventory over safety net volume as of August 2011.xlsx, image002.jpg

Size: 89 KB (92,012 bytes)

Source: Outlook.pst
Location: Exported mail files/Outlook.pst/Top of Personal Folders/Sent Items
Duplicates: 2

Content Created: August 12, 2011 12:36:02 PM EDT
Content Last Modified: August 12, 2011 12:44:57 PM EDT

MIME Type: message/rfc822
Content MIME Type: text/plain
Character Set: utf8
Language: English
MD5 Hash: c3b5b17dde963cb8c656c128b5470723
Message Hash: 0c26c0e8ea10590832fc253bfb55cc73

My tags: Andrea_to_John_2011-12
Other's tags: CCC, Dave Wilson, From namasteconsult@bellsouth.net, Gandis, Round 3B, To john@decotextlc.com or john@ccc-films.com, To or From john@ccc-films.com, inventory, namasteconsult@bellsouth.net

Gentleman – as you know – there are only a couple of months left in this year to implement the inventory reduction plan. As no customers will buy any “unnecessary” product in November and December ... we really have about 3 ½ months to get our inventory levels down to “safety net” carrying amounts for year end – maybe even only 2 ½ months if we assume purchasing could start to slow in November.

I would suggest that safety net levels should not exceed 3 months sales for any category of inventory (that means, we have on hand as much inventory as we sold in the prior 3 months for that category of inventory. The spreadsheet above points out which categories of inventory exceed this level and I have marked in RED the items that are non-stock items that will likely take a dedicated plan to eliminate before year end (that is ... it is unlikely the customer is going to find us ... we are going to have to find them). For simplicity I left the 3 month level as the safety net for our most popular gauges .. but we really should NOT be holding 3 months of inventory for films like 200, 48, 92 and the like.

Attached you will find the OLD inventory – that is inventory that was acquired in a prior year that is still on hand. I want to make

certain that we have an exit plan for each of these rolls. For simplicity, I have removed all the rewinds from this tally ... as it may require a bit more lead time to get those rolls ready for sale.

This weight is just over 18% of our raw material inventory (that is – inventory excluding FG and RWs).

Finally – I would suggest that we also begin a tight clamp down on purchases between now and year end ... only buying the minimum amount needed in order to fulfill an order (or to restore a safety net level).

Let me know if there are any questions about the above or the attached.

Andrea

****To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice included in this written or electronic communication is not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed on the taxpayer by any governmental taxing authority or agency****

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Description: VistaPrint e-Card

Attachments

1. 2009 and 2010 inventory still on hand.xlsx

Type: application/vnd.openxmlformats-officedocument.spreadsheetml.sheet
Size: 49 KB (50,388 bytes)

2. Inventory over safety net volume as of August 2011.xlsx

Type: application/vnd.openxmlformats-officedocument.spreadsheetml.sheet
Size: 17 KB (17,418 bytes)

3. image002.jpg

Type: image/jpeg
Size: 12 KB (13,242 bytes)

Attachment #1

2009 and 2010 inventory still on hand.xlsx

Original view

10 pages (displayed on pages 2424 to 2433)

Roll Number	PET	Thickness	Color	IN	OUT	Property/Treatn	Dyne In/Out	Mfg Alias	Status
14845	pet	36	clear	NO	CH	CH		PA10	A
14846	pet	36	clear	NO	CH	CH		PA10	A
14847	pet	36	clear	NO	CH	CH		PA10	A
15141	pet	36	clear	NO	CH	CH		PA10	A
12489	pet	36	clear	NO	CH	CH		PA10	b
12490	pET	36	clear	NO	CH	CH		PA10	b
12491	pET	36	clear	NO	CH	CH		PA10	b
1158	PET	36	SV						b
11589	PET	36	SV						A
11644	PET	36	SV						A
12154	PET	36	SV					met pet	A
12174	PET	36	SV					met pet	A
12178	PET	36	SV					met pet	A
12193	PET	36	SV					met pet	A
12197	PET	36	SV					met pet	A
12199	PET	36	SV					met pet	A
12200	PET	36	SV					met pet	A
12206	PET	36	SV					met pet	A
12220	PET	36	SV					met pet	A
12223	PET	36	SV					met pet	A
12234	PET	36	SV		cor	Corona		met pet	A
11072	PET	36	SV						b
11575	pet	36	SV						b
13512	pet	36	SV						b
36 Total									
11069	PET	40	SV						b
12253	pet	40	SV						b
40 Total									
14271	pet	44	clear		adh	adhesion		2600n	A
14278	pet	44	clear		adh	adhesion		2600n	A
15496	PET	44	Clear		Print	rint Adhesion		2600N	A...
15502	pet	44	Clear		Print Adh	rint Adhesion		2600N	A
15504	pet	44	clear		Print Adh	rint Adhesion		2600N	A
15505	pet	44	clear		Print Adh	rint Adhesion		2600N	A
15507	pet	44	clear		Print Adh	rint Adhesion		2600N	A
15508	pet	44	clear		Print Adh	rint Adhesion		2600N	A
15509	pet	44	clear		Print Adh	rint Adhesion		2600N	A
15510	pet	44	clear		Print Adh	rint Adhesion		2600N	A
15511	pet	44	clear		Print Adh	rint Adhesion		2600N	A
15512	PET	44	Clear		Print Adh	rint Adhesion		2600N	A
14722	pet	44	clear		adh	adhesion		1368	b
12147	PET	44	SV					met pet	A
44 Total									
8725	PET	48	clear						A
13241	pet	48	clear						a
14325	pet	48	clear	release	adh	base/adhesion		2LRNLN	A
14329	pet	48	clear		adh	adhesion		2602N	A
14949	pet	48	clear		CH	CH		1368/2601N	A
15096	pet	48	clear					808H	A
15097	pet	48	clear					808H	A
15325	pet	48	clear		CH	CH		2600	A

Inventory Reduction Plan

15349	pet	48	clear	COR		Corona	891	A
15350	pet	48	clear	COR		Corona	891	A
r3003	pet	48	clear					A
r3004	pet	48	clear					A
15326	pet	48	clear		CH	CH	2600	b
15478	pet	48	clear					b
1401	PET	48	LO			sealable	PA25	b
12450	PET	48	LO			pvdc		A
10232	pet	48	LO					b
13904	pet	48	LO					b
14128	PP	48	LO					B
14132	pet	48	LO					B
14334	pet	48	LO				2602N/1365	b
UNK	PET	48	LO					b
8556	PET	48	Smoke					b
8931	PET	48	Smoke					b
15544	PET	48	SV					A
4071	PET	48	SV					b
14232	pet	48	SV					b
48 Total								
14471	pet	56	clear					A
14472	pet	56	clear					A
14473	pet	56	clear					A
15177	pet	56	clear				2SLKN	A
15178	pet	56	clear				2SLKN	A
56 Total								
2757	PET	60	clear	Print		Print		A
13346	PET	60	clear	adh	adh	adhesion	D804	A
13732	pet	60	clear	adh	seal	dheseion/Seal	854	A
13733	pet	60	clear	adh	seal	dheseion/Seal	854	A
13759	pet	60	clear	adh	seal	dheseion/Seal	854	A
15545	NYL	60	clear					A
15546	NYL	60	clear					A
15547	NYL	60	clear					A
60 Total								
3659	PET	65	clear					a
4085	BOPP	65	clear					A
8058	PET	65	clear		CH	CH		A
8067	PET	65	clear		CH	CH		A
10918	PET	65	clear					A
13236	PET	65	clear					a
65 Total								
10339	BOPP	70	SV				PMX2	A
10503	BOPP	70	SV				PMX2	A
70 Total								
15486	BOPP	72	clear					b
15487	BOPP	72	clear					b
72 Total								
3627	PET	75	clear					A
14545	pet	75	clear	CH		CH	26UVN	A
11071	PET	75	SV					b
15908a	PET	75	SV			metpet		B
13301	WHT	75	white			CH	4377	A

13302	WHT	75	white		CH	4377	A
		75 Total					
2688	PET	92	clear				A
11376	PET	92	clear				A
13218	pet	92	clear			1360	a
15482	pet	92	clear	SIL	Silicone	XVCRL	A
11375	pet	92	clear				b
14447	pet	92	clear				b
4075	pet	92	Smoke				b
4089	PET	92	Smoke				b
4075A	pet	92	Smoke				B
2277	PET	92	SV				A
2279	PET	92	SV				A
2280	PET	92	SV				A
8387	PET	92	SV				A
8606	PET	92	SV				A
8607	PET	92	SV				A
8610	PET	92	SV				A
15908b	PET	92	SV		metpet		B
		92 Total					
12319	BOPP	120	clear			TT-30	A
		120 Total					
10000	PET	142	Clear			2VC4N	A
14185	pet	142	clear			134M	b
14911	pet	142	clear				b
15549	PET	142	clear				b
UNK	PET	142	clear				b
11296	PET	142	LO			1360	A
13749	pet	142	LO	adh	Adhesion	ARS	A
13755	pet	142	LO	adh	Adhesion	ARS	A
13756	pet	142	LO	adh	Adhesion	ARS	A
14465	pet	142	LO	adh	Adhesion	ARS	A
14466	pet	142	LO	adh	Adhesion	ARS	A
12252	PET	142	SV			met pet	A
12226	pet	142	SV				b
		142 Total					
15548	PET	148	clear	PVDC	AC	pvdc/ac	sbx-37
		148 Total					b
13587	BOPP	170	HI				b
		170 Total					
1143	PET	200	clear				b
1149	PET	200	clear			35AC	b
3771	PET	200	clear				b
11943	PET	200	clear	NO	NO	134M	A
13896	pet	200	clear		slip	Slip	435M
14183	pet	200	clear				2262N
14184	pet	200	clear				2262N
14507	pet	200	clear		slip	slip	3901
14523	pet	200	clear		slip	slip	133M/3901
14524	pet	200	clear		slip	slip	133M.3901
14541	pet	200	clear				134M
15327	pet	200	clear				XST6573
15328	pet	200	clear				A

Inventory Reduction Plan

15329	pet	200	clear			XST6573	A
13217	pet	200	clear	slip	Slip	435m	a
4067	PET	200	clear				b
10759	pet	200	clear				b
10760	pet	200	clear				b
10778	BOPP	200	clear				b
13595	pet	200	clear				B
14763	pet	200	clear				b
14979	pet	200	clear				B
14980	pet	200	clear				B
14981	pet	200	clear				B
a1103	BOPP	200	clear				b
1644	PET	200	LO				A
8271	PET	200	LO			862	b
14023	pet	200	LO				b
12014	pet	200	med				b
12122	PET	200	SV			met pet	A
14969	pet	200	UC	CH	CH	4407	A
200 Total							
2652	PET	300	clear	CH	CH	2262	A
2657	PET	300	clear		CH	2262	A
2665	PET	300	clear			U2000	b
13140	pet	300	clear				A
13686	pet	300	clear			2262n	a
13700	pet	300	clear			2000	A
13701	pet	300	clear			2000	A
13702	pet	300	clear			2000	A
13703	pet	300	clear			2000	A
13704	pet	300	clear			2000	A
13705	pet	300	clear			2000	A
13706	pet	300	clear			2000	A
13707	pet	300	clear			2000	A
13708	pet	300	clear			2000	A
13709	pet	300	clear			2000	A
13710	pet	300	clear			2000	A
13711	pet	300	clear			2000	A
13712	pet	300	clear			2000	A
13713	pet	300	clear			2000	A
13714	pet	300	clear			2000	A
10828	PET	300	clear				b
10597	PET	300	med				A
11208	WHT	300	white		White film	white	A
11287	PET	300	white			TI02	A
11288	WHT	300	white				A
10341	WHT	300	White		White film	white	b
8559A	WHT	300	White	matte	White film	PVC	b
8559B	WHT	300	White	matte	White film	PVC	b
300 Total							
8587	PET	400	clear				A
10767	pET	400	clear				A
14133	pet	400	LO			PE	b
15116	pet	400	SV				a
400 Total							
1403	PET	500	MED				A

500 Total
Grand Total

Inventory Reduction Plan

Rolls	OD	Width	Core OD	Net Weight	Specific
1		81	10	1,627.80	
1		81	10	1,627.80	
1		81	10	1,627.80	
1		81	10	1,203.20	
		20.0000	6	423.30	
		20.0000	6	423.30	
		20.0000	6	423.30	
		41.7300	6	91.00	
1		41.3	7	124.00	35
1		48.2	7	423.00	35
1		32.6	7	215.00	35
1		31.19	7	499.00	35
1		31.9	7	242.00	35
1		35.4	7	142.00	35
1		38.9	7	143.00	35
1		36.6	7	250.00	35
1		35	7	165.00	35
1		37.79	7	340.00	35
1		35.6	7	165.00	35
1		23.8	7	103.00	35
1		34.2	7	105.00	35
1	14.75	32	7	211.80	35
		38.0000	6	123.00	35
		40.7500	6	600.00	35
				#####	
1	13.25	62	6	308.00	40
	15.25	40.0000	6	288.30	40
				596.30	
1		46.25	6	1,494.00	
1		46.25	6	1,493.00	
1		46.25	6	900	
1		46.25	6	1485	
1		46.25	6	871	
1		46.25	6	871	
1		46.25	6	900	
1		46.25	6	900	
1		46.25	6	1480	
1		46.25	6	1480	
1		46.25	6	871	
1		46.25	6	900	
		41.69	6	1,288.00	
1	12 3/8	37.75	7	154.40	45
				#####	
	12.5	17 5/8	6	74.20	
1	14	45.5	7	262.70	
1		58.75	6	1,009.00	
1		60	6	973.00	
1		61	6	988.00	
1		48	10	830.00	
1		48	10	830.00	
1		49	6	282.00	

1		28.25	6	595.00	
1		28.25	6	595.00	47
1	11	48	4	197.90	
1	13	48	4	276.00	
		49	6	1,247.00	
	14.5	49.0000	6	310.30	50
		52.0000	6	906.70	
1	11.5	65.5	7	214.00	
	9.75	58.7500	6	106.30	
	17 5/8	22.0000	6	227.30	
1	14	53.1000	6	196.00	
1	15.5	53.0000	6	398.00	
	17.5	51.0000	6	515.20	47
	18	32.2500	6	348.30	
1	15	43.6250	6	301.50	
		35.8700	6	497.00	
	17 3/8	2.5-3	3	423.00	
	11	10.2500	3	41.20	
	22	11.6250	6		
				#####	
1		57	6	375.00	
1		57	6	226.00	
1		57	6	561.90	
1		27	10	497.00	
1		27	10	497.00	
				#####	
1	31.5	24.25	7	875.00	
1	28	59.75	11	1,735.01	
1		44.5	6	1,636.00	
1		48.5	6	1,783.00	
1		44.5	6	1,636.00	
	15 7/8	8	6	63.80	
	16.25	8	6	67.60	
	20 7/8	10	3	151.90	
				#####	
	10	37.5	6	75.10	
	25 7/8	59 7/8	6	1,459.00	
1	22.5	41.5	7	745.20	
1	22	54	11	769.80	
1	23	27.5	7	496.00	
1	20.75	31.2	7	468.20	70
				#####	
1	22.5	47.5	7	557.00	70
1		47.5	7	596.00	70
				#####	
	14.0	55.7500	6	321.80	72
	14.0	55.7500	6	369.00	72
				690.80	
1	12.5	52	11	72.00	
1	21	41.5	6	638.80	
1	16.25	29 3/8	7	248.10	80
1		46.0000	6	426.00	
1		25.25	7	317.00	

Inventory Reduction Plan

1		25.25	7	317.00	
				#####	
1	23	20	7	377.00	
	21.75	27.75	6	462.10	100
1		26	6	300.00	90
1		55	6	603.70	
	13	25.7500	6	121.30	90
		36.0000	6	59.00	
	11	17.0000	3	71.90	
	14 1/4	34.2500	3	251.60	100
	8 1/2	17.0000	3	37.60	
1	9	50	6	62.80	
1	12.5	50.5	6	212.70	
1	16.5	25.5	6	223.60	
1		37.7	7	590.00	95
1	9	16	7	20.00	
1	9	16	7	20.00	
1		49	7	831.00	
		12.0000	6	500.00	100
				#####	
1	15.5	36	6	173.00	120
				173.00	
1		54	7	480.00	
	13	52.0000	6	245.00	
	9	32.0000	6	40.20	
27		11.5400	3	1,264.00	148
	18.75	32.0000	6	40.20	
1	13	49	6	230.00	160
1		52	6	776.00	
1		52	6	776.00	
1		52	6	776.00	
1		63	10	941.00	
1		63	10	941.00	
1		28	7	234.00	
	13	31.8125	6	149.90	140
				#####	
27		11.5400	3	1,265.00	
				#####	
	23.5	38.0000	6	748.50	170
				748.50	
	13.25	27.0000	6	134.20	
	14	47.0000	6	277.80	
	14.75	52.0000	6	344.20	
1	19.5	45	7	458.00	
		54.5	6	989.00	
1		54	6	1,118.00	
1		61	10	1,118.00	
1		60	6	1,088.00	
1		60	6	1,021.00	
1		60	6	1,034.00	
1	13.75	53	6	297.00	
1		55.7	6	928.00	
1		55.7	6	928.00	

Inventory Reduction Plan

1		55.7	6	928.00	
1		25.5	7	462.00	
	18 1/8	12.2500	3	150.30	
	16	55.0000	6	447.10	
	18.25	55.2500	10	616.30	
	19	45.5000	3	616.40	220
1		51.0000	7	996.20	
		60.0000	6	1,098.00	
1	14	48.5000	3	342.00	
1	16.75	48.5000	3	503.90	
1	20	48.5000	3	731.00	
	19.5	62.0000	6	457.00	
1	16.125	72	7	585.30	
		63	6	1,573.00	
	10	66.2500	6	132.70	
	13	60.0000	6	282.70	
1	12 7/9	38 5/8	3	227.20	
1	15	57	6	394.00	
				#####	
1		17	7	97.00	
1	13	17	7	63.40	
	12	17.0000	6	63.40	
	10.5	58	6	139.50	
1		55	6	1,353.00	
1		40	6	1,039.00	
1		40	6	1,034.00	
1		40	6	1,021.00	
1		40	6	1,040.00	
1		40	6	1,023.00	
1		40	6	1,034.00	
1		40	6	1,020.00	
1		40	6	1,019.00	
1		40	6	1,024.00	
1		40	6	1,016.00	
1		40	6	1,019.00	
1		40	6	1,020.00	
1		40	6	1,027.00	
		40	6	1,012.00	
		40	6	1,017.00	
	14.5	51.0000	10	178.70	
1	18	29.75	3	359.80	
	27.25	43	6	1,171.20	291
1		43	9	581.00	291
1		43	9	1,236.00	
	25.5	38.5000	7.5	895.00	291
		63.0000	3	435.00	
		50.6250	3	119.00	
				#####	
1	19	50.75	4	687.60	
	12	51	3	256.40	
	15	44.0000	6	305.00	370
	13	14	3	84.10	
				#####	
1	21.25	57	10	739.00	

739.00
#####

Attachment #2

Inventory over safety net volume as of August 2011.xlsx

Original view

2 pages (displayed on pages 2435 to 2436)

Inventory Reduction Plan

	P1	P2	P3	P4	P5	Current Level
Inventory						
142 PET	24,923.00	28,567.00	86,910.70	92,897.00	116,260.20	50,557.10
142 PET Slip	94,698.40	31,058.00	31,058.00	-841.00	1,086.40	0.00
200 Gen	123,431.00	66,529.00	140,119.00	94,415.00	167,930.00	41,597.00
200 PET	39,741.00	70,810.90	85,711.20	82,037.50	28,649.50	62,438.52
200 PET High	202.00	202.00	202.00			0.00
200 SVpet	664.80	2,006.00	2,006.00	3,067.00	3,697.00	13,656.70
300 PET	48,907.20	49,093.00	73,870.00	52,455.60	27,654.60	14,210.80
36 PET		1,015.00	1,015.00	1,015.00		14,407.70
36 SVpet		15.00	15.00	15.00		8,756.30
40 SV						1,958.00
400 PET	16,800.00	10,304.00	11,356.00	1,252.00	18,773.00	8,770.20
44 PET			2,176.00	2,176.00	3,486.00	15,259.30
48 PET	264,422.00	115,568.50	128,746.10	171,222.00	218,462.00	93,552.40
48 PET Coror	16,340.00	4,152.00	17,765.00	18,605.00	29,831.00	15,363.00
48SVpet	40,375.70	39,329.60	55,457.60	49,931.80	27,633.80	51,729.00
500 Pet	8,107.00	3,246.00	3,216.00	3,484.00	3,435.00	3,789.50
54-65 PET	46,738.50	80.00	80.00			82,294.91
70 BOPP						1,153.00
72 BOPP						690.80
700 PET					593.00	0.00
75 PET	-1,209.00	12,710.00	12,710.00	12,710.00		2,484.80
75 SVpet		5,022.90	5,022.90	5,022.90		4,899.10
92 PET	55,036.10	81,700.63	133,528.63	100,473.73	79,265.00	26,334.50
92 SVpet	922.90	3,865.90	3,865.90	3,520.90	689.00	11,252.30
BoPP Film	1,421.00		3,647.30	7,718.10	8,648.10	53,941.80
Foil	63,151.98	48,254.62	48,254.62	10,768.00		0.00
Foil (bare)	3,924.00				10,768.00	0.00
PVC					8.00	0.00
PVDC SARAN (48.or.50 gal	4,510.00	16,468.00	14,063.00	12,758.00		14,452.40
Nylon						512.10
PP						196.00
Silicnn						6,894.00
Total Inventory						

#####

EXCESS Difference

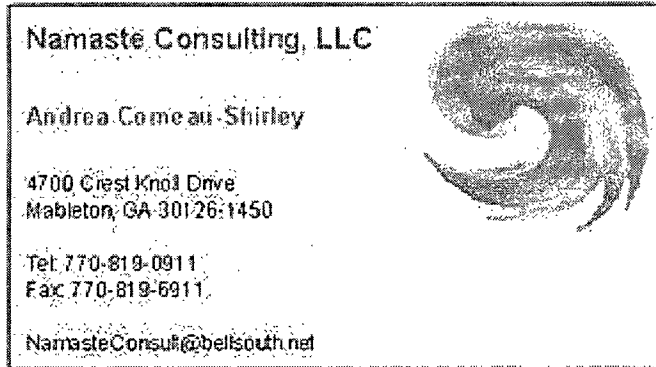
	-65,703.10	
	-1,086.40	
	-126,333.00	
33,789.02	33,789.02	
	0.00	
9,959.70	9,959.70	
9,337.80	-13,443.80	includes 9337.80 of WHITE
14,407.70	14,407.70	
8,756.30	8,756.30	
1,958.00	1,958.00	these should be with 36 or 44?
	-10,002.80	
11,773.30	11,773.30	includes 326 of SV
	-124,909.60	included 6,880 of WHITE and 4,312 of BLACK
	-14,468.00	
	24,095.20	
	354.50	
82,294.91	82,294.91	
1,153.00	1,153.00	
690.80	690.80	
	-593.00	
2,484.80	2,484.80	includes 1268 of white
4,899.10	4,899.10	
	-52,930.50	
10,563.30	10,563.30	
45,293.70	45,293.70	
	0.00	
	-10,768.00	
	-8.00	
	1,694.40	Check roll 15548 - is it really PVDC at 148Ga?
	512.10	
	196.00	Roll 14128
6,894.00	6,894.00	105Ga - three rolls

#####

Attachment #3

image002.jpg

Image



From: Namaste Consulting <namasteconsult@bellsouth.net>
Sent: Tuesday, September 06, 2011 10:36 AM
To: John Gandis; Dave Wilson
Subject: Inventory Reduction Planning ..
Attachments: image001.jpg

I just want to make certain we don't get caught this year with too high an inventory level at year end ...

As you know, it will be difficult during November and December to move product that is not already in a company's production plan .. so that really gives us September and October to reduce to zero the inventory that we have that is "non-stock" items from a CCC perspective (e.g. thinner gauges, white film, black film, silicone treated, PVC, etc.) ... That is EIGHT WEEKS .. a very manageable time line.

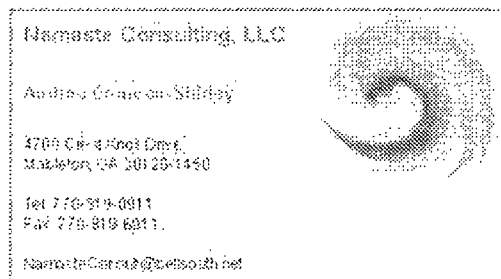
Should we plan a meeting in early October to see what we have achieved and to discuss planning to get the rest of the "non-stock" film reduced to zero? That will give us some time this month to get some of that film out of here .. and hopefully have us down to a pretty small bucket of film to have to deal with between then and end of October.

Let me know what you think....

Andrea

****To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice included in this written or electronic communication is not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed on the taxpayer by any governmental taxing authority or agency****

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Version: 10.0.1392 / Virus Database: 1520/3872 - Release Date: 09/02/11

RE: Restructuring for Dave

Item ID: 99749
Subject: RE: Restructuring for Dave
From: Namaste Consulting <namasteconsult@bellsouth.net>
To: john@ccc-films.com <john@ccc-films.com>
Sent: October 13, 2011 10:53:33 AM EDT
Received: October 13, 2011 10:53:00 AM EDT

Size: 16 KB (16,677 bytes)

Source: Outlook.pst
Location: Exported mail files/Outlook.pst/Top of Personal Folders/Sent Items
Duplicates: 2

Content Created: October 13, 2011 10:52:41 AM EDT
Content Last Modified: October 13, 2011 10:52:41 AM EDT

MIME Type: message/rfc822
Content MIME Type: text/plain
Character Set: utf8
Language: English
MD5 Hash: c98a10065b4c4bca8b5f42e15c3e8f46
Message Hash: c960b99e40ef7e9f80809ce65b8fb44e

My tags: Andrea_to_John_2011-12
Other's tags: CCC, From namasteconsult@bellsouth.net, Gandis, Round 3B, To john@decotexllc.com or john@ccc-films.com, To or From john@ccc-films.com, namasteconsult@bellsouth.net

No problem at all ... you can also tell him that this might answer the question his accountant had ... so he will understand why this was reduced to writing in the first place.

Andrea

From: John Gandis [mailto:john@ccc-films.com]

Sent: Thursday, October 13, 2011 10:46 AM

To: Namaste Consulting

Subject: Re: Restructuring for Dave

Thanks Andrea.

Is this e-mail something that I could forward directly to Dave ?

- JG

Sent from my Verizon Wireless BlackBerry

From: "Namaste Consulting" <namasteconsult@bellsouth.net>
Date: Wed, 12 Oct 2011 21:33:51 -0400
To: John Gandis<john@ccc-films.com>
Subject: Restructuring for Dave

One potential restructuring for Dave – with a purpose of bringing his reportable taxable income in line with his cash receipts:

1) Dave informs the company of his desire to repay his loan* in full (current balance is about \$123K) – which he would repay by turning in his collateral (his membership interest in CCC, LLC).

- a. This transaction will generate a LOSS for Dave which he would claim in his 2011 tax return.
 - b. If this loss exceeds his total 2011 income, the excess would be carried back – freeing up past taxes and reducing his unpaid 2010 taxes (either by applying the loss or by applying refunds from earlier years that are created when his loss is carried back)
 - c. The LLC records the full redemption of his ownership interest prior to 12/31/2011. The LLC would also be amended so as to reduce Dave's profit allocation for 2011 to zero. (This amendment must be completed on a timely basis to ensure it will be effective).
- 2) Dave is placed on a "regional commission" structure - this is intended to mean he earns one commission rate on his own sales and also earns a commissions on the sales of team members (that he supervises). Dave would become an employee of the company – thereby retaining his health insurance benefits. Presumably there would be a modest base salary. \
- 3) As a company, this would adjust our monthly cash outflow as his salary and commissions would become payable as sales are collected.
- 4) I recommend that we also shift most of purchasing to another salaried employee to ensure that he has time to maximize his sales revenues (and therefore commissions).

Let me know if you have any questions about the above,

Andrea

*As a reminder- starting in August 2010, the company began making loans to Dave. The terms were (a) due upon demand, (b) 10% interest, and (c) collateral is his membership interest – but otherwise non-recourse against personal assets. Another term was that the company had the right to decide, based upon its overall cash situation whether to deny his request for a loan in a given month. We have already had discussions about the need to reduce this loan based on the company's cash situation.

From: Dave Wilson <dave@ccc-films.com>
Sent: Monday, October 17, 2011 4:50 PM
To: John Gandis (john@ccc-films.com)
Cc: Andrea Comeau-Shirley (namasteconsult@bellsouth.net)

Follow Up Flag: Follow up
Flag Status: Flagged

I have spoken with my accountant regarding Andreas proposal and he believes it is flawed. Surrendering my stock would be a capital loss and not an ordinary loss against the taxes owed so I'm not sure this would help much. I am happy to have Ray talk with Andrea about this.

Frankly, I'm surprised that Andrea would even propose a buyout of my shares for \$123,000. My capital account was worth \$592,000 at the end of 2010 and assuming we have made some profit this year, it's worth even more today. I think the value of my capital account is much more relevant than the loan amount when trying to determine the fair value of my interest in the company.

Here are several other options you need to consider.

1. CCC starts making regular accruals and distributions to its members to cover tax liabilities incurred by their ownership in CCC. I can set up an installment plan with the IRS which would spread the tax payments out over a number of years. I would also insist that we accrue for 2011 taxes so that quarterly distributions can be made to cover a percentage of the projected liability for 2011.
2. Dave resigns from CCC and maintains his 45% ownership. Dave is then free to do whatever he wants to including working for or operating a film company outside of CCC. By law, Dave has no duty to the LLC as a non-managing member but maintains all rights and privileges of a member.
3. Dave resigns and disassociates from the LLC. The LLC then has 30 days to set forth a purchase plan for my shares at fair market value. If the other members are unable to or unwilling to buy my shares, by law, the company is to close, assets liquidated, and funds dispersed to its members net of liabilities.

I don't know too many business owners who would continue to participate in a business that does not budget for and disperse funds to cover tax liabilities incurred by ownership of the business. I realize that each of us is in a different financial position but making decisions based on the needs of two partners without considering the needs of the third puts us in a quandary.

Running the business as we have been with no thought for tax liabilities is not an option. If dispersing funds for taxes means we grow at a slower rate, then so be it. We're kidding ourselves if we think we are successful because of a P&L that does not take into account the tax liabilities of its members.

Andrea's comments about handing over purchasing to someone else in the company demonstrates how out of touch she is with our company. Bill issues PO's and is capable of doing this. Bill nor anyone else is qualified to select vendors, new products, etc. We are not in a position to hire someone to do purchasing even if we found someone who was qualified.

Dave

From: [Namaste Consulting](#)
To: [John Gandis](#)
Subject: FW: Confidential
Date: Monday, October 17, 2011 6:38:39 PM

This has good tone ... don't know if Dave will receive it properly ... but you are right ... there is no reason to work towards door A if he already has his hand on Door B with the key in the slot I don't know if Dave mentioned the installment plan to you or NOT ...but the only reason I know about it is from the private email you sent to me ...

I would just advise .. be careful about talking with too much knowledge about Dave's tax position

I will let you know how the call with Ray goes tomorrow.

Andrea

From: John Gandis [mailto:john@ccc-films.com]
Sent: Monday, October 17, 2011 5:19 PM
To: 'Dave Wilson'
Subject: RE:

I have asked Andrea to give Ray a call so as to make sure that you guys understand the proposal on the table.

I also think that you need to ask yourself - which way do you want to go...? two out of the three options involve you leaving the company. Do I also need to remind you that you helped to create the cash crunch ? I am not presenting to you an "us against them" strategy... I have been trying to figure out a way that keeps us working together.

Andrea told us last April/May what we had to do to be prepared for the bill that was coming due – and it hasn't happened. The options that you have outlined below are not accurate... but before we even get into that – you just really need to decide what you want to do.

Following Ray and Andrea's conversation – I will put something in writing to you that communicates on paper the current state of where we are for tax distributions and my understanding of where we are headed for the future in tax distributions so that you can decide on how to set up an installment plan.

- John

From: Dave Wilson [mailto:dave@ccc-films.com]
Sent: Monday, October 17, 2011 4:50 PM
To: John Gandis
Cc: Andrea Comeau-Shirley
Subject:

I have spoken with my accountant regarding Andreas proposal and he believes it is flawed.

Surrendering my stock would be a capital loss and not an ordinary loss against the taxes owed so I'm not sure this would help much. I am happy to have Ray talk with Andrea about this.

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Here are several other options you need to consider.

1. CCC starts making regular accruals and distributions to its members to cover tax liabilities incurred by their ownership in CCC. I can set up an installment plan with the IRS which would spread the tax payments out over a number of years. I would also insist that we accrue for 2011 taxes so that quarterly distributions can be made to cover a percentage of the projected liability for 2011.
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3. Dave resigns and disassociates from the LLC. The LLC then has 30 days to set forth a purchase plan for my shares at fair market value. If the other members are unable to or unwilling to buy my shares, by law, the company is to close, assets liquidated, and funds dispersed to its members net of liabilities.

I don't know too many business owners who would continue to participate in a business that does not budget for and disperse funds to cover tax liabilities incurred by ownership of the business. I realize that each of us is in a different financial position but making decisions based on the needs of two partners without considering the needs of the third puts us in a quandary.

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Dave

From: [Dave Wilson](#)
To: ["John Gandis"](#)
Subject: RE: Questions
Date: Thursday, October 20, 2011 7:55:56 AM
Attachments: [image003.gif](#)
[image004.jpg](#)

See comments in Red. I'm all for discussing inventory on Friday.

From: John Gandis [<mailto:john@ccc-films.com>]
Sent: Wednesday, October 19, 2011 6:04 PM
To: 'Dave Wilson'
Subject: FW: Questions

Fyi –

I usually open these e-mails and then close it until I have time to read it and digest it. I just now am having time to read this one again. Wanted to make sure that I passed this info on to you...

If I understand what she is saying... don't bring in stock until after 1/1 – and only if we are going to sell it in a reasonable amount of time. After further consideration of some of observations that you made about wide pricing vs. narrow – now I am wondering if we shouldn't place an order (to deliver next year) for slit goods – I think that the ANCO widths may be the same as the Imperial. We already know that Lambro uses some of the same widths as well...

Let's you and I have a good discussion on inventory following (or before) the sales meeting on Friday so that we can make some decisions.

- John

From: Namaste Consulting [<mailto:namasteconsult@bellsouth.net>]
Sent: Tuesday, October 18, 2011 10:56 AM
To: 'John Gandis'
Subject: RE: Questions

1. Don't do it (delay until Jan 1st) ... just bring the film here ... and if we are lucky, it will be partially or fully sold by end of January.
2. Not very if we don't make sales this year at least equal to last year and if our inventory remains at an inflated level. This is not about the bank ... this is about how our company is performing. We DO need to plan for taxes!!! In my mind the most critical success factor for us to manage in 2012 is inventory turns. BUT ... we have to first get out from underneath the mistakes of the past – that means finding a buyer, any buyer, for the film that we currently have on hand that "should not be here." To me, it also means deciding what film we will "stock" and what films will be special order only. Once we get the film reduced to some \$400-\$55K investment (thereby bringing some \$800K-\$400k into the company (and

recognizing whatever losses we need to) .. then we have to work together to make certain that we just don't repeat the mistakes of the past. That may mean we need to work together in deciding about film orders .. that may mean that if Abet calls us with a truck of film for sale ... if we don't have sales orders (in the forecast) that we pass on some or all of the load. Abet is doing it right .. they are starting NOW and offering their excess film to anyone and everyone that will buy it. They are converting their stock to cash and offering the film by truck loads. There is no chance of sales being what they were last year. Selling prices have dropped by \$.50 per lb and several of the large customers we sold last year no longer buy from us. she is going to be shocked when she finally realizes that our inventory is at least \$400k lower than what quickbooks says it is. If we bought no more film this year, collected our AR including AR from open sales orders, and paid our vendors and monthly operating expenses, we'd end the year with \$500k in cash. If we sell off 100 to 200k lbs of surplus inventory, we'll have \$600 to \$700k in cash. I agree with her comment about reducing inventory. Abet is not offering excess at the end of the year, they are offering film now because they don't have space or cash to sit on it just like they do every time they get film in.

3. Another step in managing inventory is to manage the rolls – You will need to create a PLAN for every roll ... if you don't cut it when you pull it, then that roll needs to have its plan documented (who are you holding the drop for and ..then what can we do to turn that drop into cash). Sometimes we may need to put a portion of our film into finished goods on a speculative basis – that is - convert EVERY POUND of that film when it is put onto the machine – and have a plan to convert the finished goods into cash within 4-6 months – including have a list of customers to offer the small quantities to. If you say that Greyflex was willing, at one point, to buy every pound of film that we created, then you may want to cut the trim/drop for them and then offer them the film each time you accumulate some 5,000# (so you are quickly unloading the film) – give them a screaming deal but require cash up front! (no 30 day terms .. that is the price for the really good pricing). Lastly – it may also mean really getting to know the market place and the 1,000s of converters that are out there competing with us and periodically doing what Abet does – and sending out lists of film to other converters (NO BUYING FROM THEM ...JUST SELL). Finally – the biggest paradigm shift of all, sometime we might have to pay a bit more, buy ONLY the film quantity that we need, and then push that price out to the customer so as to protect margins. I agree with her comment about having a plan for every roll. I can't do this for you. this will take daily or weekly communication between the plant and sales and customers to plan for each offcut. I can give you some general guidance as to who may be able to use the offcuts. I agree with the idea of giving Gray Flex a screaming deal on accumulated 48 gauge cuts, cash up front or net 10 days. I don't know where she gets the idea that there are "1000s" of converters competing with us. There are maybe 10 to 15 that we actually compete with. We do offer our list of inventory to customers and have been doing so for weeks if not months. I agree with her comment about sometimes paying a bit more to have the right quantity we need, although we can't just "push that price out to the customer". She still does not understand that we are distributing a commodity.

I want to say this in simple terms - taxes are no different than any other distribution to an owner.

When we make money – we also decide what to do with that money. Sometimes we spend that money on assets (like trucks, forklifts, racks, and the like) and sometime we spend that money on film and ... sometimes we say “we have enough film and trucks ... let’s give this money to us!” Taxes is nothing more than a decision about how you intend to spend your distribution. (Sometimes you will spend your distribution on groceries as well.) I disagree. If we decide to spend money on hard assets, it may mean that we have less cash for film purchases. We are not going to tell our employees “sorry, we bought too much film, you don’t get paid this month. We are not going to view invoices to vendors as “maybe we’ll pay if we have money”. Taxes should be viewed as a expense just as important as paying the light bill or a vendor. If we don’t pay our taxes, Uncle Sam has teeth to enforce it. If you and Andrea want to view taxes as something we may or may not decide to pay in the form of distributions because you either have other means of paying your taxes from other businesses or you don’t mind debt, that’s your prerogative. But when your view of distributable cash and taxes jeopardizes my life and family, I have to decide which is more important. Guess which one wins.

What does that mean – that means we need to be more careful about buying machines, renovating machines, and buying film ... as these are nothing more than a decision to DELAY a distribution. When you decide to buy a machine or to renovate a machine, you are essentially saying “I don’t need this money for a VERY LONG TIME” when you buy film ... you should be saying ... If I spend this \$1 now ... I will have \$1.20 by year end! That is smart use of the cash ... but ONLY if you sell the film right away and not if you have film that you are holding for a long, long, time. Agreed.

To get to the point that cash is flowing more abundantly (and being distributed more frequently) ... we will need to add another layer of “structure” onto the purchasing function .. specifically – I would suggest that when we buy film (including this new IMPERIAL order) that we list where we believe every pound could go. We pretty much do this. We know which customers can use each type of film we buy. Put specific customers by the total so that we can get comfortable that every pound has a potential home (or even two) ..then we keep this list cumulatively .. because I believe that the mistake we have made in the past (cannot prove it) is that when we look a PO we say “oh, that film could be sold to Customer ABC” – but we have not considered that we already have 6 months of film on hand for Customer ABC – so we actually need another customer to sell particular film to ... and we need another customer to sell some of the film on hand to .. so we can have all that film sold within 4 -6 months. She has an oversimplified view of our business. We don’t buy film for a specific customer if we have 4 to 6 months on hand. A lot of the film we bought last year and still have in inventory was for customers who no longer buy from us i.e Chase, Multi, Minova.

Hope that make sense.

Andrea

From: John Gandis [<mailto:john@ccc-films.com>]
Sent: Tuesday, October 18, 2011 10:11 AM
To: 'Namaste Consulting'
Subject: Questions

1. We want to order some extra foil laminate on this next container for Imperial

(from Dahua). We would ship it into Canada to fill the Imperial order... then off load the master rolls at a truck depot and ship the roll stock down here for some inventory. The orders have to be to Imperial by the 18th of December. We could time the stock to arrive here after January 1st. Would that make a difference in inventory ??? Especially since we have to pay for it up front.

2. How confident are we that we are going to get a line for potentially January of next year ? A lot of what I am hearing from the sales team involves imports. If I am truly going to meet some type of tax plan, and run the business... we will have to have a line to flip film. Should I start making some initial contacts with local banks. I am not really in so much of a position to make the loans any more.

Thanks !

John C. Gandis

Cell: 864-553-9338

Fax: 864-225-4317



Plant Address:

1017 River Heights Circle

Anderson, SC 29621

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.1831 / Virus Database: 2092/4560 - Release Date: 10/18/11



October 31, 2011

Dear Dave,

I am writing you to inform you about the projected cash situation for the company and to finalize your decision as to your preferred business structure with Carolina Custom Converting, LLC. I am leaving this decision in your hands and, just as we discussed, I am trying to ensure that we continue to work together in way that is best structured for everyone.

As you know, for the period through 2010, the company has generated taxable income that exceeds its cash flow. This is a result of the large debt we have incurred to purchase assets as well as our ongoing investment in film. Based upon our discussions in our biweekly sales meetings, I don't see this situation changing for the next year or possibly longer. During this past year Andrea and I agreed to not receive any funds from the company - as we felt that CCC was not in a financial position to afford distributions to all members and the company began to loan funds to you.

As you know, we are working on preparing a note for you to sign related to the various advances that CCC has made to you. Absent a note to change those terms, those funds are legally regarded as advances and the company can make demand for repayment at any time (and you are personally liability for that debt). We are willing to remove the personal liability if you are willing to provide that the sole collateral for your loan is your entire membership interest. That means that if CCC requested repayment, you would have the option of repaying your loan with cash OR turning over the entirety of your membership interest as satisfaction of the obligation.

As we continue to grow this company my business goal is to pay in order of priority - our employees, our film suppliers, all other vendors, and finally the owners. This decision is not being made without careful consideration of the future of Carolina Custom Converting, LLC.

Recently we have had to pay several of our vendors late in order to set aside funds to loan to you. It is not in the best interest of our company to pay our vendors late, particularly when we have the funds available to pay them. The current payment of \$12,000 a month is too great a burden to pay monthly while assuring that our legal obligations be paid in the order as they are outlined above. However it is not my desire to create an undue burden for you and your family either.

I have three options for you to consider. First, we can leave the ownership structure unaltered. Second, the company can buy-out your interest in the LLC under a note. Finally, we could formally modify the limited partnership agreement to reflect that your

total economic interest through December 31st of this year has been capped at the cash you have received (or been advanced). The second and the third options would eliminate your current obligation to CCC. Which of these three options is best for your family is your choice.

As we have been friends for a long time and I want to avoid any confusion about the cash consequences of each alternative, here is how I see the impact of each of these decisions on your cash flow.

Option 1: Continue as Member/Partner

If you continue as a partner with me in CCC, we will have to adjust the cash flows so that you and I are in line. As you know, I have personally funded the distributions you received through 2010. I borrowed against my family's home so as to put the cash into the company that funded your distributions. I stopped funding the distributions during this past year. As a partner if CCC generates taxable income that higher than its net cash flow, then you will need to be able to finance that tax obligation personally. Last year, I was forced to take out a loan on my home equity in order to pay taxes on the CCC income and to pay my 2011 estimated tax obligations.

As you know this cash shortage is primarily a result of the amount of film we have carried on our books. CCC needs to continually invest its profits into film purchases, including overseas purchases, in order to meet customer demand. As I look at our company's outlook, I believe this situation is likely to remain the same for the next year or so. Even if we are able to open the line of credit as we have discussed, the line will be used first for film purchases. The bank has asked for a personal guarantee on this line; from a personal risk perspective, the guarantee is almost the same as if I had personally funded the company again. I cannot let the line be used to fund prior year tax distributions, either directly or indirectly.

As a partner you will also have to make personal arrangements to satisfy your taxes when the company has invested its profits in film and equipment. Our duties will be first to our obligations to our employees and then to our vendors. Our company will continue to generate positive cash flow for owners; however this cash may not cover the entire tax obligation as well as living expenses. If you decided to remain as my partner, you must be willing to live by these cash flow priorities for the good of our company. This also means that in months where the company cannot pay all its vendors on time, you will not be able to receive an advance on the 1st and you may even be requested to repay part of your existing loan balance to help pay a film vendor in a timely manner. You will need a personal safety net for your household obligations and cannot presume that the company will make an advance on the 1st of each month.

Option 2 – Buy Out

You have mentioned to me several times the concept of determining your capital account balance with the presumption that you must be bought out. If you want the company to

buy your capital account, please be aware that the amount on your Schedule K-1 does not reflect the value of your interest. If you decide you want to be bought out, the company will determine the value of its assets immediately following the inventory next month and your purchase price would be based upon net asset value. Most importantly, as the company does not have the cash for the buyout, the value will payable to you by a 9 year term note bearing simple interest at the applicable federal rate.

A buyout does not eliminate your tax bill for 2010 or 2011 and might result in a capital loss to you. A buyout will not generate a current cash outflow to satisfy the 2010 or 2011 tax bill.

As part of the buy-out, the company would agree to net current advances to you against the buy-out note. While this netting does not produce any immediate cash for you, it does remove the risk that the company could demand repayment from you prior to the maturity date of your buy-out note.

After the buy-out, you would become an employee of CCC entitled to the same benefits as our other employees that started in 2008. Your time as a member would be applied towards your vacation and other personal benefits. We would also discuss a bonus plan that would allow you to continue to have some upside participation if the company returns to the boom levels of last year.

Option 3 – Membership Modification

As we have discussed with you and your CPA, Ray Harris, so long as you provide us written authorization prior to November 21st, we will modify the membership agreement to provide for the following:

- Retirement of your membership interest
- An agreement that your total economic interest for the period of your membership is capped at the cash you have received (or borrowed)
- An income/loss allocation provision to reflect the new cap on your total economic interest in the company
- An agreement to work with your tax advisor to structure the modification so as to minimize the potential capital loss recognized and to maximize the elimination of prior year “phantom” taxable income.

As discussed Mr. Harris, we cannot tell you will absolute certainty how these numbers will work out prior to the year end close, but we anticipate that the modification would produce a loss allocation from CCC during 2011 to reduce your tax capital account.

We believe this option will reduce, and perhaps eliminate, the unpaid 2010 tax liability although it will require that you file a net operating loss carryback claim for 2011.

Just as under option two above, after the modification, you would no longer be a member in CCC but you would become a salaried officer. If you elect either option two or option

three, we hope to provide to you an employment contract prior to year end to be effective January 1, 2012

Dave, I am looking forward to continuing our work together and am prepared to move forward as you decide. As many of these steps need to be documented and executed prior to January 1st, I will need your decision no later than November 21st so we can get all the documentation completed before the holidays are here. The attached documentation should be signed by you to indicate your preference.

Respectfully,

John Gandis

Carolina Custom Converting, LLC
PO Box 2726
Anderson, SC 29622

RE: Membership interest in Carolina Custom Converting, LLC

Dear John:

Pursuant to your letter of October 31, 2001, I desire to continue our business relationship under the following structure:

_____ Option 1: Remain as partner in Carolina Custom Converting under an arrangement when the company will make distributions to me ONLY when it (a) all payments to vendors are capable of being made in a timely manner and (b) distributions are being made in a pro-rata basis to all members.

_____ Option 2: I desire to retire as a member in Carolina Custom Converting LLC and become a salaried employee effective January 1, 2012 pursuant to a buy-out note. I understand that before the note value can be determined, the company will need to complete the current inventory computations. The terms of the buy-out note will be a 9-year balloon note with interest at the applicable federal rate. The payments will be interest only with the balloon due December 31, 2020. I understand that under this option I will remain currently liable for the tax liabilities that result from the 2010 and 2011 Schedule K-1 allocations to the extent that they exceed prior distributions and advances as of year-end.

_____ Option3: I desire to retire as a member in Carolina Custom Converting LLC and become a salaried employee effective January 1, 2012 pursuant to a membership agreement modification. Under this options, the members will agree to modify the membership agreement to clarify that for purposes of (a) maintaining my capital account, (b) allocating 2011 results, and (c) liquidating my interest in Carolina Custom Converting as of December 31, 2011, my total economic interest in the Carolina Custom Converting, LLC should be capped at an amount equal to the funds I have been previously distributed plus the amount of the amount due from me to the company. I understand that the company is not providing tax advice and that I should consult with my own tax advisor related to the potential loss allocation for 2011 and the extent to which a loss may reduce the tax obligation resulting prior income allocations.

I have initialed the option that I desire.

David B. Wilson, member

Date

From: John Gandis <john@ccc-films.com>
Sent: Monday, October 31, 2011 5:07 PM
To: 'Dave Wilson'
Attachments: Dave Letter 10-31-11.pdf

Dave,

Did not have the cash in our checking account to write you a check today. We should be in better shape following the mail run on Wednesday. We'll write the check then. I will not hold up your next advance while awaiting your decision on the direction that makes the most sense for you as we are in agreement that these are loans...

In regards to your cash flow analysis...

Couple of observations:

You have only 12k a month in there for payroll – our employee's cost us over \$50k a month.

You do not have anything in there for machine cost or freight – and an estimated \$20k per week in operating cost. We average more like \$120k per month in operating cost... and this is before we buy film. I haven't really concentrated on a plan until I knew definitively which way you wanted to go. I still need to do some catch up in distributions for Andrea and I as well – so... one thing at a time.

Have a safe trip.

John C. Gandis
Cell: 864-553-9338
Fax: 864-225-4317



Plant Address:
1017 River Heights Circle
Anderson, SC 29621

P 10

November 3, 2011

Dave - I wanted you to know that I have thrown out the form you faxed to Joy as I have been advised by the attorney that it is not consistent with our original deal. I sent you the Advance Request document you should send to the office. Notwithstanding receipt of that form, cashing the enclosed \$12,000 check is an acknowledgement that you accept the terms of the loan as recourse.

I understand that you may have some concerns about the legal nature of advances from our company. As such, I want to remind you that my letter outlined two options that would fully eliminate any and all loans due from you as of year-end.

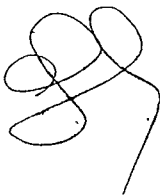
The company is not in the position to make distributions at this time. I have decided that I cannot afford to make loans to you at the level of the last several months unless sales volumes return. I still have some catch up distributions to make and, as such, I will not be able to make a loan to you for January or February of next year. So you are able to set aside some cash to handle your household expense for January and February, the company will plan to make one more \$12,000 loan to you at the beginning of December.

What happens in 2012 is based upon your choice for moving forward. If you select option A, you will not be receiving a check for the first few months of 2012 year and after that the loan amount will no longer be a flat \$12,000 each month. The amount that the company can loan to you will be based on the company's cash position and after I have made a monthly catch up payment to me. I am not certain how long it will take to fully catch up, but I will operate so that catch up amount is getting smaller. After all the catch up distributions have been made, then all partner distributions will be made on the same day on a pro-rata basis. This is different than how we have done it in the past. To ensure that no partner has preference over another, if \$12,000 is available cash, you would receive \$5,400 on that day and will have to wait for a new week to see if more cash is available for another distribution.

Before you make your decision on November 21st, we should discuss potential salary levels for next year. As a salaried officer, you would receive two checks each month (directly deposited into your bank account on the 7th and 22nd of each month). Another benefit of employee status is that your payments will have the same priority level as our other employees and our sales volumes will not impact your monthly cash flow.

As an owner, we all need to agree to be last in the order of cash flow priority and we have to agree to be even with each other.

John



From: Dave Wilson <dave@ccc-films.com>
Sent: Thursday, December 01, 2011 1:24 PM
To: John Gandis (john@ccc-films.com)
Cc: Andrea Comeau-Shirley (namasteconsult@bellsouth.net)
Subject: buyout structure

Hi John,

Here are some basic points to discuss as we work toward a buyout of my equity and employment agreement.

1. I believe my equity is worth \$770,000 at a minimum. This is slightly higher than our current net asset value, but less than the multiple of earnings typically used when calculating a company's value.
2. I would require \$350,000 at closing which would allow me to pay off my tax liability for 2010 and 2011 and leave me with a safety net.
3. If you wish to go the route of allocating gains and losses to the members by assigning my shares to the other members, effectively eliminating my tax liabilities for 2010 and 2011, then we would need to come up with what that transaction is worth to both parties. This makes things more complicated but I am open to this avenue. The value we arrive at would reduce the value of my buyout plan accordingly and would reduce the amount owed at closing.
4. Balance due after closing would be paid out over 6 years accruing interest at 8%
5. Dave would have an employment agreement for not less than 5 years with a guaranteed monthly salary of \$12000.
6. If Dave is terminated before the end of the employment agreement, the balance of the payout would be due immediately.
7. Dave would have health benefits through the company.
8. Dave will have a bonus / commission / Phantom stock agreement to participate in the upside performance of the company.

I know this is very rough but hopefully enough to get the discussions going. Please discuss with Andrea and let me know your thoughts.

Thanks,

Dave

From: Namaste Consulting <namasteconsult@bellsouth.net>
Sent: Tuesday, December 13, 2011 5:26 PM
To: Dave Wilson
Cc: John Gandis
Subject: The Plan for 2012 - CCC
Attachments: image002.jpg

Dave – I have been out of the office and am just catching up with emails.

It seems to me that that the next step (per your suggestion) is a discussion with your attorney. If you will send me the name and number of your attorney – we will have John Zamer call him to make certain that they talk with one another. I think that a conversation with the two professionals may be best to ensure that no one is confused by the transaction – and then each one can report back and explain any nuances.

Prior to that call – I want to outline where I understand things to be ...

First – We have a partnership and we plan to initiate new cash planning and operational changes on January 1st that are designed to help us grow to the next level. As part of that plan, I understand that John has said he wants your focus limited solely to sales and related planning, he will focus on the management and strategic direction of the company and I will continue to focus on our financial planning. There may be new reports, procedures and other processes that are layered on that – but many things will be done in a more “corporate” form so that each of us can focus on our strengths.

From a financial management perspective, as we told you several months ago, the company will use available cash during January and February to partially catch up on the tax distributions to John and myself. After that date – we will continue to work on the catch up through-out 2012 so as to eliminate the difference in 2012.

Specifically this mean that you will not receive a cash distribution for January & February (and technically we only receive tax distributions). You have indicated to John that you have arrangements in place with family/friends/ bank to ensure that your personal cash situation is stable for January and February – or any other period where partner distributions might be less than anticipated.

It is our plan that starting in March we will resume distributions to partners and that all distributions will be made on a pro-rata basis from available cash. We cannot predict now how much cash will be available on any given date – but we will work to distribute cash from “Available Cash” on a regular basis. For purposes of cash planning, “Available cash” will be defined as cash on hand after a reserve for upcoming bills. Another difference is the treatment of taxes including in cash distributions, as taxes will be withheld from distributions and remitted directly to the tax authorities under the name of each owner. (This process is much like a paycheck where an employee only receives the cash that they can spend and the federal, state and SS taxes are withheld from the check and remitted directly to the government). This new procedure will ensure that taxes (as budgeted) are actually remitted on a timely basis for each owner. Finally – there will not be any additional loans to owners.

As you refer back to John’s October letter outlining three options for 2012, he was working on alternatives that might reduce the entrepreneurial risk for your family as well as provide you with a more stable cash flow. As he noted to you, this change means that you forego upside participation – just as you will be foregoing downside risk and sporadic cash distributions. In fact the salary offer for 2012 was intended to buffer you in what appears to be a continuation of a tight economy.

As you know, John's letter included an original "deadline" of November 21st which he extended until November 30th. We are not inclined to consider your counter-proposal which seems to have merely selected the best characteristics from Options A, B & C from John's letter. As John has told you – he is working hard to keep this partnership growing and you are a partner in that partnership.

As such, we should all assume that we will continue as partners as of January 1, 2012.

That said, it appears that you may be interested in converting to an employee position on January 1st – which was option 2 (or B) from his original letter. (As you know, John has formally retracted Option 3 (or C) from his original offer letter).

Option B provides for a buyout of your interest at net asset value – for a closely-held company this will be very close to book value.

In your email – you have asked for a premium over book value. **No qualified appraiser** will value our company above book value. The reason for this valuation is quite simple – there is not a solid track record of earnings that are attributable to anything other than the film supply shortage. More significantly – our company has experienced the loss of several large customers, the financials have reported a consistent and significant downward trend in sales, and the margins are suffering as well. In fact, it appears that the company will likely close out this year with an overall loss – which is a result of declining margins and consecutive months of missing sales margins by more than 50% of budget.

As noted in the October letter – the net asset value will be determined as of December 31st and will reflect this month's inventory adjustments and scrap sales. Perhaps the letter should have been clearer to explicitly state that the final computations would place in 2012 as the normal year-end close work is finalized. The company still needs to record the normal adjustments that take place in December – including but not limited to (a) accruing unpaid commissions on uncollected sales, (b) reporting salaries for work performed through December 31 which will not be paid until January, (c) reporting other employee benefits earned during 2011 that remain unpaid as of year-end, (d) adjusting inventory to the year-end physical and other typical reserves experienced by manufacturers. This list is not fully exhaustive of the year end work for the final accrual adjustments. These year-end adjustments are a normal part of preparing our books for tax reporting.

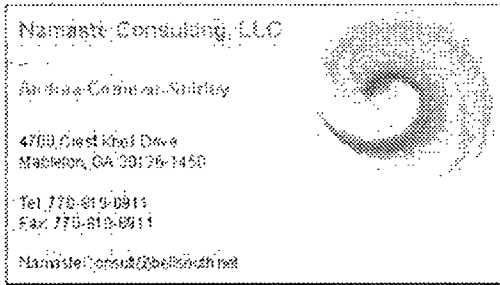
If you are still considering the employee route, I think your attorney can get you comfortable with the book value approach. Although it might be repetitive to say this, John's offer letter should not be interpreted as requiring you to convert to an employee. As a continuing owner, there will be changes in how our company operates to protect and promote the business and these changes will require owners to be last in the cash flow planning process. This will be a change to your personal situation.

I have placed a call with John Zamer to let him know that he might be talking to your attorney this week or next. Because we didn't receive your documentation on November 21st – I don't expect paperwork to be drafted for ownership restructuring prior to year end. If you are serious about converting to an employee status – we need a formal confirmation of your desire to be converted at a price yet to be determined after the call between the attorneys otherwise we will just presume that the partnership will move forward under the new operating plan with you as a continuing partner.

Andrea

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Version: 2012.0.1873 / Virus Database: 2108/4678 - Release Date: 12/13/11

From: Namaste Consulting <namasteconsult@bellsouth.net>
Sent: Thursday, December 29, 2011 9:16 AM
To: Dave Wilson
Cc: John Gandis
Subject: Selling CCC
Attachments: image002.jpg

Dave – John mentioned to me that you might have an group of inventors interested in buying CCC and you had asked would I be willing to sell as well?

The answer is HECK YES.

I couldn't tell if you were saying that all three of us are being bought out or if the deal is that YOU and a team of investors are buying us out.

If you and a team of investors are buying us out ... then here is what you need to know:

- 1) Cash at Closing
- 2) No Escrows or claw backs apply to myself or to John (just as there was none to you in our offer).
- 3) John must receive a fair price for the real estate (the two buildings and all the contiguous land).

If you have found a team of investors that is buying all three of us out... there here is what YOU need to know as you approach them:

- 1) Cash at closing
- 2) I must be paid my priority
- 3) Land Transaction should be separated from the business transaction – i.e. Cash paid in full and no escrows.
- 4) To the extent that there are reserves or escrows – you must agree to give me 100% of my cash (disproportionately) at the closing. As a minority owner, I won't bear the risk (or hassle) of escrows or clawbacks)
- 5) John may also ask you to take on a higher share than 50% of the risk in the reserve or escrow as this deal is being done with "your people."
- 6) Involvement subsequent to the deal:
 - a. I would not continue in the operations on a going forward basis
 - b. Cannot speak for John as to his interest or his salary needs.

While it ordinarily takes 6 –months to do a mid-size deal, this is not a mid-size deal! If you really people have money ready to cut a check – we could close in a month.

We have set an offer in front of you that would be used as a starting point for the company ... so they need to QUICKLY propose a value for the real estate that John would agree to. If this is really something that you have been working on – then have your team prepare a Letter of Intent that includes a FORFEITABLE DEPOSIT (if the deal doesn't close – no financing contingencies permitted), so we know these people are serious investors.

NOW ... let's get practical ...

If this is really the avenue that you want to pursue – then you just need to tell us that it is your intention to continue as a partner pursuing this sale. And that point we can get back to business and we will move into January consistent with the operating and cash flow plan that was outlined to you in October. Specifically that means CCC will use available cash for January and February to reduce the tax distribution catch up. If your people move quickly, then we will be either all be sitting on a nice check by the end of February and or you will become a salaried/owner when the new team comes in.

IMPORTANT - You need to find a way to flush this out quickly as our offer of \$200K expires on January 7th.

You should be able to flush out in ONE-DAY whether or not this group has the ability to do a cash deal (i.e. either has the capital or access to bank financing).

Andrea

****To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice included in this written or electronic communication is not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed on the taxpayer by any governmental taxing authority or agency****

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Version: 2012.0.1901 / Virus Database: 2109/4710 - Release Date: 12/29/11

Carolina Custom Converting LLC

Cash Position - Late 2011

Month Ending		Unadjusted Sep-11	Unadjusted Oct-11	Unadjusted Nov-11	Unadjusted Dec-11	Adjusted Dec-11
Cash		112,015	232,663	229,357	135,879	135,779
Set Aside for Payroll		(56,532)	(37,159)	(74,642)	(40,775)	(40,672)
Operating Cash	A	<u>55,483</u>	<u>195,504</u>	<u>154,715</u>	<u>95,104</u>	<u>95,107</u>
Accounts Payable						
Past Due		13,478	28,826	36,594	61,542	
Interim Week		86,627	(1,056)	(1,056)	(6)	
Current		<u>186,631</u>	<u>157,634</u>	<u>198,040</u>	<u>110,106</u>	
		286,736	185,404	233,578	171,642	114,929
Due to Customer		<u>43,391</u>	<u>43,391</u>	<u>57,789</u>	<u>43,391</u>	<u>20,000</u>
	B	<u>330,127</u>	<u>228,794</u>	<u>291,367</u>	<u>215,032</u>	<u>134,929</u>
Prepayment for Film*	C					* (47,053)
Net Cash Available	A-B-C	(274,644)	(33,290)	(136,652)	(119,928)	(86,875)
Tax Distribution Catch up Due					(147,636)	
Unrecorded Distribution Catch Up Due		(135,188)	(149,653)	(109,320)	(19,392)	(159,618)
Accounts Receivable		480,548	460,464	346,598	411,099	423,416
Equipment Loans		<u>(154,930)</u>	<u>(150,418)</u>	<u>(171,606)</u>	<u>(167,076)</u>	<u>(167,076)</u>
		325,618	310,046	174,992	244,023	256,340
Date Computed		10/11/2011	11/9/2011	12/9/2011	1/10/2012	9/1/2012

* prepayment is presented as negative payable at 12/11 - thereby causing true balance of amounts due to vendors to appear lower;

12:56 PM
10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

	Sep 30, 11	
	Debit	Credit
Bank of America	41,384.92	
Money Market Account	14,097.46	
SCBT Payroll Account	56,532.31	
suspense acct	623.80	
Accounts Receivable	480,547.97	
Inventory Asset	1,416,472.13	
Prepaid Rent		250.00
Building Improvements:Clean Room Improvements	15,810.32	
Building Improvements:New Office Space Addition	5,626.44	
Building Improvements:Trane Air Conditioner-Prod.Area	10,711.38	
Converting Equipment:Appleton Core Cutter	8,000.00	
Converting Equipment:Bailer Cram-o-lot Manual Tie	3,212.72	
Converting Equipment:Baler	4,500.00	
Converting Equipment:CoreTech Series F-3 Core Cutter	4,965.11	
Converting Equipment:Stretch Wrapper	3,230.00	
Converting Equipment:Trim Blowers (7 in total)	3,066.69	
Idle Equipment or CWIP:B3 - 86" Black-Clawson DR-15	34,235.22	
Idle Equipment or CWIP:Corona Treater	10,000.00	
Idle Equipment or CWIP:Machine 4 Rewinder (CIP)	6,946.92	
Idle Equipment or CWIP:Machine 7 - 80" Stand	9,700.00	
Office Equipment:- Sales and Customer Software	3,869.80	
Office Equipment:Allworx Telephone System	7,919.05	
Office Equipment:Color Laser Printer	1,158.00	
Office Equipment:Dell Optiplex 380	1,363.77	
Office Equipment:File Cabinets	1,406.59	
Office Equipment:Laser Printer	401.74	
Office Equipment:Office Cubicles	2,551.00	
Office Equipment:Office Furnishings	1,322.00	
Office Equipment:Server	2,161.75	
Office Equipment:Time Clock	423.99	
Other Equipment:2006 Catepillar Narrow Fork Tru	31,370.00	
Other Equipment:3 Overhead Steel	5,841.31	
Other Equipment:40' Used Shipping Container	2,400.00	
Other Equipment:Iron Force Air Compressor 7.0HP	321.27	
Other Equipment:Kellogg 70 HP ???	0.12	
Other Equipment:Komatso Forklift FB25SH-4	4,678.59	
Other Equipment:Lawnmower/Weeder	420.00	
Other Equipment:Layon Roller #120 Various Width	3,212.72	
Other Equipment:Lincoln SP-200 Mig Welder	1,007.24	
Other Equipment:PantherPlus Digital Floor Scale	584.13	
Other Equipment:Racks	56,833.96	
Other Equipment:Steel Container	2,040.50	
Rewinders:Arpeco Rewinder	8,000.00	
Rewinders:R1-Stanford 188 slit/rew	16,636.56	
Rewinders:R2 - 24" Center Winder Slitter	7,973.27	
Rewinders:R3 - 30" Stanford 638	14,801.11	
Rewinders:R4 - 30" Stanford 1992	10,086.85	
Rewinders:T1 - 4" Dusenbury 750AB Salvag	1,960.33	
Rewinders:T2 4" Dusenbury 750AB Salvage	1,460.33	
Slitters:A1 - 62" Arrow drum	36,557.44	
Slitters:B1 - 84" Bagley-Sewell CS-R	11,047.14	

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10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

	Sep 30, 11	
	Debit	Credit
Slitters:B2 - 100" Duplex Center	64,746.66	
Slitters:D1 - Dusebery 835	30,944.57	
Slitters:K1 - 62" Kamph	9,263.66	
Slitters:S1 -Stanford 338 slit/rew	50,602.71	
Slitters:S2- Selim 54"	11,885.22	
Slitters:S3 - 62" Stanford 338	32,038.05	
Vehicles:Freightliner M2 106 24 Foot Box	57,000.00	
Z. Accum. Depreciation		195,068.87
Cores, Etc	3,013.76	
Accounts Payable		286,736.20
Due to Cadillac Products		43,390.87
Payroll Liabilities:C.Pickens-Child Support 111.66/	165.04	
Payroll Liabilities:D Green - Child Support 125.49/	250.98	
Payroll Liabilities:E.Neal-Child Sup--Tylik/54.52	109.04	
Payroll Liabilities:Employee Co-Pay on Health Ins.	2,119.49	
Payroll Liabilities:Federal Lien - Employee PMJ	120.00	
Payroll Liabilities:Federal Unemployment Payable		139.26
Payroll Liabilities:Federal Withholding	5,012.93	
Payroll Liabilities:Loan - Employee Tommy McAlister	800.00	
Payroll Liabilities:SC Contingency Assessment		14.65
Payroll Liabilities:State unemployment Payable		612.22
Payroll Liabilities:State Withholding	1,366.36	
Equipment Loans - NonRecourse:CommunitySouth Bank		83,453.63
Equipment Loans - NonRecourse:CommunitySouth Offset	23,059.92	
Vehicle Financing:Daimler Finance #		41,956.52
Vehicle Financing:Wells Fargo-Portion Sales Tax		1,657.82
Vehicle Financing:Wells Fargo - Lease for ForkTru		27,862.03
Andrea's Equity Balance:Andrea's Advances	76,761.45	
Andrea's Equity Balance:Andrea's Health Insurance	2,296.86	
Dave's Equity Balance:Dave's Advances	325,103.10	
Dave's Equity Balance:Dave's Advances:Car for Owner - DW:Lexus	28,143.00	
Dave's Equity Balance:Dave's Advances:Car for Owner - DW:Lexus Financial 036 6132661		19,942.93
Dave's Equity Balance:Dave's Advances:Due from Dave - loans @ 10%	110,608.69	
Dave's Equity Balance:Dave's Contributions		3,165.00
Dave's Equity Balance:Dave's Health Insurance	4,335.04	
John's Equity Balance:John's Advances	325,313.78	
John's Equity Balance:John's Advances:Car for Owner-JG:2006 Ford F150	12,480.61	
John's Equity Balance:John's Contributions		3,000.00
John's Equity Balance:John's Health Insurance	4,335.04	
Retained Earnings		2,040,365.16
Rental Income		400.00
Sales - Foil		396,412.03
Sales - High Clarity Films (PET		595.90
Sales - PET		2,933,799.46
Sales - PET Corona Treatment		143,950.35
Sales - PVDC		73,449.05
Sales - White Film		7,476.30
Sales BOPP		32,690.76
Sales Metalized		505,483.68
w Discount Expense	16,992.72	
x Freight billed to customer		41,231.38

12:56 PM
10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

	Sep 30, 11	
	Debit	Credit
y-Other Sales		616.05
z- Customer Credits	1,454.67	
Direct Labor:Bonus	8,000.00	
Direct Labor:Employee Benefits	10,460.92	
Direct Labor:Federal Unemployment	2,457.25	
Direct Labor:Payroll Taxes - Employer Portio	30,658.92	
Direct Labor:State Unemployment	884.79	
Direct Labor:Vacation Pay/Personal Time Pay	1,627.46	
Direct Labor:Wages - OVERTIME	1,325.17	
Direct Labor:Wages - Production	353,631.50	
Freight - Inbound	65,934.27	
Freight -Outbound	108,960.99	
Materials - Cost of Goods Sold	2,595,652.26	
Outsource Slitting Expenses	19,313.12	
Outsourced Metallizing	36,452.79	
Packaging Costs	40,239.52	
Quality Assurance/Matters	48,534.33	
Sales commission expense	91,560.37	
Vendor Refunds		1,000.00
Advertising Expenses	6,280.00	
Ask ANDREA before month end	452.24	
Bad Debt Expense		215,072.07
Bank Service Charges	2,060.47	
Business Gifts	225.20	
Business License,Fees,Permits	10,379.35	
Car/Truck Expense:Fuel	9,672.32	
Car/Truck Expense:Repairs & Maintenance	1,291.56	
Contribution	1,050.00	
Credit and Collection Charges	214.41	
Depreciation Expense	63,573.75	
Dues and Subscriptions	900.00	
Equipment Rental	6,450.00	
Insurance:Auto Insurance	2,324.06	
Insurance:General Liability Insurance	1,351.26	
Insurance:Professional Liability Ins.	450.00	
Insurance:Property Insurance	2,674.52	
Insurance:Worker's Compensation	6,466.78	
IT expense (incl. software)	6,790.29	
Legal Expenses	2,806.25	
Office Supplies	7,918.05	
Payroll Processing Expenses	900.00	
Postage and Shipping	3,764.60	
Reconciliation Discrepancies	89.61	
Rent	47,773.44	
Repairs and Maintenance:Labor	12,671.02	
Repairs and Maintenance:Materials/parts	35,182.98	
Sanitation	3,687.19	
Taxes - Property, Ad Valorem	208.80	
Telephone, Fax & Internet	17,381.23	
Travel & Ent (BREAKOUT):Ent-Meals w/customers	1,396.64	
Travel & Ent (BREAKOUT):Meals-w/o vendor/customer NOTE	1,022.19	

12:56 PM
10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

	Sep 30, 11	
	Debit	Credit
Travel & Ent (BREAKOUT):Travel (Lodging/Transportation)	7,716.18	
Utilities - Power, Water, etc.	28,403.05	
Wages - SG&A:Employee Benefits	6,731.13	
Wages - SG&A:Wages - Gen & Admin	105,338.82	
Wages - SG&A:Wages - Sales	6,730.80	
Interest Income		4,910.89
Other Income		124,892.93
Set Up Fee		1,825.00
Toll Slitting Income		190,813.16
Interest Expense	24,415.02	
TOTAL	<u>7,422,234.17</u>	<u>7,422,234.17</u>

Carolina Custom Converting LLC

1:50 PM

A/P Aging Summary

10/06/2011

As of October 6, 2011

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
3M Film Manufactu	39,069.47	0.00	0.00	0.00	0.00	39,069.47
Abet Packaging	36,034.68	0.00	0.00	0.00	0.00	36,034.68
All Balers & Hydrat	224.16	0.00	0.00	0.00	0.00	224.16
American Express	5,470.26	0.00	0.00	0.00	0.00	5,470.26
American Trading I	17,084.50	0.00	0.00	0.00	0.00	17,084.50
Anderson County T	4,760.44	0.00	0.00	0.00	0.00	4,760.44
AT&T	178.14	0.00	0.00	0.00	0.00	178.14
ATF Services	0.00	102.66	0.00	0.00	0.00	102.66
C.H. Robinson Con	3,276.57	496.37	0.00	0.00	0.00	3,772.94
Caine Company, In	653.25	0.00	0.00	0.00	0.00	653.25
CommunitySouth E	3,500.28	0.00	0.00	0.00	0.00	3,500.28
Cooper Sand & Gr	1,204.00	0.00	0.00	0.00	0.00	1,204.00
Custom Laminating	16,406.25	0.00	0.00	0.00	0.00	16,406.25
Cyber Solutions Inc	0.00	37.50	0.00	0.00	0.00	37.50
Duke Energy	2,496.35	0.00	0.00	0.00	0.00	2,496.35
Dynamic Solutions	0.00	3,691.59	0.00	0.00	0.00	3,691.59
Electric City Utilitie	0.00	113.57	0.00	0.00	0.00	113.57
Fastenal	337.20	0.00	0.00	0.00	0.00	337.20
Flex America, Inc.	0.00	0.00	0.00	0.00	-1,050.00	-1,050.00
Harbor Bridge Inter	0.00	150.00	0.00	0.00	0.00	150.00
John C. Gandis	0.00	1,637.39	0.00	0.00	0.00	1,637.39
Jones Day	2,225.00	1,387.50	0.00	0.00	0.00	3,612.50
Kolon USA Inc.	4,852.43	0.00	0.00	0.00	0.00	4,852.43
Lexus Financial Se	525.52	0.00	0.00	0.00	0.00	525.52
Mitsubishi Polyestr	3,665.75	0.00	0.00	0.00	0.00	3,665.75
Newark Paperboard	4,609.31	0.00	0.00	0.00	-6.45	4,602.86
Palmetto State Trai	1,624.75	841.50	0.00	0.00	0.00	2,466.25
Performance Pack	1,610.41	0.00	0.00	0.00	0.00	1,610.41
Progressive Machi	7,728.00	0.00	0.00	0.00	0.00	7,728.00
Rogers & Brown N	5,318.16	3,543.12	0.00	0.00	0.00	8,861.28
Smith and Waters,	250.00	475.00	0.00	0.00	0.00	725.00
Star Tool Sharpeni	400.00	0.00	0.00	0.00	0.00	400.00
State Farm Insuran	27.65	0.00	0.00	0.00	0.00	27.65
Toray Plastics (Am	23,098.31	0.00	0.00	0.00	0.00	23,098.31
Verizon Wireless	0.00	1,001.97	0.00	0.00	0.00	1,001.97
TOTAL	186,630.84	13,478.17	0.00	0.00	-1,056.45	199,052.56

Portion Paid between 9/30 and 10/6 run date 87,683.64

Balance at 9/30/2011 286,736.20

Carolina Custom Converting LLC
Trial Balance
As of October 31, 2011

12:00 PM

11/09/2011

Accrual Basis

Oct 31, 11

	Debit	Credit
Bank of America	65,408.72	
Money Market Account	130,095.42	
SCBT Payroll Account	37,159.25	
Accounts Receivable	460,463.61	
Inventory Asset	955,151.60	
Prepaid Rent		250.00
Building Improvements:Clean Room Improvements	15,810.32	
Building Improvements:New Office Space Addition	5,626.44	
Building Improvements:Trane Air Conditioner-Prod.Area	10,711.38	
Converting Equipment:Appleton Core Cutter	8,000.00	
Converting Equipment:Bailer Cram-o-lot Manual Tie	3,212.72	
Converting Equipment:Balancer	4,500.00	
Converting Equipment:CoreTech Series F-3 Core Cutter	4,965.11	
Converting Equipment:Stretch Wrapper	3,230.00	
Converting Equipment:Trim Blowers (7 in total)	3,066.69	
Idle Equipment or CWIP:B3 - 86" Black-Clawson DR-15	38,254.72	
Idle Equipment or CWIP:Corona Treater	10,000.00	
Idle Equipment or CWIP:Machine 4 Rewinder (CIP)	6,946.92	
Idle Equipment or CWIP:Machine 7 - 80" Stand	9,700.00	
Office Equipment:- Sales and Customer Software	3,869.80	
Office Equipment:Allworx Telephone System	7,919.05	
Office Equipment:Color Laser Printer	1,158.00	
Office Equipment:Dell Optiplex 380	1,363.77	
Office Equipment:File Cabinets	1,406.59	
Office Equipment:Laser Printer	401.74	
Office Equipment:Office Cubicles	2,551.00	
Office Equipment:Office Furnishings	1,322.00	
Office Equipment:Server	2,161.75	
Office Equipment:Time Clock	423.99	
Other Equipment:2006 Caterpillar Narrow Fork Tru	31,370.00	
Other Equipment:3 Overhead Steel	5,841.31	
Other Equipment:40' Used Shipping Container	2,400.00	
Other Equipment:Iron Force Air Compressor 7.0HP	321.27	
Other Equipment:Kellogg 70 HP ???	0.12	
Other Equipment:Komatso Forklift FB25SH-4	4,678.59	
Other Equipment:Lawnmower/Weeder	420.00	
Other Equipment:Layon Roller #120 Various Width	3,212.72	
Other Equipment:Lincoln SP-200 Mig Welder	1,007.24	
Other Equipment:PantherPlus Digital Floor Scale	584.13	
Other Equipment:Racks	58,963.51	
Other Equipment:Steel Container	2,040.50	
Rewinders:Arpeco Rewinder	8,000.00	
Rewinders:R1-Stanford 188 slit/rew	16,636.56	
Rewinders:R2 - 24" Center Winder Slitter	8,288.27	
Rewinders:R3 - 30" Stanford 638	14,801.11	
Rewinders:R4 - 30" Stanford 1992	10,086.85	
Rewinders:T1 - 4" Dusenbury 750AB Salvag	1,960.33	

Carolina Custom Converting LLC

Trial Balance

12:00 PM

11/09/2011

Rewinders:T2 4" Dusenbury 750AB Salvage	1,460.33	
Slitters:A1 - 62" Arrow drum	36,557.44	
Slitters:B1 - 84" Bagley-Sewell CS-R	11,047.14	
Slitters:B2 - 100" Duplex Center	64,746.66	
Slitters:D1 - Dusebery 835	30,944.57	
Slitters:K1 - 62" Kamph	9,263.66	
Slitters:S1 -Stanford 338 slit/rew	50,602.71	
Slitters:S2- Selim 54"	11,885.22	
Slitters:S3 - 62" Stanford 338	32,038.05	
Vehicles:Freightliner M2 106 24 Foot Box	57,000.00	
Z. Accum. Depreciation		202,132.62
Cores, Etc	3,013.76	
Accounts Payable		132,506.82
Due to Cadillac Products		43,390.87
Payroll Liabilities		42,810.99
Payroll Liabilities:Employee Co-Pay on Health Ins.		32.44
Payroll Liabilities:Federal Lien - Employee PMJ		120.00
Payroll Liabilities:Federal Unemployment Payable		189.20
Payroll Liabilities:Federal Withholding		6,628.69
Payroll Liabilities:Loan - Employee Tommy McAlister	800.00	
Payroll Liabilities:SC Contingency Assessment		7.57
Payroll Liabilities:State Lien - Employee C.Pickens		539.81
Payroll Liabilities:State Lien - Employee PMJ		100.00
Payroll Liabilities:State Withholding		1,634.46
Equipment Loans - NonRecourse:CommunitySouth Bank		80,512.82
Equipment Loans - NonRecourse:CommunitySouth Offset	23,059.92	
Vehicle Financing:Daimler Finance #		41,199.38
Vehicle Financing:Wells Fargo-Portion Sales Tax		1,604.73
Vehicle Financing:Wells Fargo - Lease for ForkTru		27,101.18
Andrea's Equity Balance:Andrea's Advances	76,761.45	
Andrea's Equity Balance:Andrea's Health Insurance	2,679.67	
Dave's Equity Balance:Dave's Advances	325,103.10	
Dave's Equity Balance:Dave's Advances:Car for Owner - DW:Lexus	28,143.00	
Dave's Equity Balance:Dave's Advances:Car for Owner - DW:Lexus Financial 036 6132661		19,494.14
Dave's Equity Balance:Dave's Advances:Due from Dave - loans @ 10%	122,443.69	
Dave's Equity Balance:Dave's Contributions		3,000.00
Dave's Equity Balance:Dave's Health Insurance	4,876.92	
John's Equity Balance:John's Advances	325,103.44	
John's Equity Balance:John's Advances:Car for Owner-JG:2006 Ford F150	12,480.61	
John's Equity Balance:John's Contributions		3,000.00
John's Equity Balance:John's Health Insurance	4,876.92	
Retained Earnings		2,040,365.16
Rental Income		400.00
Sales - Foil		547,020.48
Sales - High Clarity Films (PET		595.90
Sales - PET		3,096,443.96
Sales - PET Corona Treatment		198,169.83
Sales - PVDC		118,913.19
Sales - White Film		7,476.30
Sales BOPP		46,506.41

Carolina Custom Converting LLC Trial Balance

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11/09/2011

Sales Metalized		549,497.74
w Discount Expense	17,011.20	
x Freight billed to customer		46,024.27
y-Other Sales		616.05
z- Customer Credits	1,454.67	
Direct Labor:Bonus	8,000.00	
Direct Labor:Employee Benefits	12,990.93	
Direct Labor:Federal Unemployment	4,951.21	
Direct Labor:Payroll Taxes - Employer Portio	42,400.54	
Direct Labor:State Unemployment	277.82	
Direct Labor:Vacation Pay/Personal Time Pay	4,693.27	
Direct Labor:Wages - OVERTIME	2,937.97	
Direct Labor:Wages - Production	436,962.53	
Freight - Inbound	68,382.83	
Freight -Outbound	134,095.76	
Materials - Cost of Goods Sold	3,080,280.91	
Outsource Slitting Expenses	19,313.12	
Outsourced Metallizing	36,452.79	
Packaging Costs	41,036.37	
Quality Assurance/Matters	49,581.27	
Sales commission expense	98,732.76	
Vendor Refunds		1,000.00
Advertising Expenses	6,811.33	
Bad Debt Expense		191,171.98
Bank Service Charges	2,211.71	
Business Gifts	225.20	
Business License,Fees,Permits	11,055.35	
Car/Truck Expense:Fuel	10,390.76	
Car/Truck Expense:Repairs & Maintenance	1,295.79	
Contribution	1,050.00	
Credit and Collection Charges	245.02	
Depreciation Expense	70,637.50	
Dues and Subscriptions	900.00	
Equipment Rental	6,450.00	
Insurance:Auto Insurance	2,499.01	
Insurance:General Liability Insurance	1,494.84	
Insurance:Professional Liability Ins.	450.00	
Insurance:Property Insurance	2,674.52	
Insurance:Worker's Compensation	6,466.78	
IT expense (incl. software)	9,644.52	
Legal Expenses	2,806.25	
Office Supplies	8,479.50	
Payroll Processing Expenses	900.00	
Postage and Shipping	4,368.79	
Reconciliation Discrepancies	86.49	
Rent	53,273.44	
Repairs and Maintenance:Labor	13,990.22	
Repairs and Maintenance:Materials/parts	37,318.76	
Sanitation	3,950.57	
Taxes - Property, Ad Valorem	4,969.24	
Telephone, Fax & Internet	18,948.28	

Carolina Custom Converting LLC
Trial Balance

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11/09/2011

Travel & Ent (BREAKOUT):Ent-Meals w/customers	1,491.03	
Travel & Ent (BREAKOUT):Meals-w/o vendor/customer NOTE	1,039.71	
Travel & Ent (BREAKOUT):Travel (Lodging/Transportation)	9,750.98	
Utilities - Power, Water, etc.	29,256.32	
Wages - SG&A:Employee Benefits	7,490.64	
Wages - SG&A:Wages - Gen & Admin	147,779.27	
Wages - SG&A:Wages - Sales	22,091.93	
Interest Income		5,760.76
Other Income		46,740.86
Set Up Fee		2,175.00
Toll Rewinding Income		343.50
Toll Slitting Income		206,769.66
Trim Waste Sales		75,657.71
Interest Expense	25,473.42	
TOTAL	<u>7,787,904.48</u>	<u>7,787,904.48</u>

Carolina Custom Converting LLC

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A/P Aging Summary

11/08/2011

As of October 31, 2011

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
3M Film Manufacturin	5,808.60	9,916.20	0.00	0.00	0.00	15,724.80
All Balers & Hydraulic	224.16	0.00	0.00	0.00	0.00	224.16
American Express	5,906.87	0.00	0.00	0.00	0.00	5,906.87
American Trading Int.	31,163.00	0.00	0.00	0.00	0.00	31,163.00
Anderson County Tre:	4,760.44	0.00	0.00	0.00	0.00	4,760.44
AzkoNobel Specialty I	5,204.25	0.00	0.00	0.00	0.00	5,204.25
Bayne's Pallets Sales	685.00	0.00	0.00	0.00	0.00	685.00
C.H. Robinson Comp:	2,913.26	0.00	0.00	0.00	0.00	2,913.26
Caine Company, Inc.	653.25	0.00	0.00	0.00	0.00	653.25
Custom Laminating C	16,406.25	0.00	0.00	0.00	0.00	16,406.25
Cyber Solutions Inc.	169.50	2,639.34	0.00	0.00	0.00	2,808.84
David Wilson	1,092.61	0.00	0.00	0.00	0.00	1,092.61
Everest Scale, Inc	554.20	0.00	0.00	0.00	0.00	554.20
FedEx	17.80	0.00	0.00	0.00	0.00	17.80
Flex America, Inc.	0.00	0.00	0.00	0.00	-1,050.00	-1,050.00
Hangshou Dahua Pla:	0.00	-8,562.60	0.00	0.00	0.00	-8,562.60
Inteplast Group, Ltd (	1,505.60	0.00	0.00	0.00	0.00	1,505.60
John C. Gandis	378.25	0.00	0.00	0.00	0.00	378.25
Jones Day	3,212.50	0.00	0.00	0.00	0.00	3,212.50
M&R Metal Fabricatio	85.00	0.00	0.00	0.00	0.00	85.00
Mitsubishi Polyester I	24,117.10	0.00	0.00	0.00	0.00	24,117.10
Newark Paperboard P	4,609.31	0.00	0.00	0.00	-6.45	4,602.86
Palmetto State Transp	2,532.98	0.00	0.00	0.00	0.00	2,532.98
Performance Packagii	1,610.41	0.00	0.00	0.00	0.00	1,610.41
Polymer Marketing	174.00	0.00	0.00	0.00	0.00	174.00
Progressive Machinin	1,622.50	0.00	0.00	0.00	0.00	1,622.50
Rogers & Brown Nort	15,084.97	6,508.87	0.00	0.00	0.00	21,593.84
Schriv Properties 2	3,000.00	0.00	0.00	0.00	0.00	3,000.00
Star Tool Sharpening	250.00	0.00	0.00	0.00	0.00	250.00
Streamiline Bookkeep	709.46	0.00	0.00	0.00	0.00	709.46
Toray Plastics (Ameri	25,615.80	18,324.18	0.00	0.00	0.00	43,939.98
Underwriters Laborat	676.00	0.00	0.00	0.00	0.00	676.00
Verizon Wireless	991.62	0.00	0.00	0.00	0.00	991.62
Wellpath Select Inc	-4,100.81	0.00	0.00	0.00	0.00	-4,100.81
Xiamen Changtian En	0.00	-37,060.75	0.00	-15,835.85	0.00	-52,896.60
TOTAL	157,633.88	-8,234.76	0.00	-15,835.85	-1,056.45	132,506.82

Add Back Prepayment on Film Deposit

52,896.60

Accounts Payable on October 31, 2011

185,403.42

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10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

Carolina Custom Converting LLC
Trial Balance
As of November 30 , 2011

	Nov 30,
	Debit
Bank of America	35,371.34
Money Market Account	119,343.80
SCBT Payroll Account	74,641.81
suspense acct	2,663.34
Accounts Receivable	346,598.18
Inventory Asset	836,061.42
Prepaid Rent	
Building Improvements:Clean Room Improvements	12,301.00
Building Improvements:New Office Space Addition	5,910.07
Building Improvements:Trane Air Conditioner-Prod.Area	10,711.38
Converting Equipment:Appleton Core Cutter	8,000.00
Converting Equipment:Bailer Cram-o-lot Manual Tie	3,212.72
Converting Equipment:Baler	4,500.00
Converting Equipment:CoreTech Series F-3 Core Cutter	4,965.11
Converting Equipment:Stretch Wrapper	3,230.00
Converting Equipment:Trim Blowers (7 in total)	3,066.69
Idle Equipment or CWIP:B3 - 86" Black-Clawson DR-15	665.00
Office Equipment:- Sales and Customer Software	3,869.80
Office Equipment:Allworx Telephone System	7,919.05
Office Equipment:Color Laser Printer	1,158.00
Office Equipment:Dell Optiplex 380	1,363.77
Office Equipment:File Cabinets	1,406.59
Office Equipment:Laser Printer	401.74
Office Equipment:Office Cubicles	2,551.00
Office Equipment:Office Furnishings	1,322.00
Office Equipment:Server	2,161.75
Office Equipment:Time Clock	423.99
Other Equipment:2006 Catepillar Narrow Fork Tru	31,370.00
Other Equipment:3 Overhead Steel	5,841.31
Other Equipment:40' Used Shipping Container	2,400.00
Other Equipment:Iron Force Air Compressor 7.0HP	321.27
Other Equipment:Kellogg 70 HP ???	0.12
Other Equipment:Komatso Forklift FB25SH-4	4,678.59
Other Equipment:Lawnmower/Weeder	420.00
Other Equipment:Layon Roller #120 Various Width	3,212.72
Other Equipment:Lincoln SP-200 Mig Welder	785.00
Other Equipment:PantherPlus Digital Floor Scale	584.13
Other Equipment:Racks	58,963.51
Other Equipment:Steel Container	2,040.50
Rewinders:Arpeco Rewinder	8,000.00
Rewinders:R1-Stanford 188 slit/rew	16,636.56
Rewinders:R2 - 24" Center Winder Slitter	7,885.77
Rewinders:R3 - 30" Stanford 638	11,974.69
Rewinders:R4 - 30" Stanford 1992	6,500.00
Rewinders:T1 - 4" Dusenbury 750AB Salvag	1,960.33
Rewinders:T2 4" Dusenbury 750AB Salvage	1,460.33
Slitters:A1 - 62" Arrow drum	36,557.44

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10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

Carolina Custom Converting LLC
Trial Balance

Slitters:B1 - 84" Bagley-Sewell CS-R	10,266.14
Slitters:B2 - 100" Duplex Center	52,709.08
Slitters:D1 - Dusebery 835	30,944.57
Slitters:K1 - 62" Kamph	7,570.60
Slitters:S1 -Stanford 338 slit/rew	45,962.71
Slitters:S2- Selim 54"	11,885.22
Slitters:S3 - 62" Stanford 338	30,118.05
Vehicles:Freightliner M2 106 24 Foot Box	57,000.00
Z. Accum. Depreciation	
Cores, Etc	3,013.76
Accounts Payable	
AMEX - 41006	
Deposits on Open Orders	
Due to Cadillac Products	
Payroll Liabilities	
Payroll Liabilities:Federal Lien - Employee PMJ	
Payroll Liabilities:Federal Unemployment Payable	
Payroll Liabilities:SC Contingency Assessment	
Payroll Liabilities:State Lien - Employee C.Pickens	
Equipment Loans - NonRecourse:Appalachian Development Corp	
Equipment Loans - NonRecourse:CommunitySouth Bank	
Vehicle Financing:Daimler Finance #	
Vehicle Financing:Wells Fargo-Portion Sales Tax	
Vehicle Financing:Wells Fargo - Lease for ForkTru	
Andrea's Equity Balance:Andrea's Advances	86,761.45
Andrea's Equity Balance:Andrea's Health Insurance	3,445.29
Dave's Equity Balance:Dave's Advances	370,103.10
Dave's Equity Balance:Dave's Advances:Car for Owner - DW:Lexus	28,143.00
Dave's Equity Balance:Dave's Advances:Car for Owner - DW:Lexus Financial 036 6132661	
Dave's Equity Balance:Dave's Advances:Due from Dave - loans @ 10%	89,443.69
Dave's Equity Balance:Dave's Contributions	
Dave's Equity Balance:Dave's Health Insurance	5,960.68
John's Equity Balance:John's Advances	370,103.44
John's Equity Balance:John's Advances:Car for Owner-JG:2006 Ford F150	12,480.61
John's Equity Balance:John's Contributions	
John's Equity Balance:John's Health Insurance	5,960.68
Retained Earnings	
Rental Income	
Sales - Foil	
Sales - High Clarity Films (PET	
Sales - PET	
Sales - PET Corona Treatment	
Sales - PVDC	
Sales - White Film	
Sales BOPP	
Sales Metalized	
w Discount Expense	17,315.11
x Freight billed to customer	
y-Other Sales	
z- Customer Credits	1,454.67

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10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

Carolina Custom Converting LLC
Trial Balance

Direct Labor:Bonus	8,000.00
Direct Labor:Employee Benefits	15,412.16
Direct Labor:Federal Unemployment	4,951.21
Direct Labor:Payroll Taxes - Employer Portio	42,400.54
Direct Labor:State Unemployment	277.82
Direct Labor:Vacation Pay/Personal Time Pay	4,693.27
Direct Labor:Wages - OVERTIME	2,937.97
Direct Labor:Wages - Production	443,209.81
Freight - Inbound	69,770.69
Freight -Outbound	143,963.94
Materials - Cost of Goods Sold	3,487,904.19
Outsource Slitting Expenses	19,313.12
Outsourced Metallizing	38,267.33
Packaging Costs	42,675.26
Quality Assurance/Matters	64,791.71
Sales commission expense	106,976.66
Vendor Refunds	
Advertising Expenses	7,306.33
Bad Debt Expense	
Bank Service Charges	2,398.66
Business Gifts	225.20
Business License,Fees,Permits	11,055.35
Car/Truck Expense:Fuel	10,910.98
Car/Truck Expense:Repairs & Maintenance	1,314.87
Contribution	1,050.00
Credit and Collection Charges	347.73
Depreciation Expense	94,296.04
Dues and Subscriptions	900.00
Equipment Rental	6,450.00
Insurance:Auto Insurance	2,499.01
Insurance:General Liability Insurance	1,494.84
Insurance:Professional Liability Ins:	450.00
Insurance:Property Insurance	3,789.55
Insurance:Worker's Compensation	6,466.78
IT expense (incl. software)	9,693.02
Legal Expenses	2,806.25
Loss of Sale	115,416.94
Miscellaneous	
Office Supplies	9,233.50
Payroll Processing Expenses	1,058.98
Postage and Shipping	5,897.81
Reconciliation Discrepancies	86.49
Rent	59,310.69
Repairs and Maintenance:	38,090.40
Repairs and Maintenance:Clean Room	3,509.32
Repairs and Maintenance:Labor	15,664.38
Repairs and Maintenance:Materials/parts	43,074.34
Sanitation	4,483.49
Taxes - Property, Ad Valorem	6,627.27
Telephone, Fax & Internet	20,924.84
Travel & Ent (BREAKOUT):Ent-Meals w/customers	1,490.82

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10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

Carolina Custom Converting LLC
Trial Balance

Travel & Ent (BREAKOUT):Meals-w/o vendor/customer NOTE	1,072.33
Travel & Ent (BREAKOUT):Travel (Lodging/Transportation)	9,793.88
Utilities - Power, Water, etc.	32,014.59
Wages - SG&A:Employee Benefits	9,109.66
Wages - SG&A:Wages - Gen & Admin	150,591.01
Wages - SG&A:Wages - Sales	22,091.93
Interest Income	
TOTAL Other Income	
Set Up Fee	
Toll Rewinding Income	
Toll Slitting Income	
Trim Waste Sales	
Interest Expense	
	26,532.83
	<u>8,171,129.46</u>

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10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

Carolina Custom Converting LLC
Trial Balance
As of November 30, 2011

12:04 PM
12/09/2011
Accrual Basis
11

Credit

Bank of America	
Money Market Account	
SCBT Payroll Account	
suspense acct	
Accounts Receivable	
Inventory Asset	
Prepaid Rent	100.00
Building Improvements:Clean Room Improvements	
Building Improvements:New Office Space Addition	
Building Improvements:Trane Air Conditioner-Prod.Area	
Converting Equipment:Appleton Core Cutter	
Converting Equipment:Bailer Cram-o-lot Manual Tie	
Converting Equipment:Baler	
Converting Equipment:CoreTech Series F-3 Core Cutter	
Converting Equipment:Stretch Wrapper	
Converting Equipment:Trim Blowers (7 in total)	
Idle Equipment or CWIP:B3 - 86" Black-Clawson DR-15	
Office Equipment:- Sales and Customer Software	
Office Equipment:Allworx Telephone System	
Office Equipment:Color Laser Printer	
Office Equipment:Dell Optiplex 380	
Office Equipment:File Cabinets	
Office Equipment:Laser Printer	
Office Equipment:Office Cubicles	
Office Equipment:Office Furnishings	
Office Equipment:Server	
Office Equipment:Time Clock	
Other Equipment:2006 Caterpillar Narrow Fork Tru	
Other Equipment:3 Overhead Steel	
Other Equipment:40' Used Shipping Container	
Other Equipment:Iron Force Air Compressor 7.0HP	
Other Equipment:Kellogg 70 HP ???	
Other Equipment:Komatso Forklift FB25SH-4	
Other Equipment:Lawnmower/Weeder	
Other Equipment:Layon Roller #120 Various Width	
Other Equipment:Lincoln SP-200 Mig Welder	
Other Equipment:PantherPlus Digital Floor Scale	
Other Equipment:Racks	
Other Equipment:Steel Container	
Rewinders:Arpeco Rewinder	
Rewinders:R1-Stanford 188 slit/rew	
Rewinders:R2 - 24" Center Winder Slitter	
Rewinders:R3 - 30" Stanford 638	
Rewinders:R4 - 30" Stanford 1992	
Rewinders:T1 - 4" Dusenbury 750AB Salvag	
Rewinders:T2 4" Dusenbury 750AB Salvage	
Slitters:A1 - 62" Arrow drum	

12:56 PM
10/11/11
Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

Carolina Custom Converting LLC
Trial Balance

12:04 PM
12/09/2011

Slitters:B1 - 84" Bagley-Sewell CS-R	
Slitters:B2 - 100" Duplex Center	
Slitters:D1 - Dusebery 835	
Slitters:K1 - 62" Kamph	
Slitters:S1 -Stanford 338 slit/rew	
Slitters:S2- Selim 54"	
Slitters:S3 - 62" Stanford 338	
Vehicles:Freightliner M2 106 24 Foot Box	
Z. Accum. Depreciation	225,791.16
Cores, Etc	
Accounts Payable	233,577.56
AMEX - 41006	2.99
Deposits on Open Orders	1,400.00
Due to Cadillac Products	57,788.81
Payroll Liabilities	940.28
Payroll Liabilities:Federal Lien - Employee PMJ	120.00
Payroll Liabilities:Federal Unemployment Payable	189.20
Payroll Liabilities:SC Contingency Assessment	7.57
Payroll Liabilities:State Lien - Employee C.Pickens	539.81
Equipment Loans - NonRecourse:Appalachian Development Corp	25,698.38
Equipment Loans - NonRecourse:CommunitySouth Bank	77,572.01
Vehicle Financing:Daimler Finance #	40,446.62
Vehicle Financing:Wells Fargo-Portion Sales Tax	1,551.64
Vehicle Financing:Wells Fargo - Lease for ForkTru	26,336.95
Andrea's Equity Balance:Andrea's Advances	
Andrea's Equity Balance:Andrea's Health Insurance	
Dave's Equity Balance:Dave's Advances	
Dave's Equity Balance:Dave's Advances:Car for Owner - DW:Lexus	
Dave's Equity Balance:Dave's Advances:Car for Owner - DW:Lexus Financial 036 6132661	19,045.36
Dave's Equity Balance:Dave's Advances:Due from Dave - loans @ 10%	
Dave's Equity Balance:Dave's Contributions	3,000.00
Dave's Equity Balance:Dave's Health Insurance	
John's Equity Balance:John's Advances	
John's Equity Balance:John's Advances:Car for Owner-JG:2006 Ford F150	
John's Equity Balance:John's Contributions	3,000.00
John's Equity Balance:John's Health Insurance	
Retained Earnings	2,040,365.16
Rental Income	550.00
Sales - Foil	547,020.48
Sales - High Clarity Films (PET	595.90
Sales - PET	3,267,725.59
Sales - PET Corona Treatment	232,170.29
Sales - PVDC	139,423.39
Sales - White Film	7,476.30
Sales BOPP	46,506.41
Sales Metalized	589,111.36
w Discount Expense	
x Freight billed to customer	46,921.25
y-Other Sales	616.05
z- Customer Credits	

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Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

Carolina Custom Converting LLC
Trial Balance

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Direct Labor:Bonus	
Direct Labor:Employee Benefits	
Direct Labor:Federal Unemployment	
Direct Labor:Payroll Taxes - Employer Portio	
Direct Labor:State Unemployment	
Direct Labor:Vacation Pay/Personal Time Pay	
Direct Labor:Wages - OVERTIME	
Direct Labor:Wages - Production	
Freight - Inbound	
Freight -Outbound	
Materials - Cost of Goods Sold	
Outsource Slitting Expenses	
Outsourced Metallizing	
Packaging Costs	
Quality Assurance/Matters	
Sales commission expense	
Vendor Refunds	1,000.00
Advertising Expenses	
Bad Debt Expense	191,171.58
Bank Service Charges	
Business Gifts	
Business License,Fees,Permits	
Car/Truck Expense:Fuel	
Car/Truck Expense:Repairs & Maintenance	
Contribution	
Credit and Collection Charges	
Depreciation Expense	
Dues and Subscriptions	
Equipment Rental	
Insurance:Auto Insurance	
Insurance:General Liability Insurance	
Insurance:Professional Liability Ins.	
Insurance:Property Insurance	
Insurance:Worker's Compensation	
IT expense (incl. software)	
Legal Expenses	
Loss of Sale	
Miscellaneous	1.39
Office Supplies	
Payroll Processing Expenses	
Postage and Shipping	
Reconciliation Discrepancies	
Rent	
Repairs and Maintenance	
Repairs and Maintenance:Clean Room	
Repairs and Maintenance:Labor	
Repairs and Maintenance:Materials/parts	
Sanitation	
Taxes - Property, Ad Valorem	
Telephone, Fax & Internet	
Travel & Ent (BREAKOUT):Ent-Meals w/customers	

12:56 PM
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Accrual Basis

Carolina Custom Converting LLC
Trial Balance
As of September 30, 2011

Carolina Custom Converting LLC		12:04 PM
Trial Balance		12/09/2011
	Travel & Ent (BREAKOUT):Meals-w/o vendor/customer NOTE	
	Travel & Ent (BREAKOUT):Travel (Lodging/Transportation)	
	Utilities - Power, Water, etc.	
	Wages - SG&A:Employee Benefits	
	Wages - SG&A:Wages - Gen & Admin	
	Wages - SG&A:Wages - Sales	
	Interest Income	6,157.27
TOTAL	Other Income	45,958.27
	Set Up Fee	2,625.00
	Toll Rewinding Income	1,131.20
	Toll Slitting Income	220,002.42
	Trim Waste Sales	67,491.81
	Interest Expense	
		8,171,129.46

Carolina Custom Converting LLC

10:02 AM

A/P Aging Summary

12/09/2011

As of November 30, 2011

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Abet Packaging	13,728.60	0.00	0.00	0.00	0.00	13,728.60
American Express	8,060.34	0.00	0.00	0.00	0.00	8,060.34
American Sales Group, Inc.	315.00	0.00	0.00	0.00	0.00	315.00
American Trading Int.	14,306.50	22,060.00	0.00	0.00	0.00	36,366.50
Anderson County Treasurer	4,760.44	0.00	0.00	0.00	0.00	4,760.44
Andrea Comeau-Shirley	429.26	0.00	0.00	0.00	0.00	429.26
ATF Services	135.34	0.00	0.00	0.00	0.00	135.34
C.H. Robinson Company, Inc.	5,845.66	0.00	0.00	0.00	0.00	5,845.66
Christopher S Caley	0.00	420.00	1,105.50	0.00	0.00	1,525.50
Consolidated Label Co.	100.00	0.00	0.00	0.00	0.00	100.00
David Wilson	1,092.61	0.00	0.00	0.00	0.00	1,092.61
Duke Energy	0.00	86.35	0.00	0.00	0.00	86.35
Everest Scale, Inc	334.20	0.00	0.00	0.00	0.00	334.20
Filmtech	2,115.10	0.00	0.00	0.00	0.00	2,115.10
Flex America, Inc.	0.00	0.00	0.00	0.00	-1,050.00	-1,050.00
Green Gate LLC	653.25	0.00	0.00	0.00	0.00	653.25
Hangshou Dahua Plastics Indu	0.00	8,562.60	-8,562.60	0.00	0.00	0.00
Helena Mayfield	0.00	75.31	0.00	0.00	0.00	75.31
Hill Manufacturing Company, Ir	141.18	0.00	0.00	0.00	0.00	141.18
Imperial Metrology	76.16	0.00	0.00	0.00	0.00	76.16
Inteplast Group, Ltd (AmTopp)	2,563.40	0.00	0.00	0.00	0.00	2,563.40
JBF RAK LLC	0.00	0.00	0.00	0.00	0.00	0.00
Jones Day	1,800.00	0.00	0.00	0.00	0.00	1,800.00
M&R Metal Fabrication	150.00	0.00	0.00	0.00	0.00	150.00
Mitsubishi Polyester Film, Inc.	39,094.65	0.00	0.00	0.00	0.00	39,094.65
Newark Paperboard Products	1,046.95	0.00	0.00	0.00	-6.45	1,040.50
Palmetto State Transportation	2,919.90	0.00	0.00	0.00	0.00	2,919.90
Performance Packaging, Inc.	276.94	0.00	0.00	0.00	0.00	276.94
Progressive Machining & Fabri	14,315.30	0.00	0.00	0.00	0.00	14,315.30
Rogers & Brown North America	2,623.65	0.00	0.00	0.00	0.00	2,623.65
Rol-Vac LP	0.00	-300.56	0.00	0.00	0.00	-300.56
Schrivers Properties 2 LLC	2,000.00	0.00	0.00	0.00	0.00	2,000.00
Streamline Bookkeeping	0.00	696.40	0.00	0.00	0.00	696.40
Toray Plastics (America), Inc.	78,271.62	10,248.12	0.00	0.00	0.00	88,519.74
Underwriters Laboratories Inc.	0.00	676.00	0.00	0.00	0.00	676.00
Verizon Wireless	0.00	1,042.52	0.00	0.00	0.00	1,042.52
Wells Fargo Equipment Financ	884.00	0.00	0.00	0.00	0.00	884.00
Windstream Communications	0.00	484.32	0.00	0.00	0.00	484.32
TOTAL	198,040.05	44,051.06	-7,457.10	0.00	-1,056.45	233,577.56

Carolina Custom Converting LLC
Trial Balance

10:26 AM

01/10/2012

Dec 31, 11

	Debit	Credit
Bank of America	49,834.54	
Money Market Account	45,269.77	
Reserved for Tax Distributions		147,636.01
SCBT Payroll Account	40,774.73	
Accounts Receivable	411,099.11	
Inventory Asset	522,501.23	
Inventory Reserve:BoPP Reserve - Remnants		11,500.00
Inventory Reserve:Nylon Reserve, incl. Remnants		8,000.00
Inventory Reserve:Obsolete Inventory Reserve		67,500.00
Inventory Reserve:White Film Reserve		14,250.00
Building Improvements:Clean Room Improvements	12,301.00	
Building Improvements:New Office Space Addition	5,910.07	
Building Improvements:Trane Air Conditioner-Prod.Area	10,711.38	
Converting Equipment:Appleton Core Cutter	8,000.00	
Converting Equipment:Bailer Cram-o-lot Manual Tie	3,212.72	
Converting Equipment:Baler	4,500.00	
Converting Equipment:CoreTech Series F-3 Core Cutter	4,965.11	
Converting Equipment:Stretch Wrapper	3,230.00	
Converting Equipment:Trim Blowers (7 in total)	3,066.69	
Idle Equipment or CWIP:B3 - 86" Black-Clawson DR-15	40,676.72	
Idle Equipment or CWIP:Corona Treater	10,000.00	
Idle Equipment or CWIP:Machine 4 Rewinder (CIP)	6,946.92	
Idle Equipment or CWIP:Machine 7 - 80" Stand	9,700.00	
Office Equipment	148.33	
Office Equipment:- Sales and Customer Software	3,869.80	
Office Equipment:Allworx Telephone System	7,919.05	
Office Equipment:Color Laser Printer	1,158.00	
Office Equipment:Dell Optiplex 380	1,363.77	
Office Equipment:File Cabinets	1,406.59	
Office Equipment:Laser Printer	401.74	
Office Equipment:Office Cubicles	2,551.00	
Office Equipment:Office Furnishings	1,322.00	
Office Equipment:Server	2,161.75	
Office Equipment:Time Clock	423.99	
Other Equipment:2006 Catepillar Narrow Fork Tru	31,370.00	
Other Equipment:3 Overhead Steel	5,841.31	
Other Equipment:40' Used Shipping Container	2,400.00	
Other Equipment:Iron Force Air Compressor 7.0HP	321.27	
Other Equipment:Kellogg 70 HP ???	0.12	
Other Equipment:Komatso Forklift FB25SH-4	4,678.59	
Other Equipment:Lawnmower/Weeder	420.00	
Other Equipment:Layon Roller #120 Various Width	3,212.72	
Other Equipment:Lincoln SP-200 Mig Welder	785.00	
Other Equipment:PantherPlus Digital Floor Scale	584.13	
Other Equipment:Racks	58,963.51	
Other Equipment:Steel Container	2,040.50	
Rewinders:Arpeco Rewinder	8,000.00	
Rewinders:R1-Stanford 188 slit/rew	16,636.56	

Carolina Custom Converting LLC
Trial Balance

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01/10/2012

Rewinders:R2 - 24" Center Winder Slitter	7,885.77	
Rewinders:R3 - 30" Stanford 638	11,974.69	
Rewinders:R4 - 30" Stanford 1992	6,500.00	
Rewinders:T1 - 4" Dusenbury 750AB Salvag	1,960.33	
Rewinders:T2 4" Dusenbury 750AB Salvage	1,460.33	
Slitters:A1 - 62" Arrow drum	36,557.44	
Slitters:B1 - 84" Bagley-Sewell CS-R	10,266.14	
Slitters:B2 - 100" Duplex Center	52,709.08	
Slitters:D1 - Dusebery 835	30,944.57	
Slitters:K1 - 62" Kamph	56,328.90	
Slitters:S1 -Stanford 338 slit/rew	45,962.71	
Slitters:S2- Selim 54"	11,885.22	
Slitters:S3 - 62" Stanford 338	30,118.05	
Vehicles:Freightliner M2 106 24 Foot Box	57,000.00	
Z. Accum. Depreciation		508,815.97
Accounts Payable		124,288.15
Accrued Expenses		69,963.57
Due to Cadillac Products		57,788.81
Due to LeHigh Outfitters	633.27	
Payroll Liabilities		17.96
Payroll Liabilities:C.Pickens-Child Support 111.66/		58.28
Payroll Liabilities:D Green - Child Support 125.49/		250.98
Payroll Liabilities:D.Bell-Child Support-78.46		78.46
Payroll Liabilities:Federal Unemployment Payable		1,635.99
Payroll Liabilities:Federal Withholding		57.90
Payroll Liabilities:SC Contingency Assessment		198.29
Payroll Liabilities:State unemployment Payable		796.00
Payroll Liabilities:State Withholding	11.00	
Warranty Reserve		15,000.00
Equipment Loans - NonRecourse:Appalachian Development Corp		25,698.38
Equipment Loans - NonRecourse:CommunitySouth Bank		74,631.20
Preference on Units		100,000.00
Vehicle Financing:Daimler Finance #		39,678.74
Vehicle Financing:Wells Fargo-Portion Sales Tax		1,498.55
Vehicle Financing:Wells Fargo - Lease for ForkTru		25,569.32
Andrea's Equity Balance:Andrea's Advances	86,761.45	
Andrea's Equity Balance:Andrea's Health Insurance	3,828.10	
Dave's Equity Balance:Dave's Advances	382,584.05	
Dave's Equity Balance:Dave's Advances:Due from Dave - loans @ 10%	136,659.29	
Dave's Equity Balance:Dave's Contributions		3,000.00
Dave's Equity Balance:Dave's Health Insurance	6,502.56	
Due from Dave - Partner Loans	2,131.69	
John's Equity Balance:John's Advances	382,584.05	
John's Equity Balance:John's Contributions		3,000.00
John's Equity Balance:John's Health Insurance	6,502.56	
Retained Earnings		2,040,365.16
Tax Distributions Payable	147,636.01	
Rental Income		650.00
Sales - Foil		640,183.58
Sales - High Clarity Films (PET)		595.90

Carolina Custom Converting LLC Trial Balance

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Sales - PET		3,385,607.30
Sales - PET Corona Treatment		241,429.14
Sales - PVDC		229,845.36
Sales - White Film		19,816.10
Sales BOPP		80,600.89
Sales Metalized		626,857.96
w Discount Expense	17,482.22	
x Freight billed to customer		50,177.88
y-Other Sales		616.05
z- Customer Credits	1,454.67	
Direct Labor:Bonus	26,168.00	
Direct Labor:Employee Benefits	24,407.56	
Direct Labor:Federal Unemployment	6,398.00	
Direct Labor:Payroll Taxes - Employer Portio	51,931.51	
Direct Labor:State Unemployment	1,264.54	
Direct Labor:Vacation Pay/Personal Time Pay	22,838.00	
Direct Labor:Wages - OVERTIME	4,728.29	
Direct Labor:Wages - Production	450,927.61	
Freight - Inbound	73,807.94	
Freight -Outbound	166,112.55	
Inventory Reserves	93,250.00	
Materials - Cost of Goods Sold	3,936,118.63	
Outsource Slitting Expenses	19,313.12	
Outsourced Metallizing	38,567.33	
Packaging Costs	47,460.21	
Quality Assurance/Matters	80,601.21	
Sales commission expense	124,724.23	
Vendor Refunds		1,000.00
Advertising Expenses	7,598.83	
Ask ANDREA before month end	1,000.00	
Bad Debt Expense		178,338.95
Bank Service Charges	2,470.61	
Business Gifts	1,127.16	
Business License,Fees,Permits	11,055.35	
Car/Truck Expense:Fuel	11,378.57	
Car/Truck Expense:Repairs & Maintenance	1,038.66	
Contribution	1,050.00	
Credit and Collection Charges	2,172.40	
Depreciation Expense	377,320.85	
Dues and Subscriptions	900.00	
Equipment Rental	6,450.00	
Insurance:Auto Insurance	2,270.35	
Insurance:General Liability Insurance	1,494.84	
Insurance:Professional Liability Ins.	450.00	
Insurance:Property Insurance	4,164.54	
Insurance:Worker's Compensation	12,356.55	
IT expense (incl. software)	10,108.93	
Legal Expenses	18,650.00	
Miscellaneous		1.39
Office Supplies	9,590.24	
Payroll Processing Expenses	1,058.98	

Carolina Custom Converting LLC
Trial Balance

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01/10/2012

Postage and Shipping	6,199.72	
Preference for Minority	100,000.00	
Reconciliation Discrepancies	86.49	
Rent	63,579.94	
Repairs and Maintenance	38,090.40	
Repairs and Maintenance:Clean Room	3,509.32	
Repairs and Maintenance:Labor	15,941.88	
Repairs and Maintenance:Materials/parts	44,225.11	
Sanitation	4,851.41	
Taxes - Property, Ad Valorem	6,627.27	
Telephone, Fax & Internet	22,678.26	
Travel & Ent (BREAKOUT):Ent-Meals w/customers	1,710.82	
Travel & Ent (BREAKOUT):Meals-w/o vendor/customer NOTE	1,090.56	
Travel & Ent (BREAKOUT):Travel (Lodging/Transportation)	10,294.08	
Utilities - Power, Water, etc.	34,495.45	
Wages - SG&A:Employee Benefits	8,969.66	
Wages - SG&A:Wages - Gen & Admin	187,089.26	
Wages - SG&A:Wages - Sales	36,343.22	
Interest Income		11,545.51
Other Income		45,958.27
Set Up Fee		2,775.00
Toll Rewinding Income		2,361.95
Toll Slitting Income		223,519.92
Trim Waste Sales		68,190.45
Interest Expense	26,237.01	
TOTAL	<u>9,151,349.32</u>	<u>9,151,349.32</u>

Carolina Custom Converting LLC
A/P Aging Summary
As of December 31, 2011

10:24 AM
01/10/2012

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
3M	17,668.37	0.00	0.00	0.00	0.00	17,668.37
Abet Packaging	8,635.20	14,391.90	0.00	0.00	0.00	23,027.10
Air Diffusion Council	0.00	220.00	0.00	0.00	0.00	220.00
American Express	7,782.32	0.00	0.00	0.00	0.00	7,782.32
Andrea Comeau-Shirley	0.00	148.33	0.00	0.00	0.00	148.33
AT&T	180.19	0.00	0.00	0.00	0.00	180.19
ATF Services	60.00	0.00	0.00	0.00	0.00	60.00
Blossman Gas	231.00	0.00	0.00	0.00	0.00	231.00
BPR Plastic	0.00	32,745.00	0.00	0.00	0.00	32,745.00
C.H. Robinson Company,	4,430.02	0.00	0.00	0.00	0.00	4,430.02
Consolidated Label Co.	100.00	0.00	0.00	0.00	0.00	100.00
Cooper Sand & Gravel Co	809.50	0.00	0.00	0.00	0.00	809.50
Custom Laminating Corp.	8,125.00	0.00	0.00	0.00	0.00	8,125.00
Cyber Solutions Inc.	290.00	0.00	0.00	0.00	0.00	290.00
Duke Energy	36.47	0.00	0.00	0.00	0.00	36.47
Electric City Utilities	113.57	0.00	0.00	0.00	0.00	113.57
Everest Scale, Inc	217.50	0.00	0.00	0.00	0.00	217.50
Fastenal	374.59	0.00	0.00	0.00	0.00	374.59
Flex America, Inc.	0.00	0.00	0.00	0.00	0.00	0.00
Inteplast Group, Ltd (AmT	952.20	0.00	0.00	0.00	0.00	952.20
James J. Bucks	0.00	326.19	0.00	0.00	0.00	326.19
JBF RAK LLC	0.00	-32,293.16	-14,760.00	0.00	0.00	-47,053.16
John C. Gandis	0.00	668.38	0.00	0.00	0.00	668.38
Jones Day	843.75	0.00	0.00	0.00	0.00	843.75
M&R Metal Fabrication	150.00	0.00	0.00	0.00	0.00	150.00
Mitsubishi Polyester Film,	4,259.60	0.00	0.00	0.00	0.00	4,259.60
Newark Paperboard Prodt	0.00	0.00	0.00	0.00	-6.45	-6.45
Palmetto State Transportz	5,050.95	0.00	0.00	0.00	0.00	5,050.95
Progressive Machining &	0.00	12,464.82	0.00	0.00	0.00	12,464.82
Rogers & Brown North An	2,340.00	0.00	0.00	0.00	0.00	2,340.00
Rol-Vac LP	0.00	0.00	-300.56	0.00	0.00	-300.56
Streamline Bookkeeping	0.00	522.30	0.00	0.00	0.00	522.30
The Hartford	1,889.77	0.00	0.00	0.00	0.00	1,889.77
Toray Plastics (America), I	43,910.90	0.00	0.00	0.00	0.00	43,910.90
Valley Spring Water & Col	98.56	0.00	0.00	0.00	0.00	98.56
Verizon Wireless	1,070.36	0.00	0.00	0.00	0.00	1,070.36
Wells Fargo Equipment Fi	0.00	55.66	0.00	0.00	0.00	55.66
Windstream Communicati	485.92	0.00	0.00	0.00	0.00	485.92
TOTAL	<u>110,105.74</u>	<u>29,249.42</u>	<u>-15,060.56</u>	<u>0.00</u>	<u>-6.45</u>	<u>124,288.15</u>

Add Back - Prepayment for Film 47,053.16

Total Accounts Payable at 12/31/2011 171,341.31

From: Steve Norvell <snorvell@freshwatersystems.com>
Sent: Monday, January 02, 2012 3:00 PM
To: 'Dave Wilson'; 'Anthony Baumann'
Subject: RE: Carolina Custom Converting

I'll send out an updated calendar event. I'll have to cut out at 3:20p to make my weekly appointment w/ my masseuse ☺

From: Dave Wilson [mailto:davewilsonsr@charter.net]
Sent: Monday, January 02, 2012 2:57 PM
To: 'Anthony Baumann'; 'Steve Norvell'
Subject: RE: Carolina Custom Converting

Hi Anthony,

I'm looking forward to our discussion on Wednesday and will be prepared to discuss the questions both and Steve have outlined. 2:30 EST works for me if Steve is available.

Regards,

Dave

From: Anthony Baumann [mailto:abaumn@gmail.com]
Sent: Monday, January 02, 2012 2:03 PM
To: Steve Norvell
Cc: Dave Wilson
Subject: Re: Carolina Custom Converting

Thanks Steve,

Hi Dave. I think Steve's assessment of the phone call is spot on re: general information. Additional information that I will be interested in learning about is the market, your customers, use of the product and competitive environment. What makes your business different or better than the competition and is it a sustainable business over the long-term and why is that the case? I am also interested in learning about the challenges your business has experienced and the outlook for the future with respect to those challenges.

I look forward to the call on Wednesday.

Anthony

On Mon, Jan 2, 2012 at 8:55 AM, Steve Norvell <snorvell@freshwatersystems.com> wrote:

Hey Anthony,

Great to catch up with you yesterday and hope the V-Ball tourney was a successful event for Delaney! The Fiesta Bowl should be a shoot out today w/ Luck showing off his stuff... I'm jealous.

By way of email introduction, attached is Dave Wilson's contact info. Confirming our call, Dave and I will call you Wed around 12:30p EDT from my office to further discuss the potential acquisition of Carolina Custom Converting (CCC). In the meantime, if you have any specific info you'd like Dave to prepare in advance, please feel free to send us a list. Otherwise, I've explained to Dave to be prepared to give general info. Here's a few things to consider...

1. LLC consisting of Dave Wilson (sales & purchasing) and John Gandis (operations) each w/ 45% share, Andrea Comeau-Shirley (CFO) with 10% share. Dave wishes to stay on, others will be moving on.
2. John Gandis would like to sell the building and hopes to get what he paid (\$175-200k). Site is located on several acres and consists of 2 bldgs of approx 17k SF and 10k SF.
3. Web site has some info: <http://www.ccc-films.com/>
4. Gandis & Comeau-Shirley recently offered a low ball offer to buy-out Dave's share at a price/terms the "Buyer" would also be willing to accept in reverse role.
5. In the event of an acquisition, only Dave would remain and the other Seller's move-on. Gandis has a separate business in the film industry that supposedly is in a different market and therefore not a conflict.

Talk to you tomorrow...

Steve Norvell

Fresh Water Systems, Inc

Greenville, SC 29615

Office: [864-284-1805](tel:864-284-1805)

Fax: [864-284-1819](tel:864-284-1819)

Web: www.freshwatersystems.com

No virus found in this message.

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Version: 2012.0.1901 / Virus Database: 2109/4718 - Release Date: 01/02/12

From: Dave Wilson <davewilsonsr@charter.net>
Sent: Thursday, January 05, 2012 1:54 PM
To: 'Anthony Baumann'; 'Steve Norvell'
Cc: 'Julie Wilson'
Subject: RE: Carolina Custom Converting
Attachments: CCC overview.docx; CCC sales by customer 2010 2011.xlsx

Hi Guys,

Thanks again for your time yesterday. Please see attached customer list for 2010 and 2011 with a breakdown of slitting customers vs distribution customers. Also included is an overview of our company, the products we sell and the markets we sell into. I hope this will give you a realistic view of our company, the opportunities we have available, and the potential for improvement. I will send a separate email today with some financial information including past P&L's, current balance sheet and a summary of what John and Andrea have verbally given as a buyout number. Please feel free to call me or email me with any questions.

Regards,

Dave

From: Anthony Baumann [mailto:abaumnn@gmail.com]
Sent: Monday, January 02, 2012 2:03 PM
To: Steve Norvell
Cc: Dave Wilson
Subject: Re: Carolina Custom Converting

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Steve Norvell

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No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.1901 / Virus Database: 2109/4718 - Release Date: 01/02/12

Hi Anthony and Steve,

Thanks again for your time yesterday. I thought it would be helpful and save time if I gave you an overview of our business, the markets we're in and kind of a SWOT analysis. (strengths, weaknesses, opportunities, threats)

I'll start broad and get narrower as I go along. For the sake of time, I may jump around a bit as thoughts come to mind.

US Film Market and history:

Although plastics have been around since the 1800's, it was not until the 1950's that commercially usable films were made from extruded resins. The single largest market for films is flexible packaging. Over the years, metal cans, boxes and wax paper have been replaced with plastic films or laminations of films, foils, and papers.

The US flexible packaging market is roughly \$15 billion and is predicted to grow at 4% through 2015. The primary films used in flexible packaging are polyethylene, polypropylene, polyester and nylon. These films are typically printed and laminated into some combination (1 to 4 ply) of film, foil or paper.

By volume, polyethylene (PE) is the largest film used in packaging followed by polypropylene (BOPP), then Polyester (PET) followed by Nylon. PE films are typically not sold by distributors. There are many PE film manufacturers in the US and larger packaging converters often produce their own PE film. A new PE film line is \$4 million compared to a cost of \$30 million for a BOPP, PET or Nylon line. There are 5 producers of PET film in the US and 5 to 6 producers of BOPP. All four of these films are produced globally in Europe, Asia, the middle east and South America.

Other markets for plastic film have emerged over the years include but are not limited to:

- Flat panel LED and LCD screens
- Solar panels
- Fiberglass panel construction
- Labels
- Tapes
- Solar window films
- Roofing Shingles
- Flexible Duct
- Book Jackets
- Folding Carton windows
- Industrial facings for insulation
- Motor insulation
- Wire and cable insulation

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Carolina Custom Converting is a small, slitter distributor of plastic films. The majority of our sales come from buying and reselling films, often slitting the films prior to the sale to ensure the correct width and length is shipped against a customer purchase order. We also offer contract slitting services to film producers or customers who have a source of film but need it converted to a usable width or length. We have 13 slitting machines in Anderson ranging in width from 20" to 95". We can slit most films down to 1" wide, some films to .375" wide with a maximum slit or rewind width of 95". The maximum roll diameter we can convert is 40".

90% of our sales to date have been PET film. In 2010 we started toll slitting BOPP film for a US BOPP producer and converted roughly 1,500,000 pounds of film for them in 2011 with sales of \$217,000 for this service. Sales in 2010 were right at \$7,000,000 with a customer base of roughly 65 companies. Sales in 2011 were just over \$5,000,000 with a customer base of roughly 110 companies.

2010 was an unusual year for the following reasons. PET supply worldwide was tight and selling prices doubled in a 6 month period. We were fortunate to have some strong supply relationships that enabled us to have PET supply when some of our competitors did not. For this reason, we picked up several new accounts simply because we had product. As film supply loosened in 2011, most of the customers who had bought opportunistically from us in 2010, went back to their previous suppliers. The 2010 supply shortage and opportunistic selling resulted in an increase in our sales volume as well as an increase in our material margins. The net effect was \$1,200,000 in net income.

In 2011, as PET supply loosened, selling prices dropped quickly and we found ourselves like many of our competitors sitting on inventory at higher prices and our film costs trailing the decline in selling prices. The decline in PET prices continued through 2011 and have somewhat stabilized at the start of 2012. We expect an increase in gross margins as well as sales volume for 2012. Raw material margins went from 64% in 2010 to 34% in 2011. We anticipate raw material margins to be 47% in 2012.

In my 20 years in the film business, I have seen three markets like the PET market we saw in 2010. Each time there was a global tightening of film supply; prices rose quickly, tapered off and started to decline within several months as supply loosened. Each cycle was no more than 18 months in duration. These cycles were spaced roughly 7 to 8 years apart. While PET pricing is driven more by global capacity than resin costs, BOPP, Nylon and PE film prices are more volatile and change with the ups and downs of resin costs. Typically, prices for these films change by 3% to 8% and we don't see the huge price swings like we sometimes see in PET film prices. We expect PET prices to stabilize this year and remain stable for several years. There is new PET film capacity planned for 2012 and 2013 both in the US and abroad.

Our customers can be broken out by the following:

1. Converters who take our film and process it further i.e. printing and laminating to produce a finished structure that is then sold to an end user who packages their goods. Also box

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converters who apply our film to a cardboard box as a window and then sell the boxes to companies who package their goods in boxes.

2. Companies who can use a non-printed, non-laminated film for packaging their goods i.e. bakery companies.
3. Companies who use our film to make a finished product such as flexible duct work for HVAC or an insulation facing that is applied to insulation sold into the construction market. Also companies who take our product and produce book jackets for library supply houses.
4. Companies who take our product and apply coatings or adhesives for non-packaging applications such as labels, tapes or solar panels.

Our companies range in size from the mom and pop bakery company to large converters or manufacturers such as 3M and Avery Dennison.

Our customers can be broken down further into companies we must slit for or companies we can distribute to. Companies who use small quantities or narrow widths prefer to buy from slitter distributors because their volume do not justify importing full containers or they need quick turnaround not available from US producers. Film producers are usually limited in how narrow they can slit their films. Typically film producers do not offer widths below 20" so this creates a market for slitter distributors like us who can slit below 20". Some companies who have volumes that justify full containers simply do not want to deal with the logistics and challenges of working with an offshore producer. These companies then turn to brokers or distributors in the US who can import containers to their door and offer them payment terms. We have many customers who could be either a slitting customer or a distribution customer. If we have the correct size and thickness on the floor, we can just relabel the film from our supplier and resell it to our customers. If our customer needs a width we do not have on the floor, then we must slit our stock down to meet their requested width or length.

Customers (see attachment)

Vendors:

We have both domestic and offshore suppliers. Most of our suppliers are film producers but we also buy from US companies who buy and sell film on the secondary or surplus market. There are companies in the US who distribute films but have no converting operations. When we can't find the right film from one of the film producers; we look to other distributors who have the right product at the time we need it. We have open terms with all of our domestic suppliers and open terms with most of our offshore suppliers. A few of our offshore suppliers require cash in advance or letters of credit.

Competitors:

We have plenty of competition in our business. There are 5 to 10 companies who slit and distribute films like we do. Most of these companies are larger than we are with sales ranging from \$20 million to \$200 million. Each of these companies has differing slitting capabilities and market concentration. There is product and market overlap within these companies but no two companies sell into the same markets with the same product range. Most of our competitors participate in the packaging market

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because this market is the largest single market for films globally and in the US. In the other markets we sell into, we may have 3 to 4 competitors in each market.

We also compete with brokers who simply bring containers of film in from offshore producers and drop ship to the converter or end user. We also compete with film producers at larger accounts who buy 500,000 lbs or more annually. We typically try to steer clear of larger customers who are already buying from our suppliers.

SWOT Analysis:

Company strengths:

Our strengths include short lead times; narrow precision slitting, and competitive pricing. Because of our capacity, we typically can turn an order faster than our competition. We don't always get a premium for this, but it does enable us to secure orders with customers who need something quickly. For small orders 500 to 2000 lbs, we can typically turn the order in less than 1 week. For orders ranging from 2000 to 10000 lbs, we can typically turn the order within 2 weeks. Our ability to offer competitive pricing is a result of our industry and where to find films at competitive prices. Last year, we sold a fair amount of film to some competitors who were having difficulty sourcing film. We made the decision to sell them because the market overlap with the competitors was small and we did not jeopardize existing business by selling them. This was a reflection of our ability to source films better than our competition. Most of this business disappeared when film supply loosened and our competitors were able to source films again from their previous suppliers. Because of my 20 years' experience in the film industry, we are able to recommend and source products for customers who are trying to design a packaging structure but may not know the best films to use in the structure. They rely on our expertise to design an appropriate film structure to meet their customers packaging needs.

Weaknesses:

There are several reasons why we lose an order or opportunity. Typically, we lose an order because one of our competitors has the exact width or product on the floor for immediate shipment. Since most of our competitors have been in business longer than us and have greater resources, they can stock more items and widths for immediate shipment. We may have the right product on the floor but not the right width. If we have to slit which takes time and our competition can ship immediately from stock, they usually get the order. We don't typically lose an order over price. We have never been capitalized at a level that enables us to hold more than 30 days of inventory. We may have plenty of film on the floor but not necessarily at the widths our customers need. Some of our customers use the same width month in and month out. This is easy for us to plan for and stock. Other customers use a wide range of widths and may not know from week to week which widths they need. For us to stock a wide range of widths, we would need higher inventory levels and therefore more operating capital. The benefit of higher inventory is less converting. If we could fill more orders by simply distributing rolls from our inventory, our need for slitting is reduced.

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We have also lost some sizable customers in the past due to avoidable quality issues. I can think of two large customers we lost simply because we either wound film the wrong direction, or we mislabeled the rolls (treated side in when the rolls were actually treated side out). Although I know what procedures we need to have in place and adhere to, I simply don't have the time or the ability to make that happen. John runs the operations and it is his responsibility to make sure we are putting out a quality product. With a change in management, I will be able to give good input into how the plant should run, but someone will need to be in the plant each day making sure the systems and procedures are followed.

I also believe we are inefficient. There is a lot of room for improvement in the efficiency of the operations. Since I have worked in 4 separate film converting operations, I know what we should be able to produce with the staff and capacity in place. Rather than giving our operators target throughput or timing, we simply put the job out on the floor and let the operators run at whatever throughput they want to achieve. We should be able to produce more product than we do with the staff and capacity in place.

Culture and moral of employees. We have not created a culture within the company that encourages our employees to take ownership of their work. John micromanages everyone which causes frustration and reduces the incentive to perform. In addition, simple things like cleanliness and organization have been neglected. If we allow operators to just pile rolls in a corner, we are sending the message that the product has little value to us. Why would the operators take pride in the finished product if we are sending a message that our product has little value and we don't care what happens to it once it leaves the machine?

Limits on time. Since I am driving sales, managing the purchasing function and new business development, my time is fragmented and I am not near as efficient as I could be. Bill Shaw helps out with the purchasing function and his skills are growing, I still have to be involved in purchasing which takes time away from sales. We need to address the purchasing / material planning function. Bill may be able to fill this role but his time is split between customer service and purchasing / planning. If he takes on a greater role in purchasing, we may need to bring in a customer service coordinator. In my opinion, it will be cheaper and easier to find and train a customer service person, than to find and train a purchasing manager. When we had 30 customers and \$3,000,000 in sales, I could effectively do both sales and purchasing. Now that we have 100 customers, new products and \$5,000,000 plus in sales, I have lost effectiveness.

While this list of weaknesses is long, each of these is correctable and I view them as opportunities for growth and improvement. If we're properly funded and properly staffed, we can continue to grow sales and profits.

Opportunities:

The opportunities are vast. We are a small player in a huge market. In addition to a broad customer base, we have a list of prospect accounts we with which we are qualifying our products. Our top 5 prospects for 2012 equate to potential sales of \$5,000,000 with a raw material contribution of \$1,300,000. Four of these 5 prospects are distribution customers, one is a slitting customers. We are in

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the process of qualifying our film with each of these and the feedback has been very positive. One account in particular has told us that we can get 100% of their business this year if the next qualification is successful. Total prospects identified as potential sales in 2012 include 32 accounts with potential sales of over \$10 million dollars. In addition to these 32 identified prospects, we have another 40 or 50 accounts that we have identified as companies using the products we supply or can supply. Our budgeted sales to existing customers does not account for all of the business available with these customers. In some cases, we have budgeted sales of \$100,000 with accounts who use \$500,000 to \$1,000,000 in film annually. We have room to grow sales with our existing customer base.

Another large opportunity for growth is in the BOPP film markets. Less than 5% of our sales are in BOPP even though the BOPP market is much larger than the PET market. A good question to ask is why we have not captured more sales in the BOPP market in 4 years. The simple answer is time. With my time split between sales and purchasing, I have not been free to develop business in the BOPP market. Although we have customers who use BOPP and plenty of prospects identified as BOPP users, someone has to develop the supply chain for these films. Without a good vendor base, it is hard to compete with other distributors who have been selling BOPP for years. We know where to get the BOPP films, but most of our competitors distribute BOPP from offshore and developing offshore supply is time consuming. If I can get some of my time freed up to develop the BOPP business, we could recognize real growth in this market.

Other films and markets for future growth include heat shrinkable films for bottle labels or security closures, thermoformable films for trays and rigid plastic boxes and aluminum foils for our flexible packaging converters.

Threats:

The biggest threat to our business is internal. Without a proper management structure that enables each of us to utilize our abilities to the fullest, we will stagnate. Without proper capitalization, we will not be able to grow and capitalize on opportunities that require higher levels of inventory or imports for distribution business. Without a culture of quality and timeliness, we will continue to lose customers by making avoidable mistakes.

The biggest outside threat we face is our competition that have greater resources and good quality products and service. We'll always have competition. We sell commodity films that offer no benefit over our competitor's products. We must improve our operation so we can offer greater service and capitalize on the opportunities we have in front of us to grow sales and the bottom line.

Staffing:

John – President
Dave – VP Sales, Purchasing
Andrea – CFO from afar
Bill Shaw – customer service, purchasing
John Higgins – production scheduling
Jerry Blaney – manufacturing mgr

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Joy and Kimberly – accounting
Jeff Bolt – packing, shipping, receiving mgr

Roughly 15 hourly employees running machines and doing warehouse functions.

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	A	B	C	D	E
1		Customers	Jan - Dec 11	Slit vs Distribute	
2		3M Inc.	500.00		
3		Abet Packaging Industries	52,293.60	distribute	
4		Accord Carton	0.00	slit	
5		ADLAM FILMS LLC	171,651.51	slit or distribute	
6		American Color Graphics LLC	66,948.35	distribute	
7		Americraft Carton, Inc.	74,696.08	slit	
8		Aolus Manufacturing	5,263.29	slit	
9		Arkay Packaging Corporation	9,995.59	slit	
10		ASG, Inc	75,431.90	slit	
11		Augusta Fiberglass Coatings, Inc.	12,672.00	slit	
12		Avery Dennison	0.00	slit	
13		Baker & Taylor	18,144.00	slit	
14		Bayshore Films LLC	-502.38	gone	
15		Bellen Container	41,911.00	slit or distribute	
16		Bema Inc	23,512.80	slit or distribute	
17		Bert-Co	77.00	slit	
18		BPR Plastics	27,645.89	distribute	
19		Brandmark Inc	611.00	slit	
20		Brodart Company	196,211.21	slit	
21		Cadillac Products Packaging Company	-13,735.04	gone	
22		Cameron Group	0.00	distribute	
23		Carded Graphics LLC	897.95	slit	
24		Castle Pierce	0.00	slit or distribute	
25		Central Container Corp	0.00	slit	
26		Chase Corporation	34,143.30	slit or distribute	
27		Classic Packaging Company	334,956.46	slit or distribute	
28		Cody Company Inc.	0.00	slit	
29		Composites USA	0.00	slit	
30		Custom Laminating Corporation	162,200.40	slit or distribute	
31		Deflecto Corp.	0.00	slit or distribute	
32		Delta Circle Industries	345.10	slit	
33		DEMCO	343,486.56	slit	
34		Dikeman Laminating Corp	4,765.80	slit	
35		DSI Underground Systems Inc	8,388.16	slit	
36		Dundas Jafine Inc.	40,521.00	slit	
37		Dunmore Corporation	8,612.85	slit or distribute	
38		Dunstone Company Inc	606.10	slit	
39		E Sider Company	25,479.55	slit or distribute	
40		Eagle Flexible Packaging	0.00	slit or distribute	
41		Elliott Schultz & Associates, Inc.	31,063.09	slit or distribute	
42		Film Resources LLC	47,971.79	slit or distribute	
43		Filtros y Mallas Industriales SA de CV	14,642.63	slit	
44		Fisher Container	16,272.20	slit or distribute	
45		Flagship Converters	154,287.81	slit or distribute	

	F	G
1		Jan - Dec 10
2	3C Packaging	2,113.65
3	3M Inc.	529.15
4	Acucote, Inc.	0.00
5	ADLAM FILMS LLC	251,686.91
6	Ahlstrom West Carrollton LLC	-8,294.40
7	Americraft Carton, Inc.	45,940.53
8	ANCO Products Inc	28,865.70
9	ASG, Inc.	79,518.80
10	Augusta Fiberglass Coatings, Inc.	14,284.58
11	Bayshore Films LLC	96,188.90
12	Brodart Company	5,767.53
13	Builder's Best Inc.	3,263.35
14	C. A. Schroeder Inc	64,773.67
15	Cadillac Products Packaging Company	195,928.90
16	Cantech	64,806.70
17	Chase Corporation	227,918.58
18	Classic Packaging Company	96,836.77
19	Cody Company Inc.	129,032.74
20	DEMCO	48,016.87
21	Dundas Jafine Inc.	44,133.84
22	Dunmore Corporation	2,121.69
23	E Sider Company	21,240.80
24	Elliott Schultz & Associates, Inc.	15,701.04
25	Excelsior Packaging Group	24,285.02
26	Flexeaze Inc	115,233.88
27	FoilTek Inc.	216,779.11
28	Gibraltar Packaging Inc	2,204.72
29	Glassfiber del Norte	114,469.97
30	Grayflex Systems	863,581.35
31	Hart & Cooley (C)	91,996.55
32	Horizon Converting LLC	7,283.91
33	Horizon Energy Systems Inc	9,645.80
34	Imperial Manufacturing Group	337,240.46
35	InterFlex Group (NC) - North America	183,002.33
36	InterFlex Group (WI) - North America	284,658.65
37	Interstate Packaging	3,692.77
38	Intertape Polymer Group	15,587.11
39	ITW Graphics	11,831.51
40	ITW Trimark	2,768.60
41	J P Lamborn Co.	68,458.38
42	JDC Coatings Inc	30,386.95
43	KAPCO	107,566.69
44	L.L. Building Products	0.00
45	Lambro Industries, Inc.	110,934.24

	A	B	C	D	E
46		Fiexaze Inc	26,853.00	slit	
47		Foil Laminating Inc	703.50	slit or distribute	
48		FoilTek Inc.	-72,681.64	gone	
49		Gibraltar Packaging Inc	74,771.15	slit or distribute	
50		Glassfiber del Norte	134,219.80	slit	
51		Global Packaging Solutions (C)	0.00	slit or distribute	
52		Graphic Arts Systems Inc	8,441.65	slit or distribute	
53		Grayflex Systems	249,153.16	slit	
54		Griff and Associates LLP	8,512.00	slit or distribute	
55		Hart & Cooley (C)	47,186.82	slit	
56		Horizon Converting LLC	75,326.56	slit or distribute	
57		Horizon Energy Systems Inc	9,042.30	slit	
58		Husky Plastics Inc	84,977.50	distribute	
59		Imperial Manufacturing Group	739,535.22	slit or distribute	
60		InterFlex Group (NC) - North America	73,163.42	slit or distribute	
61					
62		International Packaging Films Inc	350.00	slit	
63		Interstate Packaging	38,356.70	slit or distribute	
64		Intertape Polymer Group	33,684.08	slit	
65		ITW Graphics	7,128.00	slit	
66		ITW Trimark	2,235.20	slit	
67		J E Herndon Company	55,511.08	distribute	
68		JDC Coatings Inc	7,236.00	slit or distribute	
69		Jennmar USA	142.81	slit	
70		KAPCO	67,031.10	slit or distribute	
71		Kempol Corp.	198,073.22	distribute	
72		L.L. Building Products	0.00	slit	
73		Label Technologies Inc.	57,389.71	slit	
74		Lamart Corporation	368.90	slit	
75		Lambro Industries, Inc.	35,290.03	slit	
76		Metro Metals Corp	486.20	distribute	
77		MFM Building Products Corp	3,831.30	slit	
78		Midwest Laminating & Coatings Inc	0.00	slit	
79		Mimir Flexo Printing	0.00	slit or distribute	
80		Minova, USA	66,505.60	slit	
81		Multi-Plastics Inc	291,056.42	slit or distribute	
82		Pacific Hi-Tech Systems	79,063.97	distribute	
83		Packaging Concepts Inc	31,079.69	slit or distribute	
84		Palmetto Imaging Technology LLC	47,198.28	slit	
85		Patrick Industries, Inc.	38,559.25	slit	
86		PeppertreeAir	5,133.20	slit	
87		Phoenix Films Inc	9,185.38	slit or distribute	
88		Piedmont Laminating & Coating Inc	1,219.65	slit	
89		Plastic Packaging Technologies LLC	28,125.74	slit or distribute	
90		Plastomer Corporation	5,729.30	slit	

	F	G
46	Lambro Venting Products, Inc.	69,070.88
47	Metro Metals Corp	109,733.12
48	MFM Building Products Corp	7,344.64
49	Minova, USA	1,243,871.47
50	Multi-Plastics Inc	531,417.28
51	Palmetto Imaging Technology LLC	30,027.53
52	Patrick Industries, Inc	27,197.92
53	Phoenix Films Inc	0.00
54	Plastomer Corporation	19,747.77
55	Polymer Marketing Inc	3,160.95
56	Prime Label & Packaging LLC	86,009.11
57	PSC Office Products	2,850.12
58	Santrade Plastics Group Inc	143,232.44
59	SleeveCo, Inc.	89.82
60	Soliant LLC (C)	953.36
61	Spartech Corporation	3,013.95
62	Specialty Packaging	29,725.20
63	Star Packaging Corp	83,343.35
64	Sworn Plastics, LLC	241,781.29
65	Techniflex Enterprises Inc	40,923.18
66	Valencia Specialty Films	152,052.57
67	Vermont Industries, S A DE C V	95,790.04
68	Vifan USA Inc	79,889.23
69		7,051,169.20
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91		Poly Print Inc	9,524.50	slit or distribute	
92		Polymer Marketing Inc	3,894.80	slit	
93		Prairie State Impressions	2,980.85	slit or distribute	
94		Prime Label & Packaging LLC	127,107.63	slit	
95		Prysmian Power Cables and Systems USA LL	1,520.98	slit	
96		Sancap Liner Technology Inc	10,780.00	slit or distribute	
97		Santrade Plastics Group Inc.	79,173.66	distribute	
98		Shep Company LLC	15,652.92	slit	
99		SleeveCo, Inc	75,188.30	slit	
100		SPAWAR System Center - San Diego	3,409.30	slit	
101		Specialty Coating & Laminating LLC	3,277.07	slit or distribute	
102		Specialty Packaging	4,641.20	slit or distribute	
103		Specialty Tapes Manufacturing	7,258.71	slit or distribute	
104		Star Packaging Corp	68,765.81	slit or distribute	
105		StrataGraph LLC / dba Great Northern Corp	763.25	slit	
106		Sun Process Converting Inc	20,307.70	slit or distribute	
107		Supply One Rockwell Inc.	39,200.00	slit	
108		Sworn Plastics, LLC	9,766.00	distribute	
109		Syntac Coated Products LLC	21,239.10	slit or distribute	
110		TaraTape	1,837.50	slit	
111		Techniflex Enterprises Inc	59,808.23	slit	
112		ThermoFlo Technologies Ltd	7,094.00	slit	
113		Valencia Specialty Films	225,020.89	slit or distribute	
114		Vermont Industries, S.A. DE C.V.	70,280.65	slit	
115		Vifan USA Inc	217,785.29	slit	
116	TOTAL		5,595,866.96		
117					
118					
119	Roughly \$1,000,000 in business with new customers in 2011.				

From: [Namaste Consulting](#)
To: "John Gandis"
Subject: RE: Dave Offer Expires ? Patience, grasshopper, patience.....
Date: Thursday, January 05, 2012 11:24:43 AM

NO YOU DON'T NEED TO BE THE ONE THAT REMINDS HIM OF ANYTHING. His lawyer is all over this. I know you want this done .. but ... it is like a cake in the oven .. you just have to wait until the buzzer goes off.

Once Friday comes and goes .. we are better off than we are today. He can still bring forth an offer from his group and we can still sell out at the price we discussed with him. BUT ..our fixed fee offer will have expired and that means we are free to offer him less as long as there is a good basis for the offer - which the physical inventory will provide to us.

ALSO _ it won't be until next week that our SC attorney returns and we get our answer to our disassociation question. So we don't really want to stir up anything until we finish getting our legal advice.

PLEASE JUST LET THIS SLEEPING DOG LIE.

You teach a child lessons by making them suffer the consequences of their actions/inactions. Dave apparently missed this lesson in his youth and thinks he can try to guilt you into doing what is good for him (at your own expense). He already missed the deadline for the option of getting a revision to the LLC agreement to reduce his capital loss – even with a 9 day extension. He had weeks to evaluate that – and just chose to let it go. If he waits beyond Friday to talk to us about buyout – then all he is really saying to us is that he thinks he should get more money. BUT .. he now has to prove to us the higher value and he has to work against the year end financials to get there.

We need to remember that we don't care if he is a partner or not ... only he cares, and even then , he really only cares about getting his cash in front of vendors and employees – and we have told him "NO MORE! Never again. We are going to get even with you from a distribution perspective and then we are going to stay even with you on a going forward basis. We all have to find outside financing when money is tight and we all will get distributions when money is not."

ALSO – as we continue these discussions, we need to move forward in a manner that does not jeopardize the viability of this company. We have a business to run and this company has cash needs as well as a financing issue. With this recent buying spree on film, we need to restructure to bring in additional operation funds to finance the international film that is due by MONTH'S END. Depending on how long it is before this film is sold - there is good possibility that Dave won't see a check until April or so ...

Even if he does sign something on Friday – we still have to negotiate an employment arrangement with him and he is probably going to try to sweeten the offer we made to him .. because that is just the way that Dave is. He doesn't understand that our company lost money last year ... He doesn't understand that our company is without a line of credit and has been buying international film – where our cash outflow pre-dates our collection of the AR by 3-4 months. This company has to

finance that operation and we cannot finance that AND his buyout at the same time. We also cannot afford to pay Dave without linking his compensation to gross margins or he will go out there and undercut the entire market just to earn his commission.

If we end up buying out Dave – we need to stay rigid on the payment time line. Our offer has a built-in acceleration mechanism. In essence we said to him – we need time to come up with cash to buy you out (we shortened the period from many years to two years) AND we said, if this company operates better than is budgeted, we agree to use some of that money to reduce your note (accelerate your collection of the cash).

I will be willing to give him a higher percentage of the additional gross profit as part of the deal (25% of the offer was the original strike price – but I suspect we could end up closer to 45% - which was his old share of the company). BUT WE CANNOT CREATE A DEBT OBLIGATION TO DAVE THAT WE BELIEVE OUR COMPANY COULD DEFAULT ON. Even banks make certain that they have balloons in their commercial debt ... with clauses that say “if you exceed these measurements, then the excess cash comes to us ... but otherwise there is a giant balloon way out there – because we don’t want you going into default.”

We don’t want to be looking at a forced liquidation in the fall because Dave insists upon a pay-out schedule we cannot meet. I know we cannot afford to pay Dave any sooner than my offer outlined. It is part of the reason that I insist that Dave give us the cash at closing – because if he thinks the business will be the source of our buy-out funds, then we will be waiting until 2013 and 2014 – if we are even that lucky. They just need to go to a bank .. and they will discover that the bank will give them the money .. but likely structure a deal for them to be repaid very similar to the timing we offered to Dave in our note.

My first preference is he buys us out at the price we offered him – there is no deadline on that ability. He can make that offer anytime over the next month or so.

My second preference is that we keep him as a partner – but we have to recapitalize and reorganize the company to continue. I hope he stays as a partner ... Then we need to increase my equity for my additional participation and then we will increase your equity for the funding you are providing to the company ... and I can see us ending up in a structure where you are 50% - Dave is 25% and I am 25% . Your new LLC shares have super-voting rights have a PRIORITY at liquidation. My new shares will also have a priority (the 15% portion). Our old shares will be the common shares and last in the queue. Dave will only own old shares right beside you and me on our old shares. As soon as Friday comes and goes – I say we start Zamer drafting the new LLC agreement. We get the additional money from you we need to buy this film – we give you the new super-voting shares and we get on with getting on!

The last thing I want is Dave as an employee. First he will never agree to an all commission deal that is right for our company. He will want a base that is so SAFE he knows he can earn in his sleep; I worry that we will never get a contract with him that is good for us! AND I worry about how to finance his salary at the sales levels he is talking about.

Once we restructure our partnership – then if Dave wants to make a million bucks – then he is going to have to make you 2 million bucks (as you will own twice the equity that he owns. ALSO – if he is going make me a million - then I will as well. From my perspective – at least as I am working hard to make our company money and to get positioned for growth – I won't be in the position of making Dave rich while I just barely earn my hourly rate for services!

He has already gone 5 days longer than normal without asking for a check! Let's just keep on focus for our operating plan for 2012 and try not to let him be the giant distraction that he was in 2011.

Andrea

From: John Gandis [mailto:john@ccc-films.com]
Sent: Thursday, January 05, 2012 9:06 AM
To: 'Namaste Consulting'
Subject: Dave Offer Expires ?

I can't remember the date that we told him that the offer expires... was it the Monday the 9th ?

If so – I need to say something to him again... later today or tomorrow to remind him.

- JG

From: Namaste Consulting <namasteconsult@bellsouth.net>
Sent: Monday, January 09, 2012 11:38 AM
To: Dave Wilson
Cc: John Gandis; John Zamer
Subject: FW: Offer to Buy
Attachments: image001.jpg

Dave – please send to us (particularly John Zamer) the names of the companies that you have already had conversations with, including the name and title of the specific person at each company. Also send to us a copy of anything that you have given to these companies as part of this dialogue. This might include forwarding emails if you have information in the email so we could review the terms that you have already proposed to each party as well.

Thanks,

Andrea

From: Namaste Consulting [mailto:namasteconsult@bellsouth.net]
Sent: Friday, January 06, 2012 4:40 PM
To: 'Dave Wilson'
Cc: 'John Gandis'; 'John Zamer'; 'Clayton L. Jennings'; 'Ray Harrison'
Subject: RE: Offer to Buy

Dave, thanks for your response. We have not reviewed it in detail, but will do so.

But before we go much further, your answer on sharing Company information with any third parties was not in line with our thinking. To be more specific, information about the Company is an asset of the Company, not any of its equity holders, and you will need the express permission of the Company to provide any Company information to any third party - - whether a competitor or not. As a legal matter, that consent can only effectively be given by John, and only after he is provided the name of a proposed recipient of the Company information, as well as a complete description of what information is proposed to be provided. Should John approve the disclosure, before it is effected, we would also need a non-disclosure agreement signed with the recipient, and that agreement would need to be of a form approved by Company counsel.

If any material information has been given to third parties, we should go back and obtain a non-disclosure agreement from those parties, and you should inform us of the names of those parties, and the scope of the information provided, and we can provide a form of non-disclosure agreement to accomplish this.

I have previewed this response with John and he has approved it.

So, please proceed in this regard only consistent with the foregoing.

- Andrea

From: Dave Wilson [mailto:dave@ccc-films.com]
Sent: Friday, January 06, 2012 1:43 PM
To: 'Namaste Consulting'
Cc: 'John Gandis'; 'John Zamer'; Clayton L. Jennings; Ray Harrison
Subject: RE: Offer to Buy

Hi Andrea,

Very good points. I am talking with several potential buyers, none of which are really competitors. If I was speaking with a competitor about the business, I certainly would not divulge information that could be potentially harmful to the company in the hands of a competitor. That really should not be a concern of yours since I have a vested interest in protecting the company I own 45% of, and if I was to leave, I am under no legal obligation to keep the information confidential. While I am extending a counter proposal below for the company to buy me out and offer employment, my desire is to continue discussions with the interested parties about buying out the company as a whole. I have been very clear with all parties that both you and John require cash at closing (no escrows) and that John requires the building to be sold in the transaction. All parties understand that the potential transaction would need to happen quickly without months of due diligence. I hope to have some indication of intent from one or more parties next week.

Since John and I began discussions regarding CCC buying me out and extending an employment agreement, John has insisted that the goal was not to force me out of the company but to give me some security and incentive to help grow the business. He said he wanted to make a fair buyout offer and a fair, attractive employment offer. Your recent offers for buyout and employment do not accomplish this. I don't view the buyout offer as fair since it is based solely on my capital account which you have recently devalued with \$300,000 of bonus depreciation and a non-binding, non-legal "preference to minority" of \$100K. While I agree that the bonus depreciation benefits me to the tune of maybe \$30,000 to \$45,000 in tax relief, the net result is a devaluation of my capital account at \$135,000. The "preference to minority" liability reduces my capital account by \$45,000 and even if this was legal, it should not be used to determine the value of my interest when the preference would most likely not be paid if I was bought out and you stayed on as a member. Businesses do not typically sell for the value of the total equity unless they are in great distress. Neither do businesses sell for tax value when there is going concern and a history of decent earnings. Because of this, I feel you have incorrectly valued my capital account (even if that were a fair measurement of my interest). I don't see how any reasonable person would believe that your valuation is unbiased since you stand to benefit from the low value you have placed on my interest. Without spending time and money on a proper valuation, there should be some consensus and give and take on how my interest is valued.

Please review the following counter proposal which I feel addresses my desires and meets the stated goals John has offered verbally. This offer is largely performance based, limits the risk to the company in the event we don't perform or shut down, and gives me ample incentive to grow the business and bottom line. I share some risk with compensation in that I have no control over the bottom line once I become an employee. If John wants to have final say on selling pricing and film cost, and he is responsible for operating costs, I could perform well and the company still not be very profitable due to management decisions out of my control (i.e. poor decisions on capital expansion, staffing levels, financing the company, etc) Without spending time and money on a proper valuation, there should be some consensus and give and take on how my interest is valued.

1. Buyout price - \$250,000
2. \$50,000 paid at closing
3. Balance paid out over 2 years as follows with interest at 6%.
 - a. \$50,000 paid on September 1, 2012
 - b. \$40,000 paid on Dec 31, 2012
 - c. \$30,000 paid on Mar 31, 2013
 - d. \$30,000 paid on June 30, 2013
 - e. \$30,000 paid on Sept 30, 2013
 - f. \$20,000 paid on Dec 31, 2013
4. Existing loan is forgiven or absorbed by the company.
5. Dave is allocated \$325,000 of ordinary operating loss from 2011 on his K-1
6. If the allocation of loss is not extended, the buyout price is \$300,000 under a new 30 month schedule similar to the schedule for the 2 year buyout.
7. Employment agreement given to Dave for a period of 3 years.
8. Non-compete given to company for a period of 4 years starting at the time of closing.
9. Salary of \$12,000 monthly guaranteed for year one.

10. Salary of not less than \$10000 monthly guaranteed for years 2 and 3
11. Dave keeps the Lexus with the company making payments until the car is paid off.
12. Bonus package based on sales with Dave to receive 1.5% of gross sales quarterly provided gross sales equal or exceed \$1,200,000 for the quarter and the company has positive net income before salaries or compensation to owners of at least \$75,000. Net income and sales may be verified by Dave with full disclosure from the company of all P&L and Balance sheet transactions. If quarterly sales are not achieved but sales in subsequent quarters equal or exceed an average of \$1,200,000 and net income is achieved then Dave is still paid his bonus. Full set of detailed financials provided quarterly to Dave Wilson. If quarterly sales are achieved but net income is not achieved, then Dave is paid .75% of gross sales in bonuses.
13. Personal guarantee from John and Andrea on buyout. If the company is sold or shut down before the end of the buyout, the balance of the buyout is due within 90 days.
14. If the company is sold before the end of the employment agreement, Dave's employment agreement must be intact under the new ownership. If the company is shut down before the end of the employment agreement, the company is free of its obligation to Dave with the exception that Dave is paid for 2 months after the business closes.

I look forward to your reply.

Sincerely,

Dave

From: Namaste Consulting [<mailto:namasteconsult@bellsouth.net>]

Sent: Friday, January 06, 2012 9:21 AM

To: Dave Wilson

Cc: John Gandis; John Zamer

Subject: Offer to Buy

Dave – I wanted to take a moment and follow-up with you on your proposal to buy-out our interests as we have not seen a letter of intent nor received a confirmation from you about their ability to fully fund at closing. We are not rushing the process, but we want to clarify an important point that should have been explicit in our initial response to your inquiry. Our willingness to consider an offer to sell our shares was NOT a blanket authorization for you to shop our company around. Rather, you had already indicated to John that your family might be willing to step up; specifically John understood that you were talking to your brother-in-law and other family members about putting together the financing.

We are not comfortable with the idea of you shopping the company to competitors as those companies would likely say “yes, we are interested in seeing what you are about” – but are highly unlikely buyers of the real estate that MUST be included in our offer to sell. Additionally – we provided to you a list of general terms that we expected to see in ANY offer that was proposed and we have not heard from you that your group will be willing to move forward under those terms (especially regarding the escrows). Without giving us that assurance, you should not proceed to discuss the offer with anyone – including your brother-in-law.

I hope that you are working with your attorney to ensure that the confidential nature of our information is protected AND that you first qualify a potential prospect before you share any information. You probably are being careful ... but we didn't want any confusion over the level of authority extended in our initial reply.

On the other hand, if you have already started discussions with anyone outside of your immediate family, John would like to see the list of people as well as the list of any potential “suitors” that you have considered so he could evaluate the risks involved in sharing information with that company.

Thanks,

Andrea

****To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice included in this written or electronic communication is not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed on the taxpayer by any governmental taxing authority or agency****

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Gandis – Business Opportunities Meeting
October 30, 2007

Partnership (“LLC”) Structuring Issues

1. Ownership, Income & Distributions:

- a. What will be contributed as capital by John Gandis to the LLC?
 - i. At Formation? 100% - \$60,000 on home equity line, \$30,000 borrowed from DecoTex line (\$300,000) John borrowed from bank and put 60K into CCC's bank account. Decotex borrow \$\$ and then lent to this company (not equity but a loan) Should Decotex become a partner in CCC or should this be a loan between Decotex and CCC
 - ii. Subsequently? 100% - All debt funded from John... borrowed \$15,000 from M-Tech Properties LLC line to purchase film. Single member LLC owned by John which owns the real property – already has a \$125,000 line (at this point, no debt has been drawn) There will be NO mandatory additional contributions by John and subsequent funding will be lent to the company at 15%.
- b. What will be contributed as capital by Dave to the LLC?
 - i. At Formation? None
 - ii. Subsequently? None – I would like to have Dave's name attached to the M-Tech Properties note, but I don't know if we will be able to make that happen. Dave lists the contractual relationships, along with the commissions and historical sales levels. We want the big Minova in this listing, but anything that is not our product is excluded and somehow we need to prohibit him from doing new deals in our market that don't come through here.
- c. What are the ownership percentages? I'm cool with 50/50... We going to have priority returns on this old book of business, under which Dave earns his old commission on his old poundage up to \$8K per month, and John earns his old commission on the same poundage, each month. Shortage cause shortfalls in this distributions and excesses are held to cover shortfall months. NOT A GUARANTEED PAYMENT – but rather a priority allocation. In the event the margin suffer – both parties take the reduction
- d. Will any member have a preferential distribution of profits or cash flow?
 - i. Dave – annual payment for services (minimum salary expectation – hopeful salary expectation) Dave needs to make \$8000 a month... that is what he currently pays himself. I think that with the current level of business that we are bringing in – we should be ok. As regards the customer relationships on the list, Dave is to receive a priority profits allocation up to the \$8 based upon his old commission rate on those old pounds John earns his old commission rate on those same old pounds.

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- ii. John - return on capital (equipment) invested, management fee (and why is this in ADDITION). Not sure I am understanding here. Rebuilding machines, accounts payable, accounts receivables, employees are now a shared cost -- and they need to come FIRST before the priority distributions. Then we need to come up with a reasonable "management" element that ties with Dave's.
- iii. What is the rationale for providing a "salary" rather than merely dividing profits? (Note – this question is not an attempt to eliminate salaries, but rather to help focus on the total business and all the various ways in which the members are compensated for their assets and their time). I guess because Dave needs to make some money – dividing profits... as long as he gets at least \$8k a month and this may be a good scenario.
- c. How and when will cash flow be distributed? Dave needs something monthly... management fee for me can be whenever.
 - i. By majority vote? Yes For dissolution, for new debt, for wind down.
 - ii. Mandatory distribution of all profits? At some level Monthly = need an accounting of the pre-contribution accounts with the volumes COLLECTED and a tentative determination of the priority profit distribution. At the same time, we need an overall accounting of the company's distributable cash flow, and the LESSER of overall profits or the priority will be distributed. Any deficit in the priority distribution carryover to months that have excess operations.

Distributable cash flow in year one is Amounts collected less account payable at month end. In year two, Distributable cash flow is Amounts collected less accounts payable at month end less 1/12 of owner loans (with accrued interest thereon). Need to write this so the owner loans are ratably paid down in year two.

- iii. Distributions sufficient to pay income taxes on LLC profits allocations (What to do when cash flow does not match taxable income)? No mandatory tax distributions so long as the priority distributions of profits are being made. Once the owners have agreed to terminate the priority distribution regime, then tax distributions will be required on a quarterly basis from profits based upon the prevailing federal and state tax rates to the extent cash distributions are less than this amount.
- iv. What to do if cash flows are not sufficient to meet the minimum salary and management fee expectation of the partners. Good question... have any suggestions. I would hate to borrow money on a new company like this. No guaranteed payments and distributions are subject to overall cash flow limitations. If cash is low in company, then everyone is low.

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2. Management

- a. Will managers be designated or will all managers jointly manage? I have been running all operations... Dave runs the sales John is a managing member - ask the attorney what is risk differential to John is Dave's interest is a non-managing interest.
 - i. Do some have specific powers? Yes
 - ii. If more than one, how to handle joint management? Mutual agreement Specify things that need unanimous decisions.
 - iii. How are contract decisions to be made? Must be jointly for contracts over \$5,000.
 - iv. How are decisions about large capital investments to be made? Jointly - for assets over \$5,000.
 - v. How will the decision to continue or dissolve the venture be made? I would like to control this decision as long as the equipment is in my name. Both parties retain the right to have distributions in KIND of assets they contributed to the venture. If one person wants to go Mediation before a lawsuit.
- b. How to handle votes in a two-member entity? When will one member be able to commit the entity to a business transaction without the prior-approval of the other member. Dollar limits ?
- c. What decisions require special voting (e.g. supermajority or unanimous vote of members/managers)? How is to handle these types of decisions as the company grows? Sounds like all of these need special voting.
 - i. Hiring senior lever employees? yes
 - ii. Terminating employees? no
 - iii. Admitting a new member? Yes - we also want to limit the transferability of the interest - and we want to cover what happens in the event of death and divorce with the new and unwanted partner.
 - iv. Purchase or redemption of membership interest except as specifically contemplated by an LLC operating agreement?
 - v. A change in the nature of the LLC's business? yes
 - vi. Any requirement obligating (all) members to make additional capital contributions? yes
 - 1. Approval of RFPs prior to submission by contributing member?
 - 2. Notification of bid variances - > 3% prior to funding?
 - vii. The creation by the LLC of any debt or contract obligations that, taken with all other existing debts and contract obligations (other than anticipated obligations to pay for routine services and supplies)

Gandis – Business Opportunities Meeting
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require the LLC to pay more than \$250,000 (specify amount) in any year?

- viii. Entering into any agreement or arrangement with an affiliate of a member? Yes – pre-existing arrangements for space, utilities, and loans. We need a rental agreement \$750. We need to verify the Decotex LOC reps & warrants to determine the structure of the \$30,000.
 - ix. Liquidation or dissolution of the LLC? Yes
 - x. Taking any action, including but not limited to the sale of any asset, outside the ordinary course of business? Yes
 - xi. The merger or consolidation of the LLC with another entity? Yes
 - xii. Relocation of the LLC's principal place of business, the opening of any new company office, the entrance into a new business by the LLC, or the cessation of the LLC's business? Yes
 - xiii. Increasing, modifying, consolidating, or extending any loan, whether secured or unsecured, affecting the LLC? Yes
 - xiv. Distributing any cash or property of the LLC to any member, other than as provided in the LLC operating agreement? Yes
 - xv. Assigning the rights of the LLC in any of its properties? Yes
 - d. In a two-member deal – recommend that the operating agreement can be amended only by unanimous vote. Yes
3. Employment and Compensation
- a. Will any partner be “employee” (i.e. receive guaranteed payments) of the LLC? (Note: true employee status is not possible with an LLC). Note- a guaranteed payment is different from a profit split in that the guaranteed payment is fixed – even if no money is made (or profit is earned). A guaranteed payment needs to be funded from alternative sources when no profits are there. Yes – would have to fund from some type of line (preferably the M-Tech properties line). No guarantee payments.
 - b. Is compensation to be paid as a stated salary or under a formula? (Or is compensation to be left to a vote of the members/managers (see Paragraph 1D)). What do you think it better? There will be a formula for the priority allocation based upon the contributed accounts – for one year to be renewed and recalibrated at the 2nd year and 3rd year – after which priority allocation is to be removed.
 - c. Generally employee benefits (vacation, insurance, etc) should also be described – unless they are provided in a separate entity. If he is not an employee is it really important to outline this?
 - d. Termination of employment

Gandis – Business Opportunities Meeting

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- i. On what notice can employee quit? Years notice ? © 90 days ?
Death, disability (impaired) are covered separately -- otherwise we have a partnership termination. Really should cover termination for cause -- and have some remedies.
 - ii. On what notice can the LLC terminate employment without cause?
Need help here... what is customary ? Not applicable here
 - iii. Need to include a "for cause" provision, will notice be required?
Need help here. Attorney will provide language.
 - e. Is there a noncompete provision? Needs to be... minus the three.
Everything in our industry(product category) goes through LLC-- first right of refusal on every single contract opportunity (new or old customers), and if we refuse, then he can pursue independently including through the Chinese and India slitting business partners.
 - i. During employment? There are three accounts that Dave wants to retain something over... may be easier to discuss this over the phone.
 - ii. After termination or employment? Would be nice to have. Need non-compete in instance when entities dissolve for cause.
 - f. Is there an agreement regarding disclosure of confidential information? We do not currently have anything in place... should we? Some generic confidentiality language is ok.
 - g. Is there an agreement regarding solicitation of employees? Not sure that I understand this... are you saying if someone left that could not "raid" the staff?
4. Transferability and Issuance of Membership Interest
- a. In general, membership interests should be NONTRANSFERABLE Ok.
 - b. Should transfer to family members or other members or employees be permitted? No
 - c. Can the LLC issue new membership interests without giving existing members preemptive rights? Don't understand the questions. No new members without unanimous vote/
5. Buy – Sell Provisions
- a. How is each membership interest valued? Need help
 - i. Net book value based on financials:
 - 1. Use depreciated value or 50% of cost, whichever is greater?
 - 2. Accrue all expenses?
 - 3. Exclude accounts receivable and pay some percentage as salary continuation?
 - 4. Exclude life insurance proceeds on the death of a member

Gandis – Business Opportunities Meeting
October 30, 2007

- ii. Formula based on some other factor (with Goodwill component)?
Not a lot of goodwill generated for a toll slitting business.
 - iii. Outside Appraisal?
 - iv. Is each member guaranteed to receive what he paid (capital) or some stated amount? Should
- b. Who should purchase the interest (the LLC or the other members)? Other member
- c. What happens on the death of a member? Assets should be book to fair market value & credited to the capital accounts. Then the book of business in effect on that day should continued to be shared for 9 months at which point the deceased partner's capital account is fully redeemed and the business must leave the premises – unless a lease extension is negotiated. There will be a right to dispute FMV book up at some reasonable cost to the entity.
 - i. Mandatory purchase by the LLC? (Time period of at least 18 months) Yes Latest date the other person should receive money is 18 month.
 - ii. Option to purchase by the LLC? (Or the other member)? Yes
 - iii. "Put" by estate to LLC? (Or other member)? Yes
- d. What happens on disability of member?
 - i. Same as death? Yes.
- e. What happens with divorce of a member?
 - i. Prohibition on actual transfer of interest to spouse? Yes
 - ii. Prohibition on involvement by spouse? Yes
 - iii. Other?
- f. What happens on termination of employment of member?
 - i. Voluntarily by the member
 - 1. Immediately off manager board? Yes
 - 2. No further vote as member? Yes
 - 3. Mandatory purchase by the LLC?
 - 4. Option to purchase by the LLC? Yes
 - 5. No obligation on LLC to purchase?
 - ii. Involuntarily by the LLC
 - 1. Same issues as above
 - 2. What if terminated "for cause" Yes
 - a. Reduction in value?

Gandis – Business Opportunities Meeting
October 30, 2007

- b. Reduction in salary continuation?
- g. How is the purchase price to be paid?
 - i. Immediately available funds upon closing?
 - ii. Installments over 36 months (or lesser period)? Yes
 - 1. Interest rate? Yes – low
 - 2. Security interest in LLC assets to secure payment?
 - 3. Personal guaranty by other members?
 - 4. Are there extended payments at lower (or no) interest rates for members who quit? No
 - 5. Is there a non-compete that causes forfeiture of payout of membership value or salary continuation?
 - 6. Is there a vesting schedule on the value or on any salary continuation? Yes
 - iii. Will there be any life insurance on the members? Maybe eventually
 - iv. Should there be a “put-call” provision? (What period of time permitted on reciprocal offers?) Yes – 6 months
- h. What should happen to assets in the event that the partners agree to voluntarily terminate the LLC? Go to pay off debt – then distributed
 - i. Each partner is entitled to receive the identical asset they contributed
 - 1. How is the asset to be valued at distribution? Good question – need some suggestions here. Valued at book basis – such that each receives what they got.
 - ii. What items would be required to be sold – so cash could be divided? All properties help by the company. – that were NOT contributed by one of the partners or purchased in replacement of an asset contributed by a partner. Partners will be permitted to purchase the assets if they are the highest bidder.
 - iii. Would either partner be prohibited from continuing to pursue activities with the same customers, in same area, etc.? Yes No non-compete with a voluntarily dissolution. Each is free to pursue with all customers.



Mark McGarel

From: Mark McGarel
Sent: Monday, January 09, 2012 7:46 AM
To: Packaging Industries Inc
Subject: Fw: financials
Attachments: financials.xlsx

Sent from my Verizon Wireless BlackBerry

From: "Dave Wilson" <davewilsonsr@charter.net>
Date: Mon, 9 Jan 2012 06:33:30 -0500
To: Mark McGarel <mmcgarel@filmtechinc.com>
Subject: financials

Hi Mark,

Please see attached spreadsheet with financials for discussion. The most convenient place to stay in Greenville would be at the Pelham Rd exit off I-85. There is a full service Marriott, a Marriott Courtyard, a Hampton Inn, Holiday Inn Express, etc all within 1 mile of the exit. Plenty of places to eat there as well and its 5 minutes from my house. Let me know today if you need any other info prior to our meeting tomorrow. When you decide where to stay, let me know and we can meet there at 3:00 tomorrow.

Regards,

Dave

1684

Mark McGarel

From: Dave Wilson [davewilson@easternfilms.net]
Sent: Wednesday, January 11, 2012 12:19 PM
To: Mark McGarel
Subject: RE: thanks

Hi Mark,

I spoke with my attorney today about leaving CCC and going to work for you. I would like to hammer out the details of an agreement with you. Should we do this by phone, in person, or via email? I'm ready to go at any time and will disassociate as soon as you and I have our deal in place. Also, after we work through the details, would you prefer to have the agreement drafted, or have my attorney draft it for your review?

Regards,

Dave

From: mmcgarel@filmtechinc.com [mailto:mmcgarel@filmtechinc.com]
Sent: Wednesday, January 11, 2012 11:30 AM
To: Dave Wilson
Subject: Re: thanks

Likewise Dave;

Alos, Here are the products I am trying to sell that I mentioned yesterday.

.00035 foil at 28.5" wide. 18,000 lbs
48 gauge clear SP95 at 28.75" wide 24,000 lbs

If you have interest let me know.
Sent from my Verizon Wireless BlackBerry

From: "Dave Wilson" <davewilson@easternfilms.net>
Date: Wed, 11 Jan 2012 11:03:04 -0500
To: Mark McGarel <mmcgarel@filmtechinc.com>
Subject: thanks

Hi Mark,

Mark McGarel

From: Dave Wilson [davewilson@easternfilms.net]
Sent: Monday, January 16, 2012 12:11 PM
To: Mark McGarel
Subject: Filmtech

Hi Mark,

I look forward to the opportunity to join your organization. I'm eager to start with Filmtech as quickly as possible and work to grow Filmtech revenue in new areas. Here are the points of discussion for our agreement.

1. Commission rate – 5% on gross sales for all customers I bring to Filmtech. X% commission (TBD) to manage any existing Filmtech business.
2. More than 5% on sales exceeding normal margins - % TBD by Mark.
3. Territory – domestic and international
4. Full time employee with draw or salary of \$8k per month for a period of time until my commission reaches a level that supports my needs. My goal will be to move as much of the business I manage at CCC to Filmtech as quickly as possible. In addition, I will work to bring prospective business that CCC has been working on or qualifying over the past 3 to 6 months. I will also need about \$500 per month to secure an office, phone and internet service.
5. Start Date – timely based on agreeable terms

I will call you today to discuss these points and the questions you raised on Friday. Thanks again for your interest in me and the opportunity to partner with you in the near future.

Regards,

Dave

From: Dave Wilson <davewilson@easternfilms.net>
Sent: Wednesday, January 11, 2012 11:03 AM
To: Mark McGarel (mmcgarel@filmtechinc.com)
Subject: thanks

Hi Mark,

Thanks for dinner last night and the time you spent discussing our business options. I am very encouraged by your willingness to work with me. I will call or email very soon to discuss in more detail.

Regards,

Dave

From: Dave Wilson <davewilson@easternfilms.net>
Sent: Friday, January 13, 2012 9:52 AM
To: Mark McGarel (mmcgarel@filmtechinc.com)
Subject: FW: McGarel- FILMtech
Attachments: _Certification_.txt; _Certification_.htm

Hi Mark,

Thanks for the email. I'll work on my response. Please send all future emails pertaining to our working together to my eastern films email address. I can't be 100% sure that the CCC email is secure. Back to you soon.

Regards,

Dave

From: Dave Wilson [mailto:dave@ccc-films.com]
Sent: Friday, January 13, 2012 9:48 AM
To: 'Dave Wilson'
Subject: FW: McGarel- FILMtech

From: Mark McGarel [mailto:mmcgarel@filmtechinc.com]
Sent: Friday, January 13, 2012 9:34 AM
To: Dave Wilson
Subject: McGarel- FILMtech

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Window Bag – BOPP/PET
Flex Duct – PET
Bakery overwrap – BOPP 2 side sealable
Cable wrap - PET
Plastic cutlery – LDPE/BOPP
Toll Slitting - ???
Others - ???

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What are standard terms of sale?
What is typical order size by market?
What is typical pallet/packaging configurations?
How much stock do we need to have for what level of sales?

What are your expectations for compensation?
What legal repercussions might result from our collaboration?

I'm sure there is more but this should get us started.....

Regards;

Mark McGarel
FILMtech Inc.
865.767.3533 ext 103
www.filmtechinc.com

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Version: 2012.0.1901 / Virus Database: 2109/4740 - Release Date: 01/13/12

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11. Labels – 48, 92, 142 and 200 gauge clear, typically high clarity chem treated but not always. Widths are usually 4" to 20" wide. Pricing is slightly higher than the packaging market. BOPP overlam films are also used. 60 to 90 gauge non sealable.

See attached spreadsheet with a breakdown of the CCC business including customers and top prospects. Look this over and call me to discuss.

Thanks,

Dave

From: Mark McGarel [mailto:mmcgarel@filmtechinc.com]
Sent: Friday, January 13, 2012 10:02 AM
To: Dave Wilson
Subject: RE: McGarel- FILMtech

Understood.

Regards;

Mark McGarel
FILMtech Inc.
865.767.3533 ext 103
www.filmtechinc.com

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Sent: Friday, January 13, 2012 9:34 AM

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From: marty.eggerss@mmm.com
Sent: Monday, January 16, 2012 3:55 PM
To: Dave Wilson
Subject: RE: Opportunity for Converting / Re-sale

OK, thanks Dave. I'll pass this on.

I would "equalize" the price to you of the 61-inch relative to the 56-inch in order to compensate for the yield loss.

Marty Eggerss | Technical Service Manager
3M Film Manufacturing Operations
3M Center, 220-12E-04 | St. Paul, MN 55144-1000
Office: 651 733 9432 | Mobile: 651 331 9346 | Fax: 651 575 1977
marty.eggerss@mmm.com | www.3M.com

From: "Dave Wilson" <davewilson@easternfilms.net>
To: <marty.eggerss@mmm.com>
Date: 01/16/2012 01:32 PM
Subject: RE: Opportunity for Converting / Re-sale

Hi Marty,

Toll slitting cost would be \$.18 to \$.20 per lb. If we bought it from you at \$1.30 to \$1.40 56" wide, we would slit and resell it for \$1.95 to \$2.05 per lb. If we had to buy 61", we'd charge more on the sale because of the trim loss. Let me know if this works for you.

Thanks,

Dave

From: marty.eggerss@mmm.com [<mailto:marty.eggerss@mmm.com>]
Sent: Monday, January 16, 2012 1:55 PM
To: Dave Wilson
Subject: Opportunity for Converting / Re-sale

Dave,

Input rolls would be our 777 500 gauge, either 61" or 56" width. 2,700 yd (8,100 ft).

Output rolls are to be 18" X 1,000 FEET.

I have to check if the output is 3" or 6" cores.

Marty Eggerss | Technical Service Manager

3M Film Manufacturing Operations

3M Center, 220-12E-04 | St. Paul, MN 55144-1000

Office: 651 733 9432 | Mobile: 651 331 9346 | Fax: 651 575 1977

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Version: 2012.0.1901 / Virus Database: 2109/4746 - Release Date: 01/16/12

From: Dave Wilson <davewilson@easternfilms.net>
Sent: Monday, January 16, 2012 5:34 PM
To: 'Mark McGarel'
Subject: RE: McGarel- FILMtech
Attachments: product mix filmtech.xls

Hi Mark,

Good questions. If we go the route of me working as a commission agent for Filmtech or Plastic Industries, I would more than likely keep Eastern Film Solutions as my business entity, unless my accountant thinks it would be advantageous to set up a new business. I can't think of any reasons not to keep Eastern Film Solutions open. I will speak with UL about a file. Since the original file was under EFS, it may be easier to get the file set up as EFS as opposed to a new file name. If we set up the file as EFS, product could be labeled as EFS but still produced and billed under a different company name i.e. Plastic Industries. If we have to set up a new file, the cost would be roughly \$6000 and it would take several months to get the file set up.

I am waiting for the final word from my attorney regarding conflicts with CCC. Last word was that I am free to resign and compete with the company since it was set up as a manager managed LLC with John as the only manager. There would be no risk to your companies with me working as an agent or employee.

Markets and products:

1. Folding Carton – mostly high clarity pet and non sealable BOPP. Thicknesses for pet are mostly 92 ga to 300 gauge with some smaller quantities of 4, 5 and 7 mil. On the BOPP, thickness ranges from 100 ga to 200 gauge. Small orders ranging from 500 lbs to 3000 lbs depending on the size of the customer. Lead time is usually less than one week. 3" cores, 13" OD. Selling prices range from \$2.45 to \$2.65 on pet and \$1.60 to \$1.80 on BOPP. Stocking 2000 to 3000 lbs of each thickness should suffice in the beginning.
2. Window Bag – 48 to 92 ga pet. 75 to 90 gauge BOPP. Widths from 6" to 20". Selling prices from \$1.65 to \$1.85 on pet, \$1.65 to \$1.85 on BOPP. Lead times may be longer but not typically more than 2 weeks.
3. Flex Duct – you know the products. Pricing from \$1.45 to \$1.55 on clear 48 gauge, \$1.55 to \$1.75 on met pet. Lead times are usually 3 weeks or longer. Surplus film a must for this market.
4. Bakery Overwrap – customers can range from those who use one pallet per month to 100,000 lbs per month. The larger accounts obviously are serviced by the manufacturers. 80 to 160 ga BOPP 2 side sealable. Lead times from 2 weeks to 4 weeks. Selling prices from \$1.35 for large accounts to \$1.65 for smaller accounts. Widths from 7" to 15" on 3" cores
5. Cable wrap – there has been some consolidation over the years so most of the companies are good size. 92 to 500 ga general purpose pet in widths from 2" to 5" on 3" cores. Don't know where selling prices are at this time.
6. Plastic Cutlery – 80 ga BOPP 2 side sealable, widths from 7" to 11". Pricing in the \$1.35 to \$1.45 range for larger customers. Widths are predictable and they like stocking programs.
7. Book Jackets – some 142 and 200 ga general purpose pet. Most is 142 and 200 ga high clarity 2 side chem treat. Widths from 7" to 17". Pricing at \$1.90 for general purpose, \$2.10 to \$2.20 for high clarity chem treated. Lead times are 1 to 2 weeks.
8. Toll Slitting – hard to nail this down. Target accounts are mostly producers but sometimes converters who need narrow web films not available from the producers. Also some very narrow slit widths not offered by many slitters. You need the right equipment or tooling to go below 1" in width.
9. Tape manufacturers and coaters – both PET and BOPP films are used. Widths are typically 50" or wider. BOPP component is typically serviced by film producers both domestic and offshore. PET component is serviced by producers and distributors.

10. Flexible Packaging – clear 48 gauge pet, metallized 48 ga pet, clear pvdc coated pet. You know the metallized business. The clear business is serviced by the US producers, offshore producers, brokers and distributors. Most of the pvdc business is serviced by distributors. Selling prices range from \$1.35 to \$1.65/lb for 48 ga corona. \$2.45 to \$2.75/lb for pvdc orders. The key to servicing the small to medium size packaging converters is have a mix of stocked widths and the ability to slit 3000 to 5000 lb orders quickly.
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	A	B	C	D	E	F	G	H	I
1	Customer	Product	widths	lbs per month in budget	Total lbs purchased	Selling price	Film cost	total budgeted sales	budget film cost
2	1	92 ga corona	45, 49, 53	2000	10000	\$ 1.45	\$ 1.15	\$ 2,900.00	\$ 2,300.00
3	1	48 ga met pet	45, 49, 53	2000	5000	\$ 1.80	\$ 1.26	\$ 3,600.00	\$ 2,520.00
4	1	92 ga matte	45"	2000	4000	\$ 2.40	\$ 1.80	\$ 4,800.00	\$ 3,600.00
5	2	60 ga met bopp	37"	5000	5000	\$ 2.10	\$ 1.50	\$ 10,500.00	\$ 7,500.00
6	3	HC pet chem treat	3 to 6"	2350	2350	\$ 2.45	\$ 1.55	\$ 5,757.50	\$ 3,642.50
7	4	48 ga chem treat	29"	1000	3000	\$ 2.30	\$ 1.15	\$ 2,300.00	\$ 1,150.00
8	5	92 ga plain	48"	3500	3500	\$ 1.90	\$ 1.25	\$ 6,650.00	\$ 4,375.00
9	6	2 mil plain	12"	1200	1200	\$ 2.70	\$ 1.12	\$ 3,240.00	\$ 1,344.00
10	7	pvc pet	30" to 45"	1800	5000	\$ 2.45	\$ 1.95	\$ 4,410.00	\$ 3,510.00
11	8	pvc pet	30" to 45"	6500	6500	\$ 2.45	\$ 1.95	\$ 15,925.00	\$ 12,675.00
12	8	48 ga corona	27" to 48"	2000	10000	\$ 1.65	\$ 1.15	\$ 3,300.00	\$ 2,300.00
13	9	142 ga plain	7" to 15"	6000	10000	\$ 1.95	\$ 1.00	\$ 11,700.00	\$ 6,000.00
14	9	200 ga HC chem	7" to 15"	500	500	\$ 2.90	\$ 1.55	\$ 1,450.00	\$ 775.00
15	10	5 mil HC chem	4" to 12"	100	100	\$ 2.45	\$ 1.55	\$ 245.00	\$ 155.00
16	11	pvc pet	30" to 45"	2000	4000	\$ 2.45	\$ 1.95	\$ 4,900.00	\$ 3,900.00
17	11	48 ga met pet	30" to 45"	4000	10000	\$ 1.80	\$ 1.26	\$ 7,200.00	\$ 5,040.00
18	11	48 ga corona	30" to 45"	5000	100000	\$ 1.55	\$ 1.15	\$ 7,750.00	\$ 5,750.00
19	12	48 ga corona	60"	500	500	\$ 1.80	\$ 1.15	\$ 900.00	\$ 575.00
20	13	92 ga plain	29.625"	1500	1500	\$ 1.70	\$ 1.15	\$ 2,550.00	\$ 1,725.00
21	14	200 ga plain	3.375"	5000	5000	\$ 1.60	\$ 1.20	\$ 8,000.00	\$ 6,000.00
22	14	142 ga plain	3.375"	2000	2000	\$ 1.60	\$ 1.00	\$ 3,200.00	\$ 2,000.00
23	14	92 ga met pet	3.375"	1000	1000	\$ 2.25	\$ 1.75	\$ 2,250.00	\$ 1,750.00
24	15	48 ga corona	19" to 52"	1000	5000	\$ 1.70	\$ 1.15	\$ 1,700.00	\$ 1,150.00
25	15	48 ga met pet	19" to 52"	1000	3000	\$ 1.95	\$ 1.26	\$ 1,950.00	\$ 1,260.00
26	16	92 ga HC plain	61"	3000	20000	\$ 1.45	\$ 1.15	\$ 4,350.00	\$ 3,450.00
27	17	48 ga corona	25" to 47"	2500	10000	\$ 1.65	\$ 1.15	\$ 4,125.00	\$ 2,875.00
28	18	48 ga plain	2.5" to 3.375"	10000	10000	\$ 1.55	\$ 0.85	\$ 15,500.00	\$ 8,500.00
29	18	48 ga met pet	3.375"	5000	5000	\$ 1.80	\$ 1.00	\$ 9,000.00	\$ 5,000.00
30	19	500 ga HC chem	40"	200	5000	\$ 2.15	\$ 1.55	\$ 430.00	\$ 310.00
31	20	48 ga plain	1.75" to 2.5"	20000	80000	\$ 1.45	\$ 0.85	\$ 29,000.00	\$ 17,000.00
32	20	48 ga met pet	2.5"	5000	20000	\$ 1.55	\$ 1.00	\$ 7,750.00	\$ 5,000.00
33	21	48 ga corona	30" to 48"	2000	10000	\$ 1.70	\$ 1.15	\$ 3,400.00	\$ 2,300.00
34	21	48 ga met pet	30" to 48"	1000	3000	\$ 1.95	\$ 1.26	\$ 1,950.00	\$ 1,260.00
35	22	48 ga plain	2" to 2.375"	7500	7500	\$ 1.50	\$ 0.85	\$ 11,250.00	\$ 6,375.00
36	22	.00035 bare foil	3.5"	5000	5000	\$ 2.45	\$ 1.95	\$ 12,250.00	\$ 9,750.00
37	22	Pet / foil Laminate	1.75" to 2"	15000	15000	\$ 2.25	\$ 1.90	\$ 33,750.00	\$ 28,500.00
38	23	142 ga plain	29", 34"	1000	1000	\$ 2.05	\$ 1.00	\$ 2,050.00	\$ 1,000.00
39	24	92 ga plain	45"	500	2000	\$ 2.10	\$ 1.25	\$ 1,050.00	\$ 625.00
40	25	2 mil HC	61"	2500	7000	\$ 2.05	\$ 1.65	\$ 5,125.00	\$ 4,125.00
41	25	142 ga HC chem	7" to 15"	500	500	\$ 2.25	\$ 1.55	\$ 1,125.00	\$ 775.00
42	26	92/200 ga met pet	.5" to 2"	600	600	\$ 5.50	\$ 1.85	\$ 3,300.00	\$ 1,110.00
43	27	75 ga met pet	37"	2500	4000	\$ 1.75	\$ 1.30	\$ 4,375.00	\$ 3,250.00
44	28	142 ga plain	17" to 35"	1500	1500	\$ 2.20	\$ 1.00	\$ 3,300.00	\$ 1,500.00
45	28	92 ga plain	17" to 35"	500	500	\$ 2.20	\$ 1.20	\$ 1,100.00	\$ 600.00

	J	K	L
1	Raw mat margin / lb	gross material margin	
2	\$ 0.30	\$ 600.00	
3	\$ 0.54	\$ 1,080.00	
4	\$ 0.60	\$ 1,200.00	
5	\$ 0.60	\$ 3,000.00	
6	\$ 0.90	\$ 2,115.00	
7	\$ 1.15	\$ 1,150.00	
8	\$ 0.65	\$ 2,275.00	
9	\$ 1.58	\$ 1,896.00	
10	\$ 0.50	\$ 900.00	
11	\$ 0.50	\$ 3,250.00	
12	\$ 0.50	\$ 1,000.00	
13	\$ 0.95	\$ 5,700.00	
14	\$ 1.35	\$ 675.00	
15	\$ 0.90	\$ 90.00	
16	\$ 0.50	\$ 1,000.00	
17	\$ 0.54	\$ 2,160.00	
18	\$ 0.40	\$ 2,000.00	
19	\$ 0.65	\$ 325.00	
20	\$ 0.55	\$ 825.00	
21	\$ 0.40	\$ 2,000.00	
22	\$ 0.60	\$ 1,200.00	
23	\$ 0.50	\$ 500.00	
24	\$ 0.55	\$ 550.00	
25	\$ 0.69	\$ 690.00	
26	\$ 0.30	\$ 900.00	
27	\$ 0.50	\$ 1,250.00	
28	\$ 0.70	\$ 7,000.00	
29	\$ 0.80	\$ 4,000.00	
30	\$ 0.60	\$ 120.00	
31	\$ 0.60	\$ 12,000.00	
32	\$ 0.55	\$ 2,750.00	
33	\$ 0.55	\$ 1,100.00	
34	\$ 0.69	\$ 690.00	
35	\$ 0.65	\$ 4,875.00	
36	\$ 0.50	\$ 2,500.00	
37	\$ 0.35	\$ 5,250.00	
38	\$ 1.05	\$ 1,050.00	
39	\$ 0.85	\$ 425.00	
40	\$ 0.40	\$ 1,000.00	
41	\$ 0.70	\$ 350.00	
42	\$ 3.65	\$ 2,190.00	
43	\$ 0.45	\$ 1,125.00	
44	\$ 1.20	\$ 1,800.00	
45	\$ 1.00	\$ 500.00	

	A	B	C	D	E	F	G	H	I
46	29	48 ga met pet	50", 62"	1200	1200	\$ 3.00	\$ 1.20	\$ 3,600.00	\$ 1,440.00
47	30	48 ga plain	2.5"	250	1000	\$ 1.60	\$ 0.90	\$ 400.00	\$ 225.00
48	31	pvc pet	28" to 55"	4200	6000	\$ 2.40	\$ 1.95	\$ 10,080.00	\$ 8,190.00
49	32	48 ga met pet	29" to 55"	500	5000	\$ 1.75	\$ 1.26	\$ 875.00	\$ 630.00
50	33	48 ga corona	14" to 26"	500	2000	\$ 1.80	\$ 1.15	\$ 900.00	\$ 575.00
51	34	48 ga plain	17" to 21"	4000	4000	\$ 1.75	\$ 0.90	\$ 7,000.00	\$ 3,600.00
52	35	48 ga chem treat	40.5"	1500	1500	\$ 2.20	\$ 1.15	\$ 3,300.00	\$ 1,725.00
53	36	92 ga chem treat	40.5"	1000	1000	\$ 2.20	\$ 1.15	\$ 2,200.00	\$ 1,150.00
54	37	2 mil plain	26"	5000	5000	\$ 1.10	\$ 0.35	\$ 5,500.00	\$ 1,750.00
55	38	48 ga corona	31"	500	10000	\$ 1.60	\$ 1.15	\$ 800.00	\$ 575.00
56	39	48 ga met pet	9" to 32"	500	500	\$ 2.15	\$ 1.00	\$ 1,075.00	\$ 500.00
57	39	4 mil HC chem	9" to 32"	200	200	\$ 2.55	\$ 1.55	\$ 510.00	\$ 310.00
58	39	10 mil HC chem	9" to 32"	200	200	\$ 2.55	\$ 1.55	\$ 510.00	\$ 310.00
59	40	48 ga corona	27" to 54"	2000	20000	\$ 1.60	\$ 1.15	\$ 3,200.00	\$ 2,300.00
60	40	48 ga met pet	27" to 54"	1000	5000	\$ 1.75	\$ 1.26	\$ 1,750.00	\$ 1,260.00
61	40	pvc pet	27" to 54"	1000	3000	\$ 2.40	\$ 1.95	\$ 2,400.00	\$ 1,950.00
62	41	pvc pet	56"	300	300	\$ 2.45	\$ 1.95	\$ 735.00	\$ 585.00
63	41	142 ga chem	56"	500	500	\$ 2.50	\$ 1.55	\$ 1,250.00	\$ 775.00
64	42	92 ga silicone	25"	5000	5000	\$ 1.85	\$ 1.12	\$ 9,250.00	\$ 5,600.00
65	43	48 ga corona	56" to 61"	1000	3000	\$ 1.80	\$ 1.15	\$ 1,800.00	\$ 1,150.00
66	43	92 ga corona	56" to 61"	500	2000	\$ 2.00	\$ 1.40	\$ 1,000.00	\$ 700.00
67	44	48 ga plain	2.25"	2000	2000	\$ 2.05	\$ 0.90	\$ 4,100.00	\$ 1,800.00
68	45	200 ga HC chem	5.75"	5000	5000	\$ 2.20	\$ 1.55	\$ 11,000.00	\$ 7,750.00
69	45	92 ga corona	56" to 60"	2000	2000	\$ 1.75	\$ 1.40	\$ 3,500.00	\$ 2,800.00
70	45	2 mil HC chem	56" to 60"	2000	2000	\$ 2.12	\$ 1.55	\$ 4,240.00	\$ 3,100.00
71	47	142 ga pet plain	14"	4000	4000	\$ 1.75	\$ 1.15	\$ 7,000.00	\$ 4,600.00
72	48	142 ga HC chem	7" to 17"	10000	35000	\$ 2.08	\$ 1.65	\$ 20,800.00	\$ 16,500.00
73	49	48 ga met pet	3.375"	5000	10000	\$ 1.60	\$ 1.00	\$ 8,000.00	\$ 5,000.00
74									
75				205600	542150			\$ 388,132.50	\$ 261,151.50
76									
77									
78	Prospects:								
79	1	2 mil plain	4.75"	85000	85000	\$ 1.95	\$ 1.20	\$ 165,750.00	\$ 102,000.00
80	2	48 ga met .4 optical	43" to 73"	40000	80000	\$ 1.85	\$ 1.30	\$ 148,000.00	\$ 104,000.00
81	2	92 ga corona	43" to 73"	20000	30000	\$ 1.65	\$ 1.15	\$ 49,500.00	\$ 34,500.00
82	2	48 ga met chem	43" to 73"	30000	30000	\$ 1.95	\$ 1.46	\$ 58,500.00	\$ 43,800.00
83	3	2 mil plain	6.5"	40000	120000	\$ 1.95	\$ 1.20	\$ 234,000.00	\$ 144,000.00
84	4	48 ga plain	2" to 3.375"	30000	30000	\$ 1.48	\$ 0.85	\$ 44,400.00	\$ 25,500.00
85	4	48 ga met pet	2" to 3.375"	10000	10000	\$ 1.75	\$ 1.00	\$ 17,500.00	\$ 10,000.00
86	5	48 ga plain	2" to 3.375"	10000	10000	\$ 1.55	\$ 0.85	\$ 15,500.00	\$ 8,500.00
87	5	48 ga met pet	2" to 3.375"	3000	3000	\$ 1.75	\$ 1.00	\$ 5,250.00	\$ 3,000.00
88	6	75 ga corona	11" to 22"	5000	5000	\$ 1.65	\$ 1.20	\$ 8,250.00	\$ 6,000.00
89	6	75 ga BOPP	11" to 22"	10000	10000	\$ 1.60	\$ 1.15	\$ 16,000.00	\$ 11,500.00
90	7	120 ga 2 side acrylic	4" to 11"	10000	10000	\$ 2.75	\$ 2.35	\$ 27,500.00	\$ 23,500.00

	J		K		L
46	\$	1.80	\$	2,160.00	
47	\$	0.70	\$	175.00	
48	\$	0.45	\$	1,890.00	
49	\$	0.49	\$	245.00	
50	\$	0.65	\$	325.00	
51	\$	0.85	\$	3,400.00	
52	\$	1.05	\$	1,575.00	
53	\$	1.05	\$	1,050.00	
54	\$	0.75	\$	3,750.00	
55	\$	0.45	\$	225.00	
56	\$	1.15	\$	575.00	
57	\$	1.00	\$	200.00	
58	\$	1.00	\$	200.00	
59	\$	0.45	\$	900.00	
60	\$	0.49	\$	490.00	
61	\$	0.45	\$	450.00	
62	\$	0.50	\$	150.00	
63	\$	0.95	\$	475.00	
64	\$	0.73	\$	3,650.00	
65	\$	0.65	\$	650.00	
66	\$	0.60	\$	300.00	
67	\$	1.15	\$	2,300.00	
68	\$	0.65	\$	3,250.00	
69	\$	0.35	\$	700.00	
70	\$	0.57	\$	1,140.00	
71	\$	0.60	\$	2,400.00	
72	\$	0.43	\$	4,300.00	
73	\$	0.60	\$	3,000.00	
74					
75			\$	126,981.00	49%
76					
77					
78					
79	\$	0.75	\$	63,750.00	
80	\$	0.55	\$	22,000.00	
81	\$	0.50	\$	10,000.00	
82	\$	0.49	\$	14,700.00	
83	\$	0.75	\$	30,000.00	
84	\$	0.63	\$	18,900.00	
85	\$	0.75	\$	7,500.00	
86	\$	0.70	\$	7,000.00	
87	\$	0.75	\$	2,250.00	
88	\$	0.45	\$	2,250.00	
89	\$	0.45	\$	4,500.00	
90	\$	0.40	\$	4,000.00	

	A	B	C	D	E	F	G	H	I
91	8	.25 optical met pet	6" to 7"	1500	1500	\$ 1.95	\$ 1.30	\$ 2,925.00	\$ 1,950.00
92	9	36 ga met pet	31"	20000	20000	\$ 1.85	\$ 1.30	\$ 37,000.00	\$ 26,000.00
93	10	48 ga met pet .25 optical	4", 5", 6"	30000	30000	\$ 1.70	\$ 1.30	\$ 51,000.00	\$ 39,000.00
94	11	48 ga met pet	41" to 49"	40000	40000	\$ 1.85	\$ 1.30	\$ 74,000.00	\$ 52,000.00
95	12	92 ga corona	57"	80000	80000	\$ 1.50	\$ 1.20	\$ 120,000.00	\$ 96,000.00
96	12	200 ga corona	57"	40000	40000	\$ 1.50	\$ 1.20	\$ 60,000.00	\$ 48,000.00
97	13	3 mil high clarity	3" to 6"	500	500	\$ 2.45	\$ 1.65	\$ 1,225.00	\$ 825.00
98	14	HC PET 92, 142	3" to 7"	5000	5000	\$ 2.45	\$ 1.65	\$ 12,250.00	\$ 8,250.00
99	15	2 mil plain	50"	40000	40000	\$ 1.58	\$ 1.20	\$ 63,200.00	\$ 48,000.00
100	16	48 ga plain	1.75" to 3"	7000	7000	\$ 1.55	\$ 0.85	\$ 10,850.00	\$ 5,950.00
101	16	48 ga met pet	1.75" to 3"	2000	2000	\$ 1.80	\$ 1.00	\$ 3,600.00	\$ 2,000.00
102	17	48 ga plain	2"	5000	15000	\$ 1.35	\$ 0.85	\$ 20,250.00	\$ 12,750.00
103	18	48 ga corona	26" to 50"	3000	3000	\$ 1.60	\$ 1.15	\$ 4,800.00	\$ 3,450.00
104	19	48 ga plain	1.625" to 6"	10000	80000	\$ 1.45	\$ 0.90	\$ 116,000.00	\$ 72,000.00
105	19	48 ga met pet	2" to 6"	5000	20000	\$ 1.65	\$ 1.00	\$ 33,000.00	\$ 20,000.00
106	20	48 ga corona	50"	1000	3000	\$ 1.60	\$ 1.25	\$ 4,800.00	\$ 3,750.00
107	21	48 ga plain	2", 2.25" 2.5"	10000	10000	\$ 1.35	\$ 0.85	\$ 13,500.00	\$ 8,500.00
108	22	foil / pet laminate	1.5", 1.75"	15000	15000	\$ 2.20	\$ 1.86	\$ 33,000.00	\$ 27,900.00
109	23	met BOPP	31"	3000	3000	\$ 1.88	\$ 1.50	\$ 5,640.00	\$ 4,500.00
110	24	48 ga corona	30" to 48"	2000	2000	\$ 1.70	\$ 1.15	\$ 3,400.00	\$ 2,300.00
111	24	48 ga met pet	30" to 48"	1000	1000	\$ 1.85	\$ 1.30	\$ 1,850.00	\$ 1,300.00
112	24	pvc pet	30" to 48"	2000	2000	\$ 2.45	\$ 1.95	\$ 4,900.00	\$ 3,900.00
113	25	120 ga bopp	3" to 7"	10000	10000	\$ 1.75	\$ 1.20	\$ 17,500.00	\$ 12,000.00
114	26	48 ga corona	30" to 40"	3000	3000	\$ 1.63	\$ 1.15	\$ 4,890.00	\$ 3,450.00
115	26	48 ga met pet chem	30" to 40"	3000	3000	\$ 2.25	\$ 1.46	\$ 6,750.00	\$ 4,380.00
116	27	80 ga BOPP	7" to 11"	100000	100000	\$ 1.40	\$ 1.05	\$ 140,000.00	\$ 105,000.00
117									
118				732000	959000			\$ 1,636,480.00	\$ 1,129,455.00

	J	K	L
91	\$ 0.65	\$ 975.00	
92	\$ 0.55	\$ 11,000.00	
93	\$ 0.40	\$ 12,000.00	
94	\$ 0.55	\$ 22,000.00	
95	\$ 0.30	\$ 24,000.00	
96	\$ 0.30	\$ 12,000.00	
97	\$ 0.80	\$ 400.00	
98	\$ 0.80	\$ 4,000.00	
99	\$ 0.38	\$ 15,200.00	
100	\$ 0.70	\$ 4,900.00	
101	\$ 0.80	\$ 1,600.00	
102	\$ 0.50	\$ 2,500.00	
103	\$ 0.45	\$ 1,350.00	
104	\$ 0.55	\$ 5,500.00	
105	\$ 0.65	\$ 3,250.00	
106	\$ 0.35	\$ 350.00	
107	\$ 0.50	\$ 5,000.00	
108	\$ 0.34	\$ 5,100.00	
109	\$ 0.38	\$ 1,140.00	
110	\$ 0.55	\$ 1,100.00	
111	\$ 0.55	\$ 550.00	
112	\$ 0.50	\$ 1,000.00	
113	\$ 0.55	\$ 5,500.00	
114	\$ 0.48	\$ 1,440.00	
115	\$ 0.79	\$ 2,370.00	
116	\$ 0.35	\$ 35,000.00	
117			
118		\$ 366,075.00	32%

NEXSEN|PRUET

William H. Floyd, III
Member
Certified Employment & Labor Law Specialist
Admitted in SC

January 19, 2012

VIA FACSIMILE AND MAIL 864.239.4112

Clayton L. Jennings, Esquire
Jennings Law Firm, LLC
1151 East Washington Street
Greenville, SC 29601

Re: Your Client: David Wilson
Our Client: Carolina Custom Converting, LLC

Dear Mr. Jennings:

Charleston
Charlotte
Columbia
Greensboro
Greenville
Hilton Head
Myrtle Beach
Raleigh

We understand that you represent Mr. Wilson, a former employee of Carolina Custom Converting, LLC.

Mr. Wilson has removed certain company property and has it in his possession or control. This property includes one or more computers or blackberry cell phones. That property, including its contents, belongs to Carolina Custom Converting, LLC and he improperly has it without its consent. The contents of the property include proprietary information, trade secrets, and other intellectual property of my client. For example, the computer data includes customer lists as well as customer sales information.

Mr. Wilson must not destroy, copy, sell, or use any of this property, including the computer data. To do so would violate South Carolina law, irreparably harm Carolina Custom Converting, LLC, and breach his fiduciary duties as a member of the LLC. Mr. Wilson must return this property, including all related data, to Carolina Custom Converting, LLC today before the close of business.

Please have him deliver it to Nexsen Pruet at 55 East Camperdown Way, Suite 400, Greenville, SC 29601 by no later than 5:00 p.m. today. Delivery should include

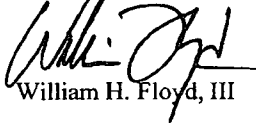
1230 Main Street
Suite 700 (29201)
PO Drawer 2426
Columbia, SC 29202
www.nexsenpruet.com

T 803.253.8201
F 803.727.1436
E WFloyd@nexsenpruet.com
Nexsen Pruet, LLC
Attorneys and Counselors at Law

Clayton L. Jennings, Esquire
January 19, 2012
Page 2

any copies of this information, electronic or otherwise. At that time, please also
delivery any other company property in his possession or control.

Thank you for your assistance.

Sincerely,

William H. Floyd, III

WHF/gpc

Clayton L. Jennings, Esquire
January 19, 2012
Page 3

bcc: Mr. John Gandis
Ms. Andrea Comeau-Shirley

To: john@ccc-films.com

Subject: Fw: analysis of sales mix - FILMtech

Sent from my Verizon Wireless BlackBerry

From: "Renee McGarel" <mcgarel@charter.net>

Date: Sat, 21 Jan 2012 17:42:09 -0500

To: 'Mark McGarel' <mmcgarel@filmtechinc.com>; <davewilsonsr@charter.net>

Cc: <kstansberry@filmtechinc.com>

Subject: analysis of sales mix - FILMtech

Dave; sorry I haven't been able to get to this sooner; I know your timeline is compressed and you are looking at some other opportunities. We can discuss Monday in detail.

On the Summary page I added what FT is currently paying for the films listed and then applied our standard costs to the item. It doesn't look promising but I think that is because of the difference between B grade and prime film.

I have several concerns/questions; about how this business mix will impact FT

- Buying Non prime films appear critical and make a large impact on the margin with the business mix analyzed
- Logistics might be difficult in our system as I would be mixing prime with non prime (have spec's per customer)
- Its doubtful FT possesses all the equipment to run the different films (would need some rewinders/doctor machines)

Talk to you Monday....Mark

Attachments

1: revised Jan 19 mix CCC.xlsx

Type: application/vnd.openxmlformats-officedocument.spreadsheetml.sheet
Size: 59 KB (61,344 bytes)

Attachment #1

revised Jan 19 mix CCC.xlsx

Original view

18 pages (displayed on pages 2326 to 2343)

Customer	Product	widths	ts by Month	Hourly Cost	Selling pri	Film cost	FT COST	total budg
1	92 ga coror	45, 49, 53	2000	414.800	\$ 1.45	\$ 1.15	\$ 1.10	#####
1	48 ga met	45, 49, 53	2000	414.800	\$ 1.80	\$ 1.26	\$ 1.40	#####
1	92 ga matt	45"	2000	414.800	\$ 2.40	\$ 1.80	\$ 2.10	#####
2	60 ga met	137"	5000	1,037.000	\$ 2.10	\$ 1.50	\$ 1.75	#####
3	HC pet che	3 to 6"	2350	487.390	\$ 2.45	\$ 1.55	\$ 2.10	#####
4	48 ga cherr	29"	1000	207.400	\$ 2.30	\$ 1.15	\$ 1.50	#####
5	92 ga plain	48"	3500	725.900	\$ 1.90	\$ 1.25	\$ 1.25	#####
6	2 mil plain	12"	1200	248.880	\$ 2.70	\$ 1.12	\$ 1.25	#####
7	pvdcc pet	30" to 45"	1800	373.320	\$ 2.45	\$ 1.95	\$ 1.95	#####
8	pvdcc pet	30" to 45"	6500	1,348.100	\$ 2.45	\$ 1.95	\$ 1.95	#####
8	48 ga coror	27" to 48"	2000	414.800	\$ 1.65	\$ 1.15	\$ 1.10	#####
9	142 ga plain	7" to 15"	6000	1,244.400	\$ 1.95	\$ 1.00	\$ 1.25	#####
9	200 ga HC	7" to 15"	500	103.700	\$ 2.90	\$ 1.55	\$ 2.10	#####
10	5 mil HC ch	4" to 12"	100	20.740	\$ 2.45	\$ 1.55	\$ 2.10	\$ 245.00
11	pvdcc pet	30" to 45"	2000	414.800	\$ 2.45	\$ 1.95	\$ 1.95	#####
11	48 ga met	30" to 45"	4000	829.600	\$ 1.80	\$ 1.26	\$ 1.40	#####
11	48 ga coror	30" to 45"	5000	1,037.000	\$ 1.55	\$ 1.15	\$ 1.10	#####
12	48 ga coror	60"	500	103.700	\$ 1.80	\$ 1.15	\$ 1.10	\$ 900.00
13	92 ga plain	29.625"	1500	311.100	\$ 1.70	\$ 1.15	\$ 1.25	#####
14	200 ga plain	3.375"	5000	1,037.000	\$ 1.60	\$ 1.20	\$ 1.25	#####
14	142 ga plain	3.375"	2000	414.800	\$ 1.60	\$ 1.00	\$ 1.25	#####
14	92 ga met	3.375"	1000	207.400	\$ 2.25	\$ 1.75	\$ 1.65	#####
15	48 ga coror	19" to 52"	1000	207.400	\$ 1.70	\$ 1.15	\$ 1.10	#####
15	48 ga met	19" to 52"	1000	207.400	\$ 1.95	\$ 1.26	\$ 1.40	#####
16	92 ga HC pl	61"	3000	622.200	\$ 1.45	\$ 1.15	\$ 2.25	#####
17	48 ga coror	25" to 47"	2500	518.500	\$ 1.65	\$ 1.15	\$ 1.10	#####
18	48 ga plain	2.5" to 3.375"	10000	2,074.000	\$ 1.55	\$ 0.85	\$ 1.10	#####
18	48 ga met	3.375"	5000	1,037.000	\$ 1.80	\$ 1.00	\$ 1.40	#####
19	500 ga HC	40"	200	41.480	\$ 2.15	\$ 1.55	\$ 1.85	\$ 430.00
20	48 ga plain	1.75" to 2.5"	20000	4,148.000	\$ 1.45	\$ 0.85	\$ 1.10	#####
20	48 ga met	2.5"	5000	1,037.000	\$ 1.55	\$ 1.00	\$ 1.40	#####
21	48 ga coror	30" to 48"	2000	414.800	\$ 1.70	\$ 1.15	\$ 1.10	#####
21	48 ga met	30" to 48"	1000	207.400	\$ 1.95	\$ 1.26	\$ 1.40	#####
22	48 ga plain	2" to 2.375"	7500	1,555.500	\$ 1.50	\$ 0.85	\$ 1.10	#####
22	.00035 bar	3.5"	5000	1,037.000	\$ 2.45	\$ 1.95	\$ 1.95	#####
22	Pet / foil L	1.75" to 2"	15000	3,111.000	\$ 2.25	\$ 1.90	\$ 1.90	#####
23	142 ga plain	29", 34"	1000	207.400	\$ 2.05	\$ 1.00	\$ 1.25	#####
24	92 ga plain	45"	500	103.700	\$ 2.10	\$ 1.25	\$ 1.25	#####
25	2 mil HC	61"	2500	518.500	\$ 2.05	\$ 1.65	\$ 2.10	#####
25	142 ga HC	7" to 15"	500	103.700	\$ 2.25	\$ 1.55	\$ 2.10	#####
26	92/200 ga	1.5" to 2"	600	124.440	\$ 5.50	\$ 1.85	\$ 1.85	#####
27	75 ga met	37"	2500	518.500	\$ 1.75	\$ 1.30	\$ 1.65	#####
28	142 ga plain	17" to 35"	1500	311.100	\$ 2.20	\$ 1.00	\$ 1.25	#####
28	92 ga plain	17" to 35"	500	103.700	\$ 2.20	\$ 1.20	\$ 1.25	#####
29	48 ga met	50", 62"	1200	248.880	\$ 3.00	\$ 1.20	\$ 1.40	#####
30	48 ga plain	2.5"	250	51.850	\$ 1.60	\$ 0.90	\$ 1.10	\$ 400.00

31	pvc pet 28" to 55"	4200	871.080	\$	2.40	\$	1.95	\$	1.95	#####
32	48 ga met j 29" to 55"	500	103.700	\$	1.75	\$	1.26	\$	1.40	\$ 875.00
33	48 ga coror 14" to 26"	500	103.700	\$	1.80	\$	1.15	\$	1.10	\$ 900.00
34	48 ga plain 17" to 21"	4000	829.600	\$	1.75	\$	0.90	\$	1.10	#####
35	48 ga cherr 40.5"	1500	311.100	\$	2.20	\$	1.15	\$	1.50	#####
36	92 ga cherr 40.5"	1000	207.400	\$	2.20	\$	1.15	\$	1.50	#####
37	2 mil plain 26"	5000	1,037.000	\$	1.10	\$	0.35	\$	1.25	#####
38	48 ga coror 31"	500	103.700	\$	1.60	\$	1.15	\$	1.10	\$ 800.00
39	48 ga met j 9" to 32"	500	103.700	\$	2.15	\$	1.00	\$	1.40	#####
39	4 mil HC ch 9" to 32"	200	41.480	\$	2.55	\$	1.55	\$	2.10	\$ 510.00
39	10 mil HC c 9" to 32"	200	41.480	\$	2.55	\$	1.55	\$	2.10	\$ 510.00
40	48 ga coror 27" to 54"	2000	414.800	\$	1.60	\$	1.15	\$	1.10	#####
40	48 ga met j 27" to 54"	1000	207.400	\$	1.75	\$	1.26	\$	1.40	#####
40	pvc pet 27" to 54"	1000	207.400	\$	2.40	\$	1.95	\$	1.95	#####
41	pvc pet 56"	300	62.220	\$	2.45	\$	1.95	\$	1.95	\$ 735.00
41	142 ga che 56"	500	103.700	\$	2.50	\$	1.55	\$	2.10	#####
42	92 ga silico 25"	5000	1,037.000	\$	1.85	\$	1.12	\$	1.12	#####
43	48 ga coror 56" to 61"	1000	207.400	\$	1.80	\$	1.15	\$	1.10	#####
43	92 ga coror 56" to 61"	500	103.700	\$	2.00	\$	1.40	\$	1.25	#####
44	48 ga plain 2.25"	2000	414.800	\$	2.05	\$	0.90	\$	1.10	#####
45	200 ga HC c 5.75"	5000	1,037.000	\$	2.20	\$	1.55	\$	2.10	#####
45	92 ga coror 56" to 60"	2000	414.800	\$	1.75	\$	1.40	\$	1.25	#####
45	2 mil HC ch 56" to 60"	2000	414.800	\$	2.12	\$	1.55	\$	2.10	#####
47	142 ga pet 14"	4000	829.600	\$	1.75	\$	1.15	\$	1.25	#####
48	142 ga HC c 7" to 17"	10000	2,074.000	\$	2.08	\$	1.65	\$	2.10	#####
49	48 ga met j 3.375"	5000	1,037.000	\$	1.60	\$	1.00	\$	1.40	#####
		205600	#####							#####

Prospects:

1	2 mil plain 4.75"	85000	#####	\$	1.95	\$	1.20	#####
2	48 ga met j 43" to 73"	40000	#####	\$	1.85	\$	1.30	#####
2	92 ga coror 43" to 73"	20000	#####	\$	1.65	\$	1.15	#####
2	48 ga met j 43" to 73"	30000	#####	\$	1.95	\$	1.46	#####
3	2 mil plain 6.5"	40000	#####	\$	1.95	\$	1.20	#####
4	48 ga plain 2" to 3.375	30000	#####	\$	1.48	\$	0.85	#####
4	48 ga met j 2" to 3.375	10000	#####	\$	1.75	\$	1.00	#####
5	48 ga plain 2" to 3.375	10000	#####	\$	1.55	\$	0.85	#####
5	48 ga met j 2" to 3.375	3000	3,000.000	\$	1.75	\$	1.00	#####
6	75 ga coror 11" to 22"	5000	5,000.000	\$	1.65	\$	1.20	#####
6	75 ga BOPF 11" to 22"	10000	#####	\$	1.60	\$	1.15	#####
7	120 ga 2 sic 4" to 11"	10000	#####	\$	2.75	\$	2.35	#####
8	.25 optical 6" to 7"	1500	1,500.000	\$	1.95	\$	1.30	#####
9	36 ga met j 31"	20000	#####	\$	1.85	\$	1.30	#####
10	48 ga met j 4", 5", 6"	30000	#####	\$	1.70	\$	1.30	#####
11	48 ga met j 41" to 49"	40000	#####	\$	1.85	\$	1.30	#####

12	92 ga coror 57"	80000	#####	\$	1.50	\$	1.20	#####
12	200 ga corc 57"	40000	#####	\$	1.50	\$	1.20	#####
13	3 mil high c 3" to 6"	500	500.000	\$	2.45	\$	1.65	#####
14	HC PET 92, 3" to 7"	5000	5,000.000	\$	2.45	\$	1.65	#####
15	2 mil plain 50"	40000	#####	\$	1.58	\$	1.20	#####
16	48 ga plain 1.75" to 3"	7000	7,000.000	\$	1.55	\$	0.85	#####
16	48 ga met 1.75" to 3"	2000	2,000.000	\$	1.80	\$	1.00	#####
17	48 ga plain 2"	5000	#####	\$	1.35	\$	0.85	#####
18	48 ga coror 26" to 50"	3000	3,000.000	\$	1.60	\$	1.15	#####
19	48 ga plain 1.625" to 6"	10000	#####	\$	1.45	\$	0.90	#####
19	48 ga met 1.2" to 6"	5000	#####	\$	1.65	\$	1.00	#####
20	48 ga coror 50"	1000	3,000.000	\$	1.60	\$	1.25	#####
21	48 ga plain 2", 2.25" 2.	10000	#####	\$	1.35	\$	0.85	#####
22	foil / pet la 1.5", 1.75"	15000	#####	\$	2.20	\$	1.86	#####
23	met BOPP 31"	3000	3,000.000	\$	1.88	\$	1.50	#####
24	48 ga coror 30" to 48"	2000	2,000.000	\$	1.70	\$	1.15	#####
24	48 ga met 1.30" to 48"	1000	1,000.000	\$	1.85	\$	1.30	#####
24	pvd c pet 30" to 48"	2000	2,000.000	\$	2.45	\$	1.95	#####
25	120 ga bop 3" to 7"	10000	#####	\$	1.75	\$	1.20	#####
26	48 ga coror 30" to 40"	3000	3,000.000	\$	1.63	\$	1.15	#####
26	48 ga met 1.30" to 40"	3000	3,000.000	\$	2.25	\$	1.46	#####
27	80 ga BOPF 7" to 11"	100000	#####	\$	1.40	\$	1.05	#####
		732000	#####					#####

<u>budget fil</u>	<u>MARGIN</u>	
#####	\$ 0.35	\$ 285.20
#####	\$ 0.40	\$ 385.20
#####	\$ 0.30	\$ 185.20
#####	\$ 0.35	\$ 713.00
#####	\$ 0.35	\$ 335.11
#####	\$ 0.80	\$ 592.60
#####	\$ 0.65	#####
#####	\$ 1.45	#####
#####	\$ 0.50	\$ 526.68
#####	\$ 0.50	#####
#####	\$ 0.55	\$ 685.20
#####	\$ 0.70	#####
#####	\$ 0.80	\$ 296.30
\$ 210.00	\$ 0.35	\$ 14.26
#####	\$ 0.50	\$ 585.20
#####	\$ 0.40	\$ 770.40
#####	\$ 0.45	#####
\$ 550.00	\$ 0.70	\$ 246.30
#####	\$ 0.45	\$ 363.90
#####	\$ 0.35	\$ 713.00
#####	\$ 0.35	\$ 285.20
#####	\$ 0.60	\$ 392.60
#####	\$ 0.60	\$ 392.60
#####	\$ 0.55	\$ 342.60
#####	\$ (0.80)	#####
#####	\$ 0.55	\$ 856.50
#####	\$ 0.45	#####
#####	\$ 0.40	\$ 963.00
\$ 370.00	\$ 0.30	\$ 18.52
#####	\$ 0.35	#####
#####	\$ 0.15	\$(287.00)
#####	\$ 0.60	\$ 785.20
#####	\$ 0.55	\$ 342.60
#####	\$ 0.40	#####
#####	\$ 0.50	#####
#####	\$ 0.35	#####
#####	\$ 0.80	\$ 592.60
\$ 625.00	\$ 0.85	\$ 321.30
#####	\$ (0.05)	\$(643.50)
#####	\$ 0.15	\$(28.70)
#####	\$ 3.65	#####
#####	\$ 0.10	\$(268.50)
#####	\$ 0.95	#####
\$ 625.00	\$ 0.95	\$ 371.30
#####	\$ 1.60	#####
\$ 275.00	\$ 0.50	\$ 73.15

#####	\$	0.45	#####	
\$ 700.00	\$	0.35	\$ 71.30	
\$ 550.00	\$	0.70	\$ 246.30	
#####	\$	0.65	#####	
#####	\$	0.70	\$ 738.90	
#####	\$	0.70	\$ 492.60	
#####	\$	(0.15)	#####	
\$ 550.00	\$	0.50	\$ 146.30	
\$ 700.00	\$	0.75	\$ 271.30	
\$ 420.00	\$	0.45	\$ 48.52	
\$ 420.00	\$	0.45	\$ 48.52	
#####	\$	0.50	\$ 585.20	
#####	\$	0.35	\$ 142.60	
#####	\$	0.45	\$ 242.60	
\$ 585.00	\$	0.50	\$ 87.78	
#####	\$	0.40	\$ 96.30	
#####	\$	0.73	#####	
#####	\$	0.70	\$ 492.60	
\$ 625.00	\$	0.75	\$ 271.30	
#####	\$	0.95	#####	
#####	\$	0.10	\$(537.00)	
#####	\$	0.50	\$ 585.20	
#####	\$	0.02	\$(374.80)	
#####	\$	0.50	#####	
#####	\$	(0.02)	#####	
#####	\$	0.20	\$(37.00)	
	\$	-		
#####		#####		10%

#####	\$	0.75	#####
#####	\$	0.55	#####
#####	\$	0.50	#####
#####	\$	0.49	#####
#####	\$	0.75	#####
#####	\$	0.63	#####
#####	\$	0.75	#####
#####	\$	0.70	#####
#####	\$	0.75	#####
#####	\$	0.45	#####
#####	\$	0.45	#####
#####	\$	0.40	#####
#####	\$	0.65	\$ 975.00
#####	\$	0.55	#####
#####	\$	0.40	#####
#####	\$	0.55	#####

#####	\$	0.30	#####
#####	\$	0.30	#####
\$ 825.00	\$	0.80	\$ 400.00
#####	\$	0.80	#####
#####	\$	0.38	#####
#####	\$	0.70	#####
#####	\$	0.80	#####
#####	\$	0.50	#####
#####	\$	0.45	#####
#####	\$	0.55	#####
#####	\$	0.65	#####
#####	\$	0.35	\$ 350.00
#####	\$	0.50	#####
#####	\$	0.34	#####
#####	\$	0.38	#####
#####	\$	0.55	#####
#####	\$	0.55	\$ 550.00
#####	\$	0.50	#####
#####	\$	0.55	#####
#####	\$	0.48	#####
#####	\$	0.79	#####
#####	\$	0.35	#####
#####		#####	32%

Customer	Product	widths	lbs per mo	Total lbs pr	Selling pri	Film cost	total budg	budget fil
1	48 ga met	45, 49, 53	2000	5000	\$ 1.80	\$ 1.26	#####	#####
4	48 ga cherr	29"	1000	3000	\$ 2.30	\$ 1.15	#####	#####
8	48 ga coror	27" to 48"	2000	10000	\$ 1.65	\$ 1.15	#####	#####
11	48 ga met	30" to 45"	4000	10000	\$ 1.80	\$ 1.26	#####	#####
11	48 ga coror	30" to 45"	5000	100000	\$ 1.55	\$ 1.15	#####	#####
12	48 ga coror	60"	500	500	\$ 1.80	\$ 1.15	\$ 900.00	\$ 575.00
15	48 ga coror	19" to 52"	1000	5000	\$ 1.70	\$ 1.15	#####	#####
15	48 ga met	19" to 52"	1000	3000	\$ 1.95	\$ 1.26	#####	#####
17	48 ga coror	25" to 47"	2500	10000	\$ 1.65	\$ 1.15	#####	#####
18	48 ga plain	2.5" to 3.3	10000	10000	\$ 1.55	\$ 0.85	#####	#####
18	48 ga met	3.375"	5000	5000	\$ 1.80	\$ 1.00	#####	#####
20	48 ga plain	1.75" to 2.1	20000	80000	\$ 1.45	\$ 0.85	#####	#####
20	48 ga met	2.5"	5000	20000	\$ 1.55	\$ 1.00	#####	#####
21	48 ga coror	30" to 48"	2000	10000	\$ 1.70	\$ 1.15	#####	#####
21	48 ga met	30" to 48"	1000	3000	\$ 1.95	\$ 1.26	#####	#####
22	48 ga plain	2" to 2.375	7500	7500	\$ 1.50	\$ 0.85	#####	#####
29	48 ga met	50", 62"	1200	1200	\$ 3.00	\$ 1.20	#####	#####
30	48 ga plain	2.5"	250	1000	\$ 1.60	\$ 0.90	\$ 400.00	\$ 225.00
32	48 ga met	29" to 55"	500	5000	\$ 1.75	\$ 1.26	\$ 875.00	\$ 630.00
33	48 ga coror	14" to 26"	500	2000	\$ 1.80	\$ 1.15	\$ 900.00	\$ 575.00
34	48 ga plain	17" to 21"	4000	4000	\$ 1.75	\$ 0.90	#####	#####
35	48 ga cherr	40.5"	1500	1500	\$ 2.20	\$ 1.15	#####	#####
38	48 ga coror	31"	500	10000	\$ 1.60	\$ 1.15	\$ 800.00	\$ 575.00
39	48 ga met	9" to 32"	500	500	\$ 2.15	\$ 1.00	#####	\$ 500.00
40	48 ga coror	27" to 54"	2000	20000	\$ 1.60	\$ 1.15	#####	#####
40	48 ga met	27" to 54"	1000	5000	\$ 1.75	\$ 1.26	#####	#####
43	48 ga coror	56" to 61"	1000	3000	\$ 1.80	\$ 1.15	#####	#####
44	48 ga plain	2.25"	2000	2000	\$ 2.05	\$ 0.90	#####	#####
49	48 ga met	3.375"	5000	10000	\$ 1.60	\$ 1.00	#####	#####
			89450	347200			#####	#####

Prospects:

1	2 mil plain	4.75"	85000	85000	\$ 1.95	\$ 1.20	#####	#####
2	48 ga met	.43" to 73"	40000	80000	\$ 1.85	\$ 1.30	#####	#####
2	92 ga coro	43" to 73"	20000	30000	\$ 1.65	\$ 1.15	#####	#####
2	48 ga met	.43" to 73"	30000	30000	\$ 1.95	\$ 1.46	#####	#####
3	2 mil plain	6.5"	40000	120000	\$ 1.95	\$ 1.20	#####	#####
4	48 ga plain	2" to 3.375	30000	30000	\$ 1.48	\$ 0.85	#####	#####
4	48 ga met	2" to 3.375	10000	10000	\$ 1.75	\$ 1.00	#####	#####
5	48 ga plain	2" to 3.375	10000	10000	\$ 1.55	\$ 0.85	#####	#####
5	48 ga met	2" to 3.375	3000	3000	\$ 1.75	\$ 1.00	#####	#####
6	75 ga coror	11" to 22"	5000	5000	\$ 1.65	\$ 1.20	#####	#####
6	75 ga BOPF	11" to 22"	10000	10000	\$ 1.60	\$ 1.15	#####	#####
7	120 ga 2 sir	4" to 11"	10000	10000	\$ 2.75	\$ 2.35	#####	#####

8	.25 optical 6" to 7"	1500	1500	\$	1.95	\$	1.30	#####	#####
9	36 ga met 31"	20000	20000	\$	1.85	\$	1.30	#####	#####
10	48 ga met 4", 5", 6"	30000	30000	\$	1.70	\$	1.30	#####	#####
11	48 ga met 41" to 49"	40000	40000	\$	1.85	\$	1.30	#####	#####
12	92 ga coror 57"	80000	80000	\$	1.50	\$	1.20	#####	#####
12	200 ga coror 57"	40000	40000	\$	1.50	\$	1.20	#####	#####
13	3 mil high 3" to 6"	500	500	\$	2.45	\$	1.65	#####	\$ 825.00
14	HC PET 92, 3" to 7"	5000	5000	\$	2.45	\$	1.65	#####	#####
15	2 mil plain 50"	40000	40000	\$	1.58	\$	1.20	#####	#####
16	48 ga plain 1.75" to 3"	7000	7000	\$	1.55	\$	0.85	#####	#####
16	48 ga met 1.75" to 3"	2000	2000	\$	1.80	\$	1.00	#####	#####
17	48 ga plain 2"	5000	15000	\$	1.35	\$	0.85	#####	#####
18	48 ga coror 26" to 50"	3000	3000	\$	1.60	\$	1.15	#####	#####
19	48 ga plain 1.625" to 6"	10000	80000	\$	1.45	\$	0.90	#####	#####
19	48 ga met 2" to 6"	5000	20000	\$	1.65	\$	1.00	#####	#####
20	48 ga coror 50"	1000	3000	\$	1.60	\$	1.25	#####	#####
21	48 ga plain 2", 2.25" 2.	10000	10000	\$	1.35	\$	0.85	#####	#####
22	foil / pet 1.5", 1.75"	15000	15000	\$	2.20	\$	1.86	#####	#####
23	met BOPP 31"	3000	3000	\$	1.88	\$	1.50	#####	#####
24	48 ga coror 30" to 48"	2000	2000	\$	1.70	\$	1.15	#####	#####
24	48 ga met 30" to 48"	1000	1000	\$	1.85	\$	1.30	#####	#####
24	pvc pet 30" to 48"	2000	2000	\$	2.45	\$	1.95	#####	#####
25	120 ga bop 3" to 7"	10000	10000	\$	1.75	\$	1.20	#####	#####
26	48-ga coror 30" to 40"	3000	3000	\$	1.63	\$	1.15	#####	#####
26	48 ga met 30" to 40"	3000	3000	\$	2.25	\$	1.46	#####	#####
27	80 ga BOPF 7" to 11"	100000	100000	\$	1.40	\$	1.05	#####	#####
		732000	959000					#####	#####

Raw material gross material margin

\$ 0.54	#####
\$ 1.15	#####
\$ 0.50	#####
\$ 0.54	#####
\$ 0.40	#####
\$ 0.65	\$ 325.00
\$ 0.55	\$ 550.00
\$ 0.69	\$ 690.00
\$ 0.50	#####
\$ 0.70	#####
\$ 0.80	#####
\$ 0.60	#####
\$ 0.55	#####
\$ 0.55	#####
\$ 0.69	\$ 690.00
\$ 0.65	#####
\$ 1.80	#####
\$ 0.70	\$ 175.00
\$ 0.49	\$ 245.00
\$ 0.65	\$ 325.00
\$ 0.85	#####
\$ 1.05	#####
\$ 0.45	\$ 225.00
\$ 1.15	\$ 575.00
\$ 0.45	\$ 900.00
\$ 0.49	\$ 490.00
\$ 0.65	\$ 650.00
\$ 1.15	#####
\$ 0.60	#####
#####	66%

\$ 0.75	#####
\$ 0.55	#####
\$ 0.50	#####
\$ 0.49	#####
\$ 0.75	#####
\$ 0.63	#####
\$ 0.75	#####
\$ 0.70	#####
\$ 0.75	#####
\$ 0.45	#####
\$ 0.45	#####
\$ 0.40	#####

\$ 0.65 \$ 975.00
\$ 0.55 #####
\$ 0.40 #####
\$ 0.55 #####
\$ 0.30 #####
\$ 0.30 #####
\$ 0.80 \$ 400.00
\$ 0.80 #####
\$ 0.38 #####
\$ 0.70 #####
\$ 0.80 #####
\$ 0.50 #####
\$ 0.45 #####
\$ 0.55 #####
\$ 0.65 #####
\$ 0.35 \$ 350.00
\$ 0.50 #####
\$ 0.34 #####
\$ 0.38 #####
\$ 0.55 #####
\$ 0.55 \$ 550.00
\$ 0.50 #####
\$ 0.55 #####
\$ 0.48 #####
\$ 0.79 #####
\$ 0.35 #####

32%

<u>Customer</u>	<u>Product</u>	<u>widths</u>	<u>lbs per mo</u>	<u>Total lbs pr</u>	<u>Selling pri</u>	<u>Film cost</u>	<u>total budg</u>	<u>budget fil</u>
1	92 ga coror	45, 49, 53	2000	10000	\$ 1.45	\$ 1.15	#####	#####
1	92 ga matt	45"	2000	4000	\$ 2.40	\$ 1.80	#####	#####
2	60 ga met	137"	5000	5000	\$ 2.10	\$ 1.50	#####	#####
3	HC pet che	3 to 6"	2350	2350	\$ 2.45	\$ 1.55	#####	#####
5	92 ga plain	48"	3500	3500	\$ 1.90	\$ 1.25	#####	#####
6	2 mil plain	12"	1200	1200	\$ 2.70	\$ 1.12	#####	#####
7	pvdcc pet	30" to 45"	1800	5000	\$ 2.45	\$ 1.95	#####	#####
8	pvdcc pet	30" to 45"	6500	6500	\$ 2.45	\$ 1.95	#####	#####
9	142 ga plai	7" to 15"	6000	10000	\$ 1.95	\$ 1.00	#####	#####
9	200 ga HC	7" to 15"	500	500	\$ 2.90	\$ 1.55	#####	\$ 775.00
10	5 mil HC ch	4" to 12"	100	100	\$ 2.45	\$ 1.55	\$ 245.00	\$ 155.00
11	pvdcc pet	30" to 45"	2000	4000	\$ 2.45	\$ 1.95	#####	#####
13	92 ga plain	29.625"	1500	1500	\$ 1.70	\$ 1.15	#####	#####
14	200 ga plai	3.375"	5000	5000	\$ 1.60	\$ 1.20	#####	#####
14	142 ga plai	3.375"	2000	2000	\$ 1.60	\$ 1.00	#####	#####
14	92 ga met	3.375"	1000	1000	\$ 2.25	\$ 1.75	#####	#####
16	92 ga HC pl	61"	3000	20000	\$ 1.45	\$ 1.15	#####	#####
19	500 ga HC	40"	200	5000	\$ 2.15	\$ 1.55	\$ 430.00	\$ 310.00
22	.00035 bar	3.5"	5000	5000	\$ 2.45	\$ 1.95	#####	#####
22	Pet / foil	1.75" to 2"	15000	15000	\$ 2.25	\$ 1.90	#####	#####
23	142 ga plai	29", 34"	1000	1000	\$ 2.05	\$ 1.00	#####	#####
24	92 ga plain	45"	500	2000	\$ 2.10	\$ 1.25	#####	\$ 625.00
25	2 mil HC	61"	2500	7000	\$ 2.05	\$ 1.65	#####	#####
25	142 ga HC	7" to 15"	500	500	\$ 2.25	\$ 1.55	#####	\$ 775.00
26	92/200 ga	1.5" to 2"	600	600	\$ 5.50	\$ 1.85	#####	#####
27	75 ga met	37"	2500	4000	\$ 1.75	\$ 1.30	#####	#####
28	142 ga plai	17" to 35"	1500	1500	\$ 2.20	\$ 1.00	#####	#####
28	92 ga plain	17" to 35"	500	500	\$ 2.20	\$ 1.20	#####	\$ 600.00
31	pvdcc pet	28" to 55"	4200	6000	\$ 2.40	\$ 1.95	#####	#####
36	92 ga cherr	40.5"	1000	1000	\$ 2.20	\$ 1.15	#####	#####
37	2 mil plain	26"	5000	5000	\$ 1.10	\$ 0.35	#####	#####
39	4 mil HC ch	9" to 32"	200	200	\$ 2.55	\$ 1.55	\$ 510.00	\$ 310.00
39	10 mil HC c	9" to 32"	200	200	\$ 2.55	\$ 1.55	\$ 510.00	\$ 310.00
40	pvdcc pet	27" to 54"	1000	3000	\$ 2.40	\$ 1.95	#####	#####
41	pvdcc pet	56"	300	300	\$ 2.45	\$ 1.95	\$ 735.00	\$ 585.00
41	142 ga cher	56"	500	500	\$ 2.50	\$ 1.55	#####	\$ 775.00
42	92 ga silico	25"	5000	5000	\$ 1.85	\$ 1.12	#####	#####
43	92 ga coror	56" to 61"	500	2000	\$ 2.00	\$ 1.40	#####	\$ 700.00
45	200 ga HC	5.75"	5000	5000	\$ 2.20	\$ 1.55	#####	#####
45	92 ga coror	56" to 60"	2000	2000	\$ 1.75	\$ 1.40	#####	#####
45	2 mil HC ch	56" to 60"	2000	2000	\$ 2.12	\$ 1.55	#####	#####
47	142 ga pet	14"	4000	4000	\$ 1.75	\$ 1.15	#####	#####
48	142 ga HC	7" to 17"	10000	35000	\$ 2.08	\$ 1.65	#####	#####
			116150	194950			#####	#####

Prospects:

1	2 mil plain 4.75"	85000	85000	\$	1.95	\$	1.20	#####	#####
2	48 ga met .43" to 73"	40000	80000	\$	1.85	\$	1.30	#####	#####
2	92 ga coror 43" to 73"	20000	30000	\$	1.65	\$	1.15	#####	#####
2	48 ga met .43" to 73"	30000	30000	\$	1.95	\$	1.46	#####	#####
3	2 mil plain 6.5"	40000	120000	\$	1.95	\$	1.20	#####	#####
4	48 ga plain 2" to 3.375	30000	30000	\$	1.48	\$	0.85	#####	#####
4	48 ga met .2" to 3.375	10000	10000	\$	1.75	\$	1.00	#####	#####
5	48 ga plain 2" to 3.375	10000	10000	\$	1.55	\$	0.85	#####	#####
5	48 ga met .2" to 3.375	3000	3000	\$	1.75	\$	1.00	#####	#####
6	75 ga coror 11" to 22"	5000	5000	\$	1.65	\$	1.20	#####	#####
6	75 ga BOPF 11" to 22"	10000	10000	\$	1.60	\$	1.15	#####	#####
7	120 ga 2 str 4" to 11"	10000	10000	\$	2.75	\$	2.35	#####	#####
8	.25 optical 6" to 7"	1500	1500	\$	1.95	\$	1.30	#####	#####
9	36 ga met .31"	20000	20000	\$	1.85	\$	1.30	#####	#####
10	48 ga met .4", 5", 6"	30000	30000	\$	1.70	\$	1.30	#####	#####
11	48 ga met .41" to 49"	40000	40000	\$	1.85	\$	1.30	#####	#####
12	92 ga coror 57"	80000	80000	\$	1.50	\$	1.20	#####	#####
12	200 ga coror 57"	40000	40000	\$	1.50	\$	1.20	#####	#####
13	3 mil high c 3" to 6"	500	500	\$	2.45	\$	1.65	#####	\$ 825.00
14	HC PET 92, 3" to 7"	5000	5000	\$	2.45	\$	1.65	#####	#####
15	2 mil plain 50"	40000	40000	\$	1.58	\$	1.20	#####	#####
16	48 ga plain 1.75" to 3"	7000	7000	\$	1.55	\$	0.85	#####	#####
16	48 ga met .1.75" to 3"	2000	2000	\$	1.80	\$	1.00	#####	#####
17	48 ga plain 2"	5000	15000	\$	1.35	\$	0.85	#####	#####
18	48 ga coror 26" to 50"	3000	3000	\$	1.60	\$	1.15	#####	#####
19	48 ga plain 1.625" to 6	10000	80000	\$	1.45	\$	0.90	#####	#####
19	48 ga met .2" to 6"	5000	20000	\$	1.65	\$	1.00	#####	#####
20	48 ga coror 50"	1000	3000	\$	1.60	\$	1.25	#####	#####
21	48 ga plain 2", 2.25" 2.	10000	10000	\$	1.35	\$	0.85	#####	#####
22	foil / pet la 1.5", 1.75"	15000	15000	\$	2.20	\$	1.86	#####	#####
23	met BOPP 31"	3000	3000	\$	1.88	\$	1.50	#####	#####
24	48 ga coror 30" to 48"	2000	2000	\$	1.70	\$	1.15	#####	#####
24	48 ga met .30" to 48"	1000	1000	\$	1.85	\$	1.30	#####	#####
24	pvc pet 30" to 48"	2000	2000	\$	2.45	\$	1.95	#####	#####
25	120 ga bop 3" to 7"	10000	10000	\$	1.75	\$	1.20	#####	#####
26	48 ga coror 30" to 40"	3000	3000	\$	1.63	\$	1.15	#####	#####
26	48 ga met .30" to 40"	3000	3000	\$	2.25	\$	1.46	#####	#####
27	80 ga BOPF 7" to 11"	100000	100000	\$	1.40	\$	1.05	#####	#####
		732000	959000					#####	#####

Raw material gross material margin

\$ 0.30	\$ 600.00
\$ 0.60	#####
\$ 0.60	#####
\$ 0.90	#####
\$ 0.65	#####
\$ 1.58	#####
\$ 0.50	\$ 900.00
\$ 0.50	#####
\$ 0.95	#####
\$ 1.35	\$ 675.00
\$ 0.90	\$ 90.00
\$ 0.50	#####
\$ 0.55	\$ 825.00
\$ 0.40	#####
\$ 0.60	#####
\$ 0.50	\$ 500.00
\$ 0.30	\$ 900.00
\$ 0.60	\$ 120.00
\$ 0.50	#####
\$ 0.35	#####
\$ 1.05	#####
\$ 0.85	\$ 425.00
\$ 0.40	#####
\$ 0.70	\$ 350.00
\$ 3.65	#####
\$ 0.45	#####
\$ 1.20	#####
\$ 1.00	\$ 500.00
\$ 0.45	#####
\$ 1.05	#####
\$ 0.75	#####
\$ 1.00	\$ 200.00
\$ 1.00	\$ 200.00
\$ 0.45	\$ 450.00
\$ 0.50	\$ 150.00
\$ 0.95	\$ 475.00
\$ 0.73	#####
\$ 0.60	\$ 300.00
\$ 0.65	#####
\$ 0.35	\$ 700.00
\$ 0.57	#####
\$ 0.60	#####
\$ 0.43	#####

40%

\$ 0.75 #####
\$ 0.55 #####
\$ 0.50 #####
\$ 0.49 #####
\$ 0.75 #####
\$ 0.63 #####
\$ 0.75 #####
\$ 0.70 #####
\$ 0.75 #####
\$ 0.45 #####
\$ 0.45 #####
\$ 0.40 #####
\$ 0.65 \$ 975.00
\$ 0.55 #####
\$ 0.40 #####
\$ 0.55 #####
\$ 0.30 #####
\$ 0.30 #####
\$ 0.80 \$ 400.00
\$ 0.80 #####
\$ 0.38 #####
\$ 0.70 #####
\$ 0.80 #####
\$ 0.50 #####
\$ 0.45 #####
\$ 0.55 #####
\$ 0.65 #####
\$ 0.35 \$ 350.00
\$ 0.50 #####
\$ 0.34 #####
\$ 0.38 #####
\$ 0.55 #####
\$ 0.55 \$ 550.00
\$ 0.50 #####
\$ 0.55 #####
\$ 0.48 #####
\$ 0.79 #####
\$ 0.35 #####

32%

Customer	Product	widths	lbs per mo	Total lbs pr	Selling pri	Film cost	total budg	budget fil
7	pvdc pet	30" to 45"	1800	5000	\$ 2.45	\$ 1.95	#####	#####
8	pvdc pet	30" to 45"	6500	6500	\$ 2.45	\$ 1.95	#####	#####
11	pvdc pet	30" to 45"	2000	4000	\$ 2.45	\$ 1.95	#####	#####
22	.00035 bar	3.5"	5000	5000	\$ 2.45	\$ 1.95	#####	#####
22	Pet / foil	1.75" to 2"	15000	15000	\$ 2.25	\$ 1.90	#####	#####
31	pvdc pet	28" to 55"	4200	6000	\$ 2.40	\$ 1.95	#####	#####
40	pvdc pet	27" to 54"	1000	3000	\$ 2.40	\$ 1.95	#####	#####
41	pvdc pet	56"	300	300	\$ 2.45	\$ 1.95	\$ 735.00	\$ 585.00
42	92 ga silico	25"	5000	5000	\$ 1.85	\$ 1.12	#####	#####
			40800	49800			#####	#####

Prospects:

1	2 mil plain	4.75"	85000	85000	\$ 1.95	\$ 1.20	#####	#####
2	48 ga met	.43" to 73"	40000	80000	\$ 1.85	\$ 1.30	#####	#####
2	92 ga coro	43" to 73"	20000	30000	\$ 1.65	\$ 1.15	#####	#####
2	48 ga met	43" to 73"	30000	30000	\$ 1.95	\$ 1.46	#####	#####
3	2 mil plain	6.5"	40000	120000	\$ 1.95	\$ 1.20	#####	#####
4	48 ga plain	2" to 3.375	30000	30000	\$ 1.48	\$ 0.85	#####	#####
4	48 ga met	1.2" to 3.375	10000	10000	\$ 1.75	\$ 1.00	#####	#####
5	48 ga plain	2" to 3.375	10000	10000	\$ 1.55	\$ 0.85	#####	#####
5	48 ga met	1.2" to 3.375	3000	3000	\$ 1.75	\$ 1.00	#####	#####
6	75 ga coror	11" to 22"	5000	5000	\$ 1.65	\$ 1.20	#####	#####
6	75 ga BOPF	11" to 22"	10000	10000	\$ 1.60	\$ 1.15	#####	#####
7	120 ga 2 si	4" to 11"	10000	10000	\$ 2.75	\$ 2.35	#####	#####
8	.25 optical	6" to 7"	1500	1500	\$ 1.95	\$ 1.30	#####	#####
9	36 ga met	1.31"	20000	20000	\$ 1.85	\$ 1.30	#####	#####
10	48 ga met	1.4", 5", 6"	30000	30000	\$ 1.70	\$ 1.30	#####	#####
11	48 ga met	1.41" to 49"	40000	40000	\$ 1.85	\$ 1.30	#####	#####
12	92 ga coror	57"	80000	80000	\$ 1.50	\$ 1.20	#####	#####
12	200 ga corc	57"	40000	40000	\$ 1.50	\$ 1.20	#####	#####
13	3 mil high c	3" to 6"	500	500	\$ 2.45	\$ 1.65	#####	\$ 825.00
14	HC PET 92,	3" to 7"	5000	5000	\$ 2.45	\$ 1.65	#####	#####
15	2 mil plain	50"	40000	40000	\$ 1.58	\$ 1.20	#####	#####
16	48 ga plain	1.75" to 3"	7000	7000	\$ 1.55	\$ 0.85	#####	#####
16	48 ga met	1.75" to 3"	2000	2000	\$ 1.80	\$ 1.00	#####	#####
17	48 ga plain	2"	5000	15000	\$ 1.35	\$ 0.85	#####	#####
18	48 ga coror	26" to 50"	3000	3000	\$ 1.60	\$ 1.15	#####	#####
19	48 ga plain	1.625" to 6	10000	80000	\$ 1.45	\$ 0.90	#####	#####
19	48 ga met	1.2" to 6"	5000	20000	\$ 1.65	\$ 1.00	#####	#####
20	48 ga coror	50"	1000	3000	\$ 1.60	\$ 1.25	#####	#####
21	48 ga plain	2", 2.25" 2.	10000	10000	\$ 1.35	\$ 0.85	#####	#####
22	foil / pet	1.5", 1.75"	15000	15000	\$ 2.20	\$ 1.86	#####	#####
23	met BOPP	31"	3000	3000	\$ 1.88	\$ 1.50	#####	#####
24	48 ga coror	30" to 48"	2000	2000	\$ 1.70	\$ 1.15	#####	#####

24	48 ga met 30" to 48"	1000	1000	\$	1.85	\$	1.30	#####	#####
24	pvdc pet 30" to 48"	2000	2000	\$	2.45	\$	1.95	#####	#####
25	120 ga bop 3" to 7"	10000	10000	\$	1.75	\$	1.20	#####	#####
26	48 ga coror 30" to 40"	3000	3000	\$	1.63	\$	1.15	#####	#####
26	48 ga met 30" to 40"	3000	3000	\$	2.25	\$	1.46	#####	#####
27	80 ga BOPF 7" to 11"	100000	100000	\$	1.40	\$	1.05	#####	#####
		732000	959000					#####	#####

Raw material gross material margin

\$ 0.50	\$ 900.00
\$ 0.50	#####
\$ 0.50	#####
\$ 0.50	#####
\$ 0.35	#####
\$ 0.45	#####
\$ 0.45	\$ 450.00
\$ 0.50	\$ 150.00
\$ 0.73	#####
	##### 26%

\$ 0.75	#####
\$ 0.55	#####
\$ 0.50	#####
\$ 0.49	#####
\$ 0.75	#####
\$ 0.63	#####
\$ 0.75	#####
\$ 0.70	#####
\$ 0.75	#####
\$ 0.45	#####
\$ 0.45	#####
\$ 0.40	#####
\$ 0.65	\$ 975.00
\$ 0.55	#####
\$ 0.40	#####
\$ 0.55	#####
\$ 0.30	#####
\$ 0.30	#####
\$ 0.80	\$ 400.00
\$ 0.80	#####
\$ 0.38	#####
\$ 0.70	#####
\$ 0.80	#####
\$ 0.50	#####
\$ 0.45	#####
\$ 0.55	#####
\$ 0.65	#####
\$ 0.35	\$ 350.00
\$ 0.50	#####
\$ 0.34	#####
\$ 0.38	#####
\$ 0.55	#####

\$ 0.55 \$ 550.00
\$ 0.50 #####
\$ 0.55' #####
\$ 0.48 #####
\$ 0.79 #####
\$ 0.35 #####

32%

1924 Barnwell Street
Columbia, SC 29201

**Computer
Forensics Lab**

Case: NEX-CCC-2012FEB02

DATE: February 02, 2012

ANALYST: Kenny McLean

Synopsis

The Computer Forensics Lab has been hired by William Floyd, Attorney with Nexsen Pruet (Client) to analyze two computer hard drives for media content.

Client request that we locate and recover the following items from computer media:

1. Document Email accounts, documents.
2. Search by keywords to be provided.
3. Document activity after Jan 17, 2012. Focus on user activity as relates to deletion of files, email and other business data.
4. Document activity prior to and inclusive Jan 17, 2012.
5. Recover business documents from both devices.
6. DV7 had a backup solution connected using an external Hard Drive and software. IT support installed a Seagate solution, but user may have installed a secondary solution.

Conclusions / Analysis

Signed:

-End of Section-

Methods / Log

- 1) A forensic image of the hard drive in the Acer Mini Laptop provided by the Client is created and the original media is returned to the laptop. The laptop is in working condition.
- 2) A forensic image of the hard drive in the HP dv7 Laptop provided by the Client is created and the original media is returned to the laptop. The laptop is in working condition.
- 3) I have opened a case using licensed software X-Ways Forensics¹ (XWF) and the case name stated above.
- 4) The forensic image of the client hard drive from the Acer Mini (HD1) is loaded into case file created above. This forensic image was created by this lab on 2012FEB03 and is documented separately. The hash of the image is confirmed MD5 38026B10267A13480C70260A92BF5D00 (See exhibit A).
- 5) The forensic image of the original client hard drive from the Sony VIAO (HD2) is loaded into case file created above. This forensic image was created by this lab on 2012FEB03 and is documented separately. The hash of the image is confirmed MD5 E5E4F0A1BE3A637C8EED22CF8DE300AA (See exhibit B).
- 6) HD1 has two partitions. Partition 2 is the Windows partition (C: drive) and formatted as NTFS. This investigation will be confined to Partition 2 since that is the active storage area for the user (hereafter referred to as HD1P2).
- 7) HD2 has five partitions. Partition 3 is the Windows partition (C: drive) and formatted as NTFS. This investigation will be confined to Partition 3 since that is the active storage area for the user (hereafter referred to as HD2P3).
- 8) I refined the working images to search for deleted files and create HASH values for each file. These files are matched to NSRL² hash set 2.32 dated 2011MAR and hash set 2.33 dated 2011AUG and hash set 2.34 dated 2011DEC.
- 9) All metadata from files is retrieved.
- 10) All slack space³ is reviewed and file remnants are retrieved.
- 11) All partitions are refined for email content. File HD2P3 dave@ccc-films.com.pst is corrupt or encrypted and will require separate analysis.
- 12) HD1P2 now contains 384,285 files.
- 13) HD2P3 now contains 2,437,193 files.
- 14) Files matching the NSRL 2.32, 2.33 and 2.34 signatures are excluded from review.
 - a. HD1P1 contains 92 matches.
 - b. HD1P2 contains 61,955 matches.
 - c. HD2P1 contains 32 matches.
 - d. HD2P2 contains 0 matches.
 - e. HD2P3 contains 842,057 matches.
 - f. HD2P4 contains 353 matches.
 - g. HD2P5 contains 0 matches.

¹ X-Ways Forensics is digital media analysis suite. See <http://www.x-ways.com/>

² NSRL hash sets are maintained by the National Institute of Standards and Technology at <http://nvl.nist.gov> or <http://www.nist.gov> known good file published by major software manufacturers.

³ Slack Space is the area of the hard drive of available space where files have been written and subsequently deleted. Remnants of the original file content is available both wholly and partial for reconstruction into whole or partial original files.

- 15) Search terms provided by client are processed (see Exhibit C).
- 16) Content is filtered by MAC dates after 2012JAN01 0000hrs UTC.
- 17) Content is filtered to show type documents, spreadsheets and email.
- 18) HD1P2 has 318,220 hits. Items of note in Windows.edb;
 - a. ACT!
 - b. iTunes
 - c. OneNote
 - d. Reference to Cruzer USB attached, mini cruzer
- 19) HD2P3 has 13,129 hits. Items of note;
 - a. Software users\DW\AppData\Roaming\SoftGrid Client
 - b. Quickbooks 2010
 - c. Recycle Bin
 - d. Email from Mark McGarel [mmcgarel@filmtechinc.com]
 - e. Reference to Eastern Film Solutions Inc.QBW (QuickBooks company file) found in Carved File SOFTWARE at sector 6B6B824942.
- 20) Content is filtered by MAC dates after 2012JAN18 0000hrs UTC.
- 21) HD1P2 shows 318,217 hits to search terms. This would indicate most files are same as prior filter.
- 22) HD1P2 is filtered by MAC dates after 2012JAN18 0000hrs UTC and by file types documents and spreadsheets. There are 3,043 files.
- 23) Most files have create dates well before year 2012, but show an accessed date after 2012JAN18. These files appear to have been deleted to the recycle bin on 2012JAN18 through 2012JAN31.
- 24) HD2P3 is filtered by MAC dates after 2012JAN18 0000hrs UTC and by file types documents and spreadsheets. There are 1,275 files.
- 25) Most files have create date well before year 2012, but show an access date after 2012JAN18. Some files are user profile based data files that are in the recycle bin.
- 26) Added new search term MARK MCGAREL and MMCGAREL@FILMTECHINC.COM to search list and processed.
- 27) HD1P2 is filtered by search results above. I found a sector (23139600) located in the pagefile.sys that contains an email remnant sent from DAVEWILSONSR@CHARTER.NET to MARK MCGAREL. This sector of data appears to have been partially overwritten, but does contain references to company financial data. It is not known if this was sent (See Exhibit D). The time appears to 0634hrs but no date is retained. Reference to 2011DEC31 financial data would indicate that the creation date is post 2011DEC31.
- 28) HD2P3 is filtered by search results above. There exist 90 search hits. All related hits are of type email. All appear to be normal business related emails except one. The 89 business emails are sent from DAVE@CCC-FILMS.COM and are dated 2012JAN12 and earlier.
- 29) The one email exception appears to be a forwarded message sent from DAVE@CCC-FILMS.COM to DAVEWILSON@EASTERNFILMS.NET and received on 2012JAN13 1418hrs UTC. The message body indicates the email was sent to Dave Wilson from mmcgarel@filmtechinc.com on 2012JAN13 0934hrs (See Exhibit E).
- 30) Added new search term ERASER to search list and processed.

- 31) There are 554 hits on HD1P2. These appear to be related to files installed by Symantec or paint programs.
- 32) There are 642 hits on HD2P3.
- 33) Found reference to Eraser software removal logged in directory \CONFIG.MSI⁴ and file 2AAAE3D0.RBF. This file has a create date of 2012FEB02 1014.11hrs and a modified date of 2012FEB01 2158.11hrs (See Exhibit F).
- 34) Found deleted folder ERASER 6 located in folder \USERS\DAVE WILSON\APPDATA\LOCAL. This folder has a create date of 2012FEB01 1001.03hrs and a modified date of 2012FEB02 1018.45hrs. The folder is marked as deleted. This folder contains a single deleted file named TASK LIST.ERSX with a create date 2012FEB01 1001.47hrs. The file appears to contain dialog information which shows software version 6.0.9.2343 (See Exhibit G).
- 35) Found deleted folder \Program Files\Eraser with a create date of 2012FEB01 2158.10hrs and a modified date of 2012FEB02 1014.11hrs. This folder contains no files.
- 36) Found deleted file in free space named .THUMBS.DB with a create date of 2012FEB02 0946.02hrs. This file contains reference to bootstrap location of \USERS\DAVEWI~1\APPDATA\LOCAL\TEMP\ERASERINSTALLBOOTSTRAPPER\ and an install date of 2012FEB01 (See Exhibit H).
- 37) Found product manual for software Eraser. See file 2AAAE3DA.RBF (type pdf).
- 38) Found in registry file \USERS\DAVE WILSON\NTUSER.DAT the registry entry \SOFTWARE\MICROSOFT\WINDOWS NT\CURRENTVERSION\APPCOMPATFLAGS\COMPATIBILITY ASSISTANT\PERSISTED\C:\USERS\DAVE WILSON\DOWNLOADS\ERASER 6.0.9.2343.EXE
REG_DWORD 4 456476 0 02/01/2012 21:58:15 1.
- 39) Found in registry file \USERS\DAVE WILSON\NTUSER.DAT the registry entry referencing the execution of software J:\SAFEITEMAILSHREDDER.EXE last executed 2012JAN23 1642.15hrs.
- 40) Found in registry file \USERS\DAVE WILSON\NTUSER.DAT the registry entry referencing execution of software \PC RECOVERY\FILERESTORE PROFESSIONAL\FILE RESTORE.EXE last executed 2012FEB01 0937.46 and showing a run count of 5.
- 41) Found in registry file \USERS\DAVE WILSON\NTUSER.DAT the registry entry referencing execution of software {1AC14E77-02E7-4E5D-B744-2EB1AE5198B7}\CIPHER.EXE last executed 2012JAN30 1935.27hrs and showing a run count of 1.
- 42) Found in registry file \USERS\DAVE WILSON\NTUSER.DAT the registry entry referencing execution of software {6D809377-6AF0-444B-8957-A3773F02200E}\ERASER\ERASER.EXE last executed 2012FEB02 1006.16hrs and showing a run count of 16.
- 43) Found in registry file \USERS\DAVE WILSON\NTUSER.DAT the registry entry referencing execution of software J:\ERASER 6.0.9.2343.EXE last executed 2012FEB01 2157.25hrs and showing a run count of 1. This is the setup program for the Eraser software.
- 44) Computer DV7 BIOS time has zero seconds offset from real time measured at collection.
- 45) HD2P3 registry shows computer placed into service 2010OCT04 1600hrs (See Exhibit I).

⁴ The CONFIG.MSI folder is a hidden folder on the root drive of Windows, usually Drive C. The folder is used by the Windows Installer process during an installation of software. It saves files with the extension of .RBS and .RBF. These are Rollback Script Files used by the installer to uninstall recent changes if an install fails somewhere along the way. The rollback script file (.rbs) is always stored in the Config.msi folder on the disk where the operating system is installed. The .rbf files are stored in the Config.msi folder located on the disk where the program that is being installed currently resides.

- 46) HD2P3 registry shows Last System Start Time 2012FEB01 2148hrs and Last System Shutdown Time 2012FEB02 1025hrs (See Exhibit I).
- 47) HD2P3 registry shows 8 external storage devices, including a memory card reader (See Exhibit K).
- 48) HD2P3 registry shows 3 external devices connected after 2012JAN18;
- a. Western Digital External Passport 575843353037303633323533
 - b. San Disk Cruzer 20053045120F42E27BB6&0
 - c. Blackberry / SD Storage
- 49) HD2P3 Registry shows SANDISK CRUZER with Serial # 20053045120F42E27BB6&0 connected as local drive letter J: (See Exhibit L).
- 50) HD2P3 Registry shows computer user DAVE WILSON has SID ending in 1001. This account shows a Last Login time of 2012FEB02 1026.59hrs (See Exhibit M) indicating a service was triggered using the user privilege during computer shutdown.
- 51) HD2P3 is filtered for file types PST and OST. There exist 3 PST files. All three are located under directory \USERS\DAVE WILSON\DOCUMENTS\OUTLOOK FILES.
- 52) HD2P3 contains PST file named DAVE@CCC-FILMS.COM.PST. This file shows a modified date of 2012FEB02 1203.23hrs and is 6.1GB in size. This is a normal naming convention for an Outlook PST file based on an email address. This file is exported and viewed in Outlook 2010. This file contains;
- | a. Folder | Item Cnt | Date Last Item |
|---------------|----------|----------------|
| b. Inbox | 9,084 | 1/18/2012 |
| c. Drafts | 0 | |
| d. Sent Items | 10,662 | 1/18/2012 |
| e. Deleted | 0 | |
| f. Junk Email | 0 | |
| g. Contacts | 198 | |
- 53) HD2P3 contains PST file named sentccc.pst. This file has a created date of 2012JAN23 1021hrs and a modified date of 2012JAN23 1037hrs and is 1.7GB in size. This is not a normal naming convention for a mailbox file. This file is exported and viewed in Outlook 2010. This file contains;
- | a. Folder | Item Cnt | Date Last Item |
|---------------|----------|----------------|
| b. Sent Items | 17,602 | 1/18/2012 |
| c. Deleted | 0 | |
- 54) HD2P3 is filtered by search term .PST and .OST. I found the following references to additional PST/OST files on the volume (See Exhibit N). Files in bold are missing from the volume.
- 55) HD1P2 contains 6 files found in Free Space that were carved that match the PST file type. These files are exported and loaded into Outlook 2010. The two files that are 100MB will not load into Outlook. The 4 remaining files do not appear to contain any data. These files may be encrypted.
- 56) The deleted file dave@ccc-films.com.pst is processed for deleted items within the Outlook container file. These are recovered and exported. The exported Inbox contains the same number of Inbox items as the raw .PST recovered from the hard drive. There are some items recovered but client will have to review for relevance.
- 57) Search for Blackberry Backup files.

- 58) ON HD1P2 there are 0 files of Blackberry backup files type IPD or BBB.
 - 59) On HD2P3 there are 2 files of Blackberry backup files type IPD or BBB. These are located in directory \USERS\DAVE WILSON\DOCUMENTS and are named;
 - a. LoaderBackup-(2011-02-14).ipd Created 2011FEB14 1057hrs
 - b. LoaderBackup-(2010-10-22).ipd Created 2010OCT22 1122hrs
 - 60) HD2P3 contains software for RIM Desktop located in default install folders. The last access time of these files is dated 2011APR14 1421hrs.
 - 61) HD2P3 contains reference to folder USER\DAVE WILSON\APPDATA\LOCAL\RESEARCH IN MOTION that has a create date of 2011FEB14 1051HRS and modified date of 2012JAN30 1457HRS. The folder contains no files.
 - 62) Document files created, modified or accessed after 2012JAN18.
 - 63) HD2P3 registry shows WINDOWSBACKUP registry entry contains an entry under BLOCKEDTARGETVOLUMES containing this data;
VOLUME ID \\\?\\VOLUME{013C47ED-D013-11DF-89EC-806E6F6E6963}.
 - 64) HD2P3 registry shows LASTRESTOREPOINTSETTIME for Windows Update as 2012JAN21 2211.12hrs.
 - 65) Found file in Recycle Bin named \$RQDODTO.LNK. This file shows a create date of 2011SEP01 1142.23hrs. This appears to be a deleted shortcut for program \PROGRAM FILES (X86)\4TEAM CORPORATION\SAFE PST BACKUP\SAFEPSBACKUP.EXE and references DAVEWILSON (See Exhibit Z).
 - 66) Investigate file SOFTWARE
 - 67) Investigate EDB file
- End of Section --

FACTS

- 1. The Acer mini laptop computer
 - a. Model is ACER ASPIRE D150-1322.
 - b. Serial number is LUS570B1569161A37F1601.
 - c. HD HASH MD5 38026B10267A13480C70260A92BF5D00.
 - d. This computer OS is Windows.
 - e. Computer BIOS time at collection had real time offset of ZERO SECONDS.
 - f.
- 2. The HP DV7 computer
 - a. Model is HP DV7-4083CL.
 - b. Serial number is CNF03713M5.
 - c. HD HASH MD5 E5E4F0A1BE3A637C8EED22CF8DE300AA.
 - d. This computer OS is Windows.
 - e. Computer name is DAVEWILSON-PC.
 - f. Put in service 2010OCT04 1600HRS.
 - g. Machine Time Zone is UTC -0500 BOGOTA, LIMA, QUITO.
 - h. Computer last Start Time is 2012FEB01 2148.29HRS.
 - i. Computer last shutdown is 2012FEB02 1025.30HRS.
 - j. Computer BIOS time at collection had real time offset of ZERO SECONDS.

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k. User account for DAVE WILSON has SID ending in 1001.

l.

3. Blackberry Bold cellular device

a. Model BOLD 322DD140.

B. Serial A000001CF5F1CA.

4. Software ERASER V6.0.9.2343 was downloaded and installed into C:\USERS\DAVE
WILSON\DOWNLOADS\ and program was installed into C:\PROGRAM
FILES\ERASER\ERASER.EXE.

5.

-- End of Section --

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Exhibit A – Hard Drive Details for Acer Mini (HDD)

02/03/2012, 14:48:31 X-Ways Forensics 16.3

Computer: LAB.cdscorp.com
Examiner: Kenny McLean
Internal description: Acer Aspire One mini Laptop

Source: Hard disk 8
Sectors 0-312581807
Destination: D:\CFL\Media\NEX-CCC-2012FEB02\Acer-
Hitachi HTS543216L9SA00.e01
Model: Hitachi HTS543216L9SA00
Serial No.: 090408FB2201VCEM5AGA
Firmware Rev.: FB20C40C
Bus: ATA

Total capacity: 160,041,885,696 bytes = 149 GB

Bytes per sector: 512
Sector count: 312,581,808
Windows disk signature: D2107A38
Unpartitionable space: 3,760 Sectors
SMART health status: OK
Start count: 1546542172
Power on time: 4219721867
Reallocated sector count: 13
Partitioning style: MBR

Partition 1
Sectors 63 - 12,594,959
Partition table: Sector 0
File system: NTFS
Name: PQSERVICE
Total capacity: 6,448,587,264 bytes = 6.0 GB
Sector count: 12,594,897
Bytes per sector: 512
Bytes per cluster: 4,096
Free clusters: 145,292 = 9% free
Total clusters: 1,574,362
NTFS version: 3.1
Volume flags: 0x0000

Partition 2
Sectors 12,595,200 - 312,578,047
Partition table: Sector 0
File system: NTFS
Name: ACER
Total capacity: 153,591,218,176 bytes = 143 GB
Sector count: 299,982,848
Bytes per sector: 512
Bytes per cluster: 4,096
Free clusters: 30,042,834 = 80% free
Total clusters: 37,497,855
NTFS version: 3.1
Volume flags: 0x0000
Volume GUID: {FD630CAA-6C79-4A35-B4D6-E111C545A804}

Unused inter-partition space:
Sectors 0 - 62 (31.5 KB)
Sectors 12,594,960 - 12,595,199 (120 KB)
Sectors 312,578,048 - 312,581,807 (1.8 MB)
= 2.0 MB

Hash of source data: 38026B10267A13480C70260A92BF5D00 (MD5)

02/03/2012, 15:38:45.6
Image consisting of 52 segment(s).
Compression ratio: 31%

SMART health status: OK
Start count: 1546542172
Power on time: 4219721867
Reallocated sector count: 63544

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Exhibit B - Hard Drive Details for HP DV7 (HD2)

02/03/2012, 12:51:40 X-Ways Forensics 16.3
Computer: LAB.cdscorp.com
Examiner: Kenny McLean
Internal description: HP DV7

Source: Hard disk 8
Sectors 0-976773167
Model: TOSHIBA MK5056GSY
Serial No.: 70QRTVAHT
Firmware Rev.: LH003C
Bus: ATA

Total capacity: 500,107,862,016 bytes = 466 GB

Bytes per sector: 512
Sector count: 976,773,168
Windows disk signature: 41EA23B6
Unpartitionable space: 2,048 Sectors
SMART health status: OK
Start count: 1546542172
Power on time: 4219721867
Reallocated sector count: 13
Partitioning style: MBR

Partition 1
Sectors 2,048 - 409,599
Partition table: Sector 0
File system: NTFS
Name: SYSTEM
Total capacity: 208,666,624 bytes = 199 MB
Sector count: 407,552
Bytes per sector: 512
Bytes per cluster: 4,096
Free clusters: 43,613 = 86% free
Total clusters: 50,943
NTFS version: 3.1
Volume flags: 0x0000

Partition 2, lost
Sectors 2,049 - 409,600
Partition table: Sector 1
File system: NTFS
Total capacity: 208,666,624 bytes = 199 MB
Sector count: 407,552
Bytes per sector: 512
Bytes per cluster: 4,096
Free clusters: 0 = 0% free
Total clusters: 116,048,383

Partition 3
Sectors 409,600 - 928,796,671
Partition table: Sector 0
File system: NTFS

Total capacity: 475,334,180,864 bytes = 443 GB
Sector count: 928,387,072
Bytes per sector: 512
Bytes per cluster: 4,096
Free clusters: 95,945,168 = 83% free
Total clusters: 116,048,383
NTFS version: 3.1
Volume flags: 0x0000
Volume GUID: {92156714-451F-4417-9C8B-26C4269696B2}

Partition 4
Sectors 928,796,672 - 976,560,127
Partition table: Sector 0
File system: NTFS
Name: RECOVERY
Total capacity: 24,454,889,472 bytes = 22.8 GB
Sector count: 47,763,456
Bytes per sector: 512
Bytes per cluster: 4,096
Free clusters: 872,435 = 15% free
Total clusters: 5,970,431
NTFS version: 3.1
Volume flags: 0x0000
Volume GUID: {7DB10562-0CC4-4DCA-814D-C1F785D9F865}

Partition 5
Sectors 976,560,128 - 976,771,119
Partition table: Sector 0
File system: FAT32
Name: HP_TOOLS
Total capacity: 108,027,904 bytes = 103 MB
Sector count: 210,992
Usable sectors: 202,800
First data sector: 8,192
Bytes per sector: 512
Bytes per cluster: 1,024
Free clusters: 85,900 = 85% free
Total clusters: 101,400
FAT1 = FAT2
Volume label date: 08/19/2010 03:01:30
Clean shut down: Yes
I/O error-free: Yes

Unused inter-partition space:
Sectors 0 - 2,047 (1.0 MB)
Sectors 976,771,120 - 976,773,167 (1.0 MB) = 2.0 MB
Hash of source data: E5E4F0A1BE3A637C8EED22CF8DE300AA (MD5)
Image consisting of 219 segment(s).
Compression ratio: 6%
SMART health status: OK
Start count: 1546542172
Power on time: 4219721867
Reallocated sector count: 63544

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Exhibit C – Search Terms

Search Term
\b([JP])Lamborn
\bWawona
\brodriguez
\bMascot(.ITN
\bLamTec([Building Materials])
\bBill Buckman
BillB@lamtec.com
\bTriton
\bCommis[s]ion
\bDalen
\bProposal
\bAmerifilm
\bAbet Packaging
\bAden Awad
\baden@abet.ca
\bEstes Express
\bSlider, Edward Slider and Company
\bE Slider Company
JerryS@esider.com
\bContainer
\bCameron
\bThe Wilson Company
\bHorizon
\bValencia
\bBruce Hotmer
\bFoilFlex
\bEastern Film Solutions
\bEFS
\b([Mike])Myers
\bPolyasia
\bRogers & Brown
\bWeifang
\bHongrun
\bChina
\bMetallized
\bVacuum Depositing
\bVDI
slynch@vdi-llc.com
mkrafka@vdi-llc.com
\bOutsourced Slitting
\bUnichem
\bMexico
\bJulian Crawford
\bFilmTech
\bJean-Paul
@charter.net
\bElliot Schultz
marty@esainconline.com
jull@esainconline.com
\bDewTex
\bAolus
\bKimberly Casteel
\bKurt Augsburg
Saugie5@msn.com
\bBruce Hotmer

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bhotmer@valenciaspecialtyfilms.com
\bLivingston International
\bPepperTreeAir
\bImperial
\bNatasha Mrakuzic
\b85 Commerce Center
\bFresno[]California
\bSandy Lynch
\bBales
\bi have another customer
\bCollection agency
\bSharing new business
\bWork off the rest
\bSharing the loss
\bLet[us] settle[w]*the debt
\bConfusion with accounting
\bRFQ
\bPlastic bag
\bWilson International
800[]-[]754[]-[]11918
davewilson@easternfilms.net
864[]-[]224[]-[]5667
419[]-[]791[]-[]4765
\bSierra West Warehouse
\bDave[w]Wilson
\x20ul\x20
\x20ERASER\x20
\.pst
\.ost
\x202012[-]
@bellsouth.net

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Exhibit D -- HD1P2 offset 2C22A2142

2C22A2000	" " 8 Mark, A In t
2C22A2020	he attached sheet, you have P&L
2C22A2040	individually from 2009, 2010, and
2C22A2060	2011 from quickbooks as well as
2C22A2080	some projected P&Ls and a ba
2C22A20A0	lance sheet from dec 31, 2011. A
2C22A20C0	Let me know if you need anything
2C22A20E0	g else. A Thank) pA
2C22A2100	From: Dave Wilson [mailto:davewi
2C22A2120	lsonsr@charter.net] 66:34 AM T
2C22A2140	o: Mark McGarel (10) p o OÖ.eP^
2C22A2160	' , mæY-NQÅ6QX\hüEH04»86Re"Üp\HE
2C22A2180	'YBH]-Üi]tiZ, A Å5 J6iÜ , I m>'O
2C22A21A0	^f 640 2Üæ) oL /64·n41' ü&BzoØÍy
2C22A21C0	G^TÖÜ- g ø ckc 8 YÝ iv)l šüE^iü
2C22A21E0	iêN ve = @ ChP P^P æ«P iP

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Exhibit E -- Mark McGarel email forwarded to EASTERNFILMS.NET account

Received(Date): 13 Jan 2012 14:48:03 -0000
From: Dave Wilson <dave@ccc-films.com>
To: Dave Wilson <davewilson@easternfilms.net>
Subject: FW: McGarel- FILMtech
Certification.txt

From: Mark McGarel [mailto:mmcgarel@filmtechinc.com]
Sent: Friday, January 13, 2012 9:34 AM
To: Dave Wilson
Subject: McGarel- FILMtech

Dave; some ideas/Concepts for further discussion about a possible sales agency agreement.
Would you re start Eastern Film Solutions or a new entity? Are there any lingering issues with EFS if you restarted? Conflicts with CCC?
Do you want an exclusivity? By territory? By market?
Would you sell (if you can) the UL listing from Eastern Film Solutions? If you can't sell, we would need to discuss timing and cost to get a UL listing

Can you break out the business sections and the film types needed to service.

Folding-Carton - PET/BOPP
Window Bag - BOPP/PET
Flex Duct - PET
Bakery overwrap - BOPP 2 side sealable
Cable wrap - PET
Plastic cutlery - LDPE/BOPP
Toll Slitting - ???
Others - ???

What is the standard lead time for servicing orders?
What is sales price less raw material costs?
What are standard terms of sale?
What is typical order size by market?
What is typical pallet/packaging configurations?
How much stock do we need to have for what level of sales?
What are your expectations for compensation?
What legal repercussions might result from our collaboration?
I'm sure there is more but this should get us started.....

Regards;

Mark McGarel
FILMtech Inc.
865.767.3533 ext 103
www.filmtechinc.com

--

This message has been scanned for viruses and dangerous content by MailScanner, and is believed to be clean.

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Exhibit F -- File 2aaae3d0.rbf Eraser install record

000010FE0	a	0i] a	REG
000011000	I	S T R Y	T Y P E L I B E R
000011020	A	S E R	E R A S E R _ D O C U
000011040	M	E N T H K C R	{ NoRemove * {
000011060		NoRemove shellex	{ No
000011080	R	emove ContextMenuHandlers	{
0000110A0		ForceRemove Eraser = s	{B
0000110C0	C9B776A-90D7-4476-A791-79D835F30		
0000110E0	650}		NoRemove
000011100	Directory	{ NoRemove shelle	
000011120	x	{ NoRemove ContextMenuH	
000011140	andlers	{ ForceRemove E	
000011160	raser = s	{BC9B776A-90D7-4476-A	
000011180	791-79D835F30650}		NoR
0000111A0	emove DragDropHandlers	{	
0000111C0	ForceRemove Eraser = s	{BC9B7	
0000111E0	76A-90D7-4476-A791-79D835F30650}		

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Exhibit G - File Task List.ersx

000000C00	PublicKeyToken=b77a5c561934e789
000000C20	Eraser.Manager.LogEntryCollection, Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000C40	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000C60	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000C80	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000CA0	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000CC0	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000CE0	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000D00	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000D20	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000D40	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000D60	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000D80	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000DA0	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000DC0	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]
000000DE0	Eraser.Manager, Version=6.0.9.2343, Culture=neutral, PublicKeyToken=3ac89a0351e689b6]

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Exhibit H -- File _Thumbs.db

```
0000003AC  AuthorizedCNFPrefix%
0000003C0  Comments Secure Data Removal f
0000003E0  or Windows% Contact% Display
0000004C0  Version 6.0.3343% HelpLink( #
000000420  http://bbs.heidi.ie/viewforum.p
000000440  hp?f=30% HelpTelephone% Inst
000000460  allDate 20120701% InstallLoca
000000480  tion% InstallSource? C:\Users\
0000004A0  DAVEWI-1\AppData\Local\Temp\eras
0000004C0  erInstallBootstrapper\' % Loca
0000004E0  lPackage C:\Windows\Installer\8
000000500  c99d68.msi% ModifyPath6 %%MsiE
000000520  xec.exe /I{3D33F6F0-4D90-484D-A1
000000540  D9-09AE791CCBD9}\' \' % Publis
000000560  her The Eraser Project% Readm
000000580  e% Size% EstimatedSize #482
0000005A0  8\' % UninstallString6 %%MsiExe
0000005C0  c.exe /I{3D33F6F0-4D90-484D-A1D9
0000005E0  -09AE791CCBD9}% URLInfoAbout
000000600  http://eraser.heidi.ie/% URLUp
000000620  dateInfo% VersionMajor #6%
000000640  VersionMinor #0% WindowsInsta
000000660  ller #1% Version #100665639%
000000680  Language #1033\' \' \' $ @
0000006A0  EZ Software\Microsoft\Windows\C
0000006C0  urrentVersion\Uninstall\{3D33F6F
0000006E0  0-4D90-484D-A1D9-09AE791CCBD9}xE
```

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Exhibit I – Windows System Information from HD2P3 SYSTEM registry

Deny Terminal Server connections	True	02/02/2012 10:26:42
CMFStartTime	02/02/2012 10:26:27	02/02/2012 10:26:27
SystemLastStartTime	02/01/2012 21:48:29	02/02/2012 10:26:27
HiberFileRuns	0	02/02/2012 10:26:41
User-configured daylight savings time	@tzres.dll,-111	11/08/2011 08:39:23
User-configured time zone	@tzres.dll,-112	11/08/2011 08:39:23
Time of last system shutdown	02/02/2012 10:25:30	02/02/2012 10:25:30

Local joining user	Dave Wilson	10/04/2010 16:00:48
Home group: owner	Dave Wilson	10/04/2010 16:00:48
Home group: Owner machine name	DaveWilson-PC	10/04/2010 16:00:48
Sysprep image was prepared for duplication	Sat Feb 27 21:17:08 2010	02/02/2012 10:27:02
Time Zone	UTC-0500 Bogota, Lima, Quito	
Active Computer Name	DAVEWILSON-PC	
MAC Address	00 00 00 00 00 00	

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LastAccess	Name	Serial
11/01/2010 09:36:53	Disk&Ven_HP&Prod_Officejet_Pro_L7&Rev_1.00	a&d281b21&O&MY877230N1&O
10/12/2010 10:44:56	Disk&Ven_SanDisk&Prod_Cruzer_Mini&Rev_0.1	20043515131d9d9f0fdb1&O
08/19/2010 04:51:53	DiskTOSHIBA MK5056GSY LH003C	5&138334a3&O&O.0.0
08/19/2010 04:51:56	CdRomhp_BD_ROM_BC- 5S01H 2.88	
12/27/2010 18:21:23	Disk&Ven_HP&Prod_Officejet_Pro_L7&Rev_1.00	a&ea58b34&O&MY877230N1&O
10/02/2011 14:04:37	Disk&Ven_Apple&Prod_iPod&Rev_1.62	000A2700152E2AB7&O
01/03/2011 07:11:01	Disk&Ven_Sony&Prod_Storage_media&Rev_0100	0307011928390&O
02/08/2011 15:23:08	Disk&Ven_SanDisk&Prod_Cruzer&Rev_7.01	0266100CCB838CF&O
05/16/2011 07:38:13	Disk&Ven_Generic-&Prod_Multi-Card&Rev_1.00	000000
05/18/2011 09:26:31	CdRom&Ven_Novatel&Prod_Mass_Storage&Rev_1.00	
07/18/2011 20:37:37	CdRom&Ven_Novatel&Prod_Mass_Storage&Rev_1.00	
03/21/2011 10:06:22	Disk&Ven_HP&Prod_Officejet_Pro_L7&Rev_1.00	a&3197d621&O&MY877230N1&O
05/22/2011 19:44:05	Disk&Ven_Apple&Prod_iPod&Rev_1.62	000A27001B834529&O
07/29/2011 15:05:44	Disk&Ven_Kindle&Prod_Internal_Storage&Rev_0100	B006A0A0Q435BF16&O
02/01/2012 07:25:48	Disk&Ven_WD&Prod_1600BEVExternal&Rev_1.02	57584335303730363332353&O
02/01/2012 15:44:28	CdRom&Ven_WD&Prod_Virtual_CD_070A&Rev_1032	
02/01/2012 15:44:27	Disk&Ven_WD&Prod_My_Passport_070A&Rev_1032	575835314331305536343230&O
02/01/2012 21:56:37	Disk&Ven_SanDisk&Prod_Cruzer&Rev_1.00	20053045120F42E27BB6&O
02/02/2012 10:26:08	DiskTOSHIBA MK5056GSY LH003C	4&1ffodaf&c&O&O.0.0
02/02/2012 10:26:17	CdRomhp_BD_ROM_BC- 5S01H 2.88	
01/18/2012 08:41:51	Disk&Ven_HP&Prod_Officejet_Pro_L7&Rev_1.00	a&1872a48f&O&MY877230N1&O
01/20/2012 07:23:42	Disk&Ven_RIM&Prod_BlackBerry_SD&Rev_0003	]sg]sg]sg]sg]sg]sg]sg]sg]sg]sg] sg]Disk&Ven_RIM&Prod_BlackBerry_SD&Rev_0003
01/20/2012 07:23:42	Disk&Ven_RIM&Prod_BlackBerry_SD&Rev_0003	]sg]sg]sg]sg]sg]sg]sg]sg]sg]sg] sg]Disk&Ven_RIM&Prod_BlackBerry_SD&Rev_0003

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Exhibit L – Windows Portable Device List from HD2P3 SYSTEM registry

Access	Description	Serial	Name
02/02/2012 10:24:47	DISK&VEN_SANDISK&PROD_CRUZER&REV_7.01	0266100CCB838CFF&0	H:\
02/02/2012 10:24:47	DISK&VEN_RIM&PROD_BLACKBERRY_SD&REV_0003	8&3A76F5FB&0&C680323C25660D65F B3CB42FE59FE59DA9713984&0	BLACKBERRY
02/02/2012 10:24:47	DISK&VEN_HP&PROD_OFFICEJET_PRO_L7&REV_1.00	A&1872A48F&0&MY877230N1&0	G:\
02/02/2012 10:24:47	DISK&VEN_SANDISK&PROD_CRUZER_MINI&REV_0.1	20043515131D9D90FDB1&0	H:\
02/02/2012 10:24:47	DISK&VEN_SANDISK&PROD_CRUZER&REV_1.00	20053045120F42E27806&0	J:\
02/02/2012 10:24:47	DISK&VEN_SONY&PROD_STORAGE_MEDIA&REV_0100	0307011928390&0	H:\
02/02/2012 10:24:47	DISK&VEN_KINDLE&PROD_INTERNAL_STORAGE&REV_0100	B006A0A00435BF16&0	Kindle
02/02/2012 10:24:47	DISK&VEN_APPLE&PROD_IPOD&REV_1.62	000A27001B834529&0	G:\
02/02/2012 10:24:47	DISK&VEN_GENERIC-&PROD_MULTI-CARD&REV_1.00	00000	H:\
02/02/2012 10:24:47	DISK&VEN_APPLE&PROD_IPOD&REV_1.62	000A2700152E2AB7&0	DAVE WILSON

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Exhibit M – User Accounts from SAM Registry on HD2P3

User ID of Dave Wilson	0x000003E9 (1001)	10/04/2010 16:00:48
User ID of Administrator	0x000001F4 (500)	10/04/2010 18:59:33
User ID of Guest	0x000001F5 (501)	10/04/2010 18:59:33
User ID of HomeGroupUser\$	0x0000033A (1002)	10/04/2010 18:59:33
User ID of HomeUsers	0x000003E8 (1000)	10/04/2010 16:00:48
User ID of SQLServer2005SQLBrowserUser\$DAVEWILSON-PC	0x000003E8 (1003)	11/01/2010 15:23:26
User ID of SQLServer2005MSSQLServerADHelperUser\$DAVEWILSON-PC	0x000003EC (1004)	11/01/2010 15:23:27
User ID of SQLServerMSSQLServerADHelperUser\$DAVEWILSON-PC	0x000003EE (1006)	03/28/2011 10:49:53
User ID of SQLServerMSSQLUser\$DaveWilson-PC\$ACT7	0x000003EF (1007)	03/28/2011 10:50:00
User ID of SQLServer2005MSSQLUser\$DAVEWILSON-PC\$INFLOWSQL	0x000003ED (1005)	11/01/2010 15:23:27
User ID of SQLServerSQLAgentUser\$DAVEWILSON-PC\$ACT7	0x000003F0 (1008)	03/28/2011 10:50:15
User ID of Guests	0x00000222 (546)	10/04/2010 18:59:33
User ID of Administrators	0x00000220 (544)	10/04/2010 18:59:33
User ID of Event Log Readers	0x0000023D (573)	10/04/2010 18:59:33
User ID of Performance Monitor Users	0x0000022E (558)	10/04/2010 18:59:33
User ID of Performance Log Users	0x0000022F (559)	10/04/2010 18:59:33
User ID of Users	0x00000221 (545)	10/04/2010 18:59:33
User ID of Distributed COM Users	0x00000232 (562)	10/04/2010 18:59:33
User ID of IIS_IUSRS	0x00000238 (568)	10/04/2010 18:59:33
Group ID of None	0x00000201 (513)	07/13/2009 23:45:46
Base machine SID S-1-5-21-1328827509-348810604-2512048354		08/19/2010 04:49:05
User Account	User ID: 1001 Last Log-on Time: 02/02/2012 10:26:59 Log-on Count: 469 Last PW change: 10/04/2010 21:00:48 Last failed login: 02/01/2012 20:45:08	02/02/2012 10:26:59
User Account	User ID: 500 Last Log-on Time: 08/19/2010 05:02:56 Log-on Count: 9 Last PW change: 07/14/2009 05:13:36 Account disabled	08/19/2010 05:02:59
User Account	User ID: 501 Last Log-on Time: ? Log-on Count: 0 Account disabled	08/19/2010 04:50:54
User Account	User ID: 1002 Last Log-on Time: ? Log-on Count: 0 Last PW change: 10/04/2010 21:00:48	10/04/2010 16:00:48

1924 Barnwell Street
Columbia, SC 29201

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Exhibit N – PST / OST file type references in Dave Wilson NTUSER registry

Volume	PST File Name
HD2P3	C:\Users\Dave Wilson\Outlook Files\custservice@ccc-films.com.pst
HD2P3	C:\Users\Dave Wilson\Outlook Files\dave@ccc-films.pst
HD2P3	C:\Users\Dave Wilson\Outlook Files\sales@ccc-films.com.pst
HD2P3	C:\Users\Dave Wilson\Outlook Files\davewilsons@charter.net.pst
HD2P3	C:\Users\Dave Wilson\Outlook Files\davewilson@easternfilms.net.pst
HD2P3	C:\Users\Dave Wilson\Outlook Files\Bill Shaw Contacts.pst
HD2P3	C:\Users\Dave Wilson\Outlook Files\archive inbox 9-2-11.pst
HD2P3	C:\Users\Dave Wilson\Outlook Files\inboxarchive1-22-12.pst

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Exhibit Z – Recycle File \$RQDODT0.lnk

```
>ë@! ?K..* . _SafePSTBackup.exe_y_-x_ iI_C:\Program Files (x86)\4Team  
Corporation\Safe PST Backup\SafePSTBackup.exe\...\...\Program Files  
(x86)\4Team Corporation\Safe PST  
Backup\SafePSTBackup.exesC:\Windows\Installer\{8F955718-248F-4E76-8975-  
768643A3C51C}\SafePSTBackupStart_8BCC1F7A6EC14B8BB52A89DE6E17E757.exe__ %System  
Root%\Installer\{8F955718-248F-4E76-8975-  
768643A3C51C}\SafePSTBackupStart_8BCC1F7A6EC14B8BB52A89DE6E17E757.exe%SystemRoot  
%\Installer\{8F955718-248F-4E76-8975-  
768643A3C51C}\SafePSTBackupStart_8BCC1F7A6EC14B8BB52A89DE6E17E757.exe__ *Å__ i@Z  
|û üK†JÀòà¹úŽÂM A1SPSâŠXF⁴L8C>ü_ "G~mî% S-1-5-18`_Xdavewilson-  
pc_g'_E_Dœ< &Å&--²úé>ÔYÔà_-È  
@+'^_g'_E_Dœ< &Å&--²úé>ÔYÔà_-È  
@+'^_g'_E_Dœ< &Å&--²úé>ÔYÔà_-È
```

From: dave wilson <davewilson@easternfilms.net>
Sent: Tuesday, June 24, 2008 11:33 AM
To: 'John Gandis'
Subject: EFS Sales and CCC projected sales
Attachments: 2007 - 2008 Sales.xls

Hi John,

Take a look at this and let me know if you have questions. I think the projected CCC sales are doable if we can get the pounds through the plant.

Thanks,

Dave

	A	B	C	D
1	2007 EFS Sales by Customer			
2				
3	Customer	Product	lbs sold	Sales \$
4	31 Inc	Clear PET	11000	18300
5	31 Inc	met pet	4300	9000
6	calflex	Clear PET	44500	47000
7	chata	Clear PET	6000	8600
8	chata	met pet	1200	1800
9	chata	nylon	8000	20600
10	Cody Co	Clear PET	40000	44000
11	Cody Co	met pet	6300	8800
12	Dikeman	matte pet	3000	5600
13	Filmquest	pvc pet	10000	15000
14	Flagship	Clear PET	57700	77000
15	Flexeaze	Clear PET	6000	4300
16	Gray Flex	Clear PET	5500	5000
17	Gray Flex	micro	3400	2700
18	Gray Flex	met pet	28000	42500
19	Hart & cooley	Clear PET	172000	190000
20	Hart & cooley	met pet	131000	174000
21	Horizon	met pet	5000	13250
22	Industrias Vermont	Clear PET	22020	26424
23	Industrias Vermont	met pet	22300	33000
24	Interflex	Clear PET	69800	101900
25	JP Lamborn	Clear PET	33000	35000
26	Kempol	Clear PET	65000	50600
27	Minova 142	Clear PET	160000	295400
28	Plant Growers	met pet	1000	4000
29	techniflex	met pet	3000	5300
30	triton intl	Clear PET	69000	62000
31	triton intl	met pet	6000	7500
32	Valencia	Clear PET	80000	122000
33	PCFI	Clear PET	142000	120000
34				
35				1550574
36	Net Income 2007 after salary		115000	
37				
38				
39	2008 YTD EFS Sales by Customer			
40				
41	Customer	Product	lbs sold	Sales \$
42	31 inc	white pet	2500	7000
43	chiefs	clear pet	31000	42000
44	chiefs	met pet	4400	6400
45	flexeaze	clear pet	14300	15900
46	flexible technologies	clear pet	20600	23900
47	flexible technologies	met pet	28000	35291
48	Global Pack	matte pet	1455	5000

	A	B	C	D
49	horizon	met pet	1700	7900
50	industrias vermont	clear pet	24000	28900
51	industrias vermont	met pet	24600	36408
52	interflex	various	11600	21500
53	jp lamborn	clear pet	6000	7200
54	jp lamborn	met pet	18700	24500
55	kempol	clear pet	5000	4000
56	lambo venting	met pet	20800	28200
57	Minova 142	clear pet	109000	207000
58	Minova 200	clear pet	104000	199000
59	Modular Metal	clear pet	169000	214600
60	plant growers	met pet	800	5000
61	techniflex	met pet	8200	11800
62	valencia	various	70000	113000
63	west carrollton	met pet	123000	193000
64				
65				1237499
66				
67	Net income 2008 ytd after salary		97000	

	A	B	C	D	E	F	G	H
1	Carolina Custom Converting accounts from EFS and new business							
2								
3	<u>Customer</u>	<u>product</u>	<u>monthly lbs</u>	<u>Selling price/lb</u>	<u>Monthly Sales</u>	<u>Film Cost/lb</u>	<u>Film Margin / lb</u>	<u>Total Film Margin</u>
4	Minova 142	clear pet	20000	1.63	32600	1.05	0.58	11600
5	Minova 200	clear pet	70000	1.43	100100	0.55	0.88	61600
6	ESA	clear pet	7000	1.7	11900	1	0.7	4900
7	Chiefs AC	clear pet	8000	1.45	11600	1.18	0.27	2160
8	Chiefs AC	met pet	4000	1.55	6200	0.9	0.65	2600
9	Flagship VDI	clear pet	5000	1.1	5500	0.2	0.9	4500
10	Lamborn	met pet	20000	1.45	29000	0.9	0.55	11000
11	techniflex	met pet	2000	1.63	3260	0.9	0.73	1460
12	Lambro	met pet	5000	1.45	7250	0.9	0.55	2750
13	Lamborn ???	clear pet	20000	1.35	27000	0.9	0.45	9000
14	31 inc	clear 2 mil	600	1.7	1020	1.05	0.65	390
15	31 inc	2 mil white	800	2.8	2240	2.25	0.55	440
16	31 inc	2 mil met	300	2.4	720	1.5	0.9	270
17	31 inc	3 mil clear	400	1.9	760	1.15	0.75	300
18	Light Source	scrap	20000	0.32	6400	0.15	0.17	3400
19								
20			183100		245550			116370
21								
22								
23								
24	Annual Sales							
25								
26	<u>Customer</u>	<u>product</u>	<u>Annual lbs</u>	<u>Selling price/lb</u>	<u>Annual Sales</u>	<u>Film Cost/lb</u>	<u>Film Margin / lb</u>	<u>Total Film Margin</u>
27	plant growers	92 met	2000	4	8000	2.5	1.5	3000
28	flexeaase	micro	10000	1.15	11500	0.3	0.85	8500
29	flexeaase	clear	6000	1.4	8400	1	0.4	2400
30	flexeaase	met pet	6000	1.55	9300	0.9	0.65	3900
31	flagship	clear 48, 92	20000	1.15	23000	0.95	0.2	4000
32	valencia	var pet	15000	1.7	25500	1.15	0.55	8250
33	Various flexible duct	clear	40000	1.4	56000	0.95	0.45	18000
34	Various flexible duct	met pet	40000	1.55	62000	0.9	0.65	26000
35								
36								
37			139000		203700			74050

	I
1	
2	
3	Notes
4	
5	
6	
7	no slitting
8	slitting
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	Notes
27	no slitting
28	
29	
30	
31	direct ship from Dupont or Mitsubishi
32	
33	spot orders based on film avail.
34	spot orders based on film avail.
35	
36	
37	

From: Steve Norvell <snorvell@freshwatersystems.com>
Sent: Friday, March 09, 2012 1:02 PM
To: 'Dave Wilson'
Subject: RE: Gandis letter march 5

I'm in meetings w/ new vendor software today. We can discuss tonight at my house if you want. We can run the foil sale to Canadian customer through our company, the \$21k in capital is no problem. What's your proposal on the profit allocation to FWS?

From: Dave Wilson [mailto:davewilson@easternfilms.net]
Sent: Friday, March 09, 2012 10:42 AM
To: 'Steve Norvell'
Subject: RE: Gandis letter march 5

Hi Steve,

I sent your email with the letter to John to Clayton just to have him read it over and make sure we're OK with that strategy. I think it's a good one. I have continued dialogue and meetings with Wynit (Todd Corey's company) and they are flying me down to Florida in 2 weeks to attend a trade show with them and meet the owners. I did a business plan for starting a film distribution division and they are still very excited. Todd and his direct boss have told me that unless some unforeseen trainwreck happens, they think the owners will make an offer in Florida and want me to start immediately. I disclosed the fact that CCC has offered a non compete and I am considering it. They did not have a problem with this and even hinted that they may be willing to compensate me for not signing a non compete with CCC. I'd like to get your insight on this when we talk next.

On another note, I have an opportunity to fill an order for a customer I have supplied for several years through CCC. When I told them I had left CCC weeks ago, they said they had confidence in my ability to supply product (which is mostly offshore) and that they would be willing to move their business with me when I end up somewhere. Anyway, my intent is to supply them through Wynit as soon as I start there. In the meantime, they need some product quickly and want me to fill an order. It's actually aluminum foil, not film. I have product available from a supplier and the company who has slit for me in the past has quoted on the slitting. The cost of the foil will be roughly \$14000 and the slitting will be roughly \$7000. There would be some freight costs and some trim loss in slitting. I would sell the order for roughly \$32000. The customer is a large Canadian manufacturer and has always paid well. I have two problems with fulfilling this order. First, EFS is not really an active company, and second, I have no way to buy the foil. If you are open to helping me with this order by financing and maybe even running the transaction through your company, that would be great. If you can't or don't want to, not a problem. I am reluctant to run this through another distributor because I have no intention of continuing the business with them if I start with Wynit.

Anyway, let me know if you are open to helping. Talk with you soon.

P.S. – I told Julie about the potential order and that I was going to discuss it with you. She is fine with it.

Thanks,

Dave

From: Steve Norvell [mailto:snorvell@freshwatersystems.com]
Sent: Thursday, March 08, 2012 10:09 AM
To: 'Dave Wilson'
Cc: julienwilson@charter.net; davewilsonsr@charter.net
Subject: RE: Gandis letter march 5

Dave,

I fully support a reasonable transaction that allows a win-win for both you and John. Having said that, it's impossible to have any dialogue on specific numbers without having the 12/31/11 Financials as well as Financials thru 2/29/12. While I'm the first to agree there's been infractions committed by both members, IMO these are results of the way CCC was structured with a bias against you. Specifically, I have a hard time understanding how it came to be that JG owned/operated another entity in the same industry (or any industry for that matter) and yet you were expected to contribute all your efforts to CCC without any compensation/benefits that is commensurate with being an owner/member. The ability for JG to pull resources from another entity obviously gives him an upper hand when it comes to controlling your distributions from CCC and this is your sole source of income. Disastrous!

I took the liberty to share a brief summary of the CCC story as I know it with my attorney. "Sounds like minority oppression" was his first reaction and he referred me to a recent lawsuit involving a local family, the KIRIAKIDES, where two family members sued another family member for oppression and won. After my cursory review, there are many similarities.

Based upon your understandings of the CCC Financials, you've stated that **your share** of UNDISTRIBUTED earnings BEFORE DEPRECIATION as of 12/31/11 approximates \$500,000. Considering all of the above and much more, I recommend selling your interest based upon the following:

1. Your 45% share of undistributed earnings BEFORE DEPRN as of 2/29/12, MINUS a reasonable allowance for DEPRN. (keep in mind that most sales are negotiated on a multiple of EBIDA). Terms to be negotiated, but I would not settle for less than \$20k down and the balance financed up to 36 months in equal installments plus interest (Prime + 2, adjusted annually).
2. Compensation for Non-Compete for a period not to exceed 12 months at the rate of \$10,000 per month (you are worth far more than that)

It's in your and JG's best interest to avoid litigation. But if they continue to delay and do not show any good faith in bring an amicable resolution via temporary distributions of \$10,000 monthly, then you have my full backing to pursue litigation to protect your interest. I will need you and Julie to personally guarantee repayment over a 5yr period, interest free.

Steve

From: Dave Wilson [mailto:davewilson@easternfilms.net]
Sent: Tuesday, March 06, 2012 11:52 AM
To: Steve Norvell
Cc: julienwilson@charter.net; davewilsonsr@charter.net
Subject: Gandis letter march 5

Hi Steve,

I appreciate the efforts and time you have put into my mess over the past month or two. If you are still open to helping us with advise or dialogue with John and Andrea, we would welcome that. The latest offer we got from John last week was as follows:

For my interest, he offered

1. Forgiveness of the loan - \$130,000 according to them
2. Paid off title to the Lexus – approx \$15,000 value

John made the comment that the offer imputes an equity value of more than \$350k to the company and that he is not certain the company is worth even that.

He also asked me if I would sign a 9 month agreement not to solicit business with 20 customers (not yet specified) in return for \$30,000.00 (\$10k at closing, \$10k midway, and \$10k at end of term).

Attached is my response and counter offer. Please review and give me your thoughts. Here is some background on the value of the business.

1. My beginning capital account jan 1 2011 was \$592,000.
2. The net asset value from the balance sheet Dec 31, 2011 is roughly \$800,000 before depreciation and Andrea's illegal \$100,000 "preference to minority" entry.
3. Earnings before depreciation since company started are roughly \$2,300,000.00
4. My equity balance as of Dec 31, 2011 was -\$510,000.00
5. Assuming they sold no product in Jan and Feb at the operating cost level for last year, the total loss they would incur would have been \$260,000.00. They did have sales in Jan and Feb so their losses should be far less than this.

John is clearly still not being honest or fair when discussing the value of my interest or the value of the business.

I look forward to your input.

Thanks,

Dave

From: Dave Wilson <davewilson@easternfilms.net>
Sent: Wednesday, March 14, 2012 2:05 PM
To: 'Steve Norvell'
Cc: 'Jeremy Biller'; 'JulieAnne London'
Subject: RE: foil deal NeoLogic Distribution
Attachments: [Untitled].pdf

Thanks, Steve. See attached quotes from Rogers and Brown. They came in lower than my projected cost of \$1000 each way. If you can get it quoted cheaper, great. Just be careful with customer names if talking with local carriers like Palmetto. I just don't want CCC knowing my business while we are in negotiations. I also got the supplier (Filmtech) to come down 4% on cost for payment in advance. I'll send this info to Imperial. You think its OK to give them the FWS TIN for now?

First shipment from Bean Station, TN to Cleveland OH 11,000 lbs on 11 pallets
Second shipment from Cleveland, OH to Alton, IL 10,000 lbs on 5 pallets

Thanks,

Dave

From: Steve Norvell [mailto:snorvell@freshwatersystems.com]
Sent: Wednesday, March 14, 2012 1:44 PM
To: 'Dave Wilson'
Cc: Jeremy Biller; 'JulieAnne London'
Subject: RE: foil deal NeoLogic Distribution
Importance: High

Your proposed deal looks good. We will get the freight quotes to compare against yours. Be sure to supply us with all the info to obtain quote (weight, pcs, class, NMFC, etc)

NeoLogic Distribution
85 Commerce Center
Greenville, SC 29615
Entity: S Corp
TIN: applied for, should have by Thursday (ok to use FWS # 330556622).
Submit orders to: steve@neologicdistribution.com

Thank you,
Steve

Steve Norvell
Fresh Water Systems, Inc.
864-284-1805 (Direct)

From: Dave Wilson [mailto:davewilson@easternfilms.net]
Sent: Wednesday, March 14, 2012 9:52 AM
To: Steve Norvell

Cc: davewilson@easternfilms.net

Subject: foil deal

Hi Steve,

Looks like I may get the foil Po today. I need your company info including tax ID# for Neologic so I can send the customer. I agree to take full risk on the order and personally guarantee it. FWS will have a 15% return on monies spent, 2% more if I can get better terms from the supplier. Here is the approximate breakdown of cost and timing on this order.

Foil purchase this week

11000 lbs at \$1.25/lb = \$13750.00

Slitting charges next week or when order completes

11000 lbs at \$.62/lb = \$6820.00

Freight charges should be net 15 days so it would look like the following subject to rate quotes expected back today.

Freight from supplier to slitter \$1000 on March 30

Freight from slitter to customer \$1000 on April 15

Selling price to customer is \$3.25/lb delivered so 10000 lbs at \$3.25 = \$32500.00

Total spend for FWS is \$22570.00 so with a 15% markup, your profit would be \$3385.50 subject to actual costs. If I get better terms from the supplier, the return would be 17%.

I have offered the customer 2% net 10 days on payment terms. This discount would come out of my profit, not yours. They typically want 45 days but I am hoping they will agree to the discount. Worst case scenario, your money would be out there for 60 to 75 days.

Let me know if you have any questions. As soon as I get the Neologic info, I will confirm with the customer.

Customer is Imperial Manufacturing based in Richibucto, NB Canada. They are a large manufacturer of HVAC supplies with sales to Lowes and other big box stores in North America. Annual sales are unknown but estimated at \$50 million. I have sold them for over 2 years and never had a payment issue.

Thanks for your help.

Dave

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.1913 / Virus Database: 2114/4870 - Release Date: 03/14/12


**ROGERS & BROWN NORTH AMERICAN
LOGISTICS, INC.**

146 A West Phillips Road
Greer, SC 29650
Phone: (864) 801-8300
Fax: (864) 849-2050

Quote#: 3276

To: **DAVE WILSON**
Company Name: **EASTERN FILM SOLUTIONS**
From: **ERNEST LASTER**

Fax#: **(864)250-9899**
Telephone#: **(864)238-5407**

Quote Date: **03/14/2012**Date Expires: **00/00/0000**

Note: Quote is valid for 30 days from the "Quote Date" unless otherwise noted above.

Origin	Destination	Mode	Commodity/NMFC	Pcs.	Wgt. (lbs)	Miles	Transportation Charges(US Dollars)	
BEAN STATION, TN 37708	CLEVELAND, OH 44199	LTL	FILM OR SHEETING, OTHER THAN CELLULOSE, NMFC 156830 SUB 1, CLASS 55	11	11000		\$696.41 Base Rate \$142.76 Fuel S/C	Current Fuel Surcharge applies at the date of shipment.
Notes: PALLETS MUST STACK AND OCCUPY NO MORE THAN TWELVE FEET OF TRAILER								

Approximate Transit Days: 1

\$839.17 **Total**

Origin	Destination	Mode	Commodity/NMFC	Pcs.	Wgt. (lbs)	Miles	Transportation Charges(US Dollars)	
CLEVELAND, OH 44199	ALTON, IL 43119	LTL	FILM OR SHEETING, OTHER THAN CELLULOSE, NMFC 156830 SUB 1, CLASS 55	5	10000		\$521.82 Base Rate \$106.97 Fuel S/C	Current Fuel Surcharge applies at the date of shipment.
Notes:								

Approximate Transit Days: 1

\$628.79 **Total**

-Rates are subject to Shipper load and Consignee unload.

-Free Time: Two hours free time, with power except Intermodal is one free hour.
Charges are \$25.00 per 1/4 hour after free time expires.

-Release value not to exceed \$100,000 per Van shipment.
Flatbed release value not to exceed \$25,000 per shipment of new goods and \$10,000 per
shipment of used goods. The owner of the goods is responsible for the purchase of any additional
insurance. Cargo insurance is not provided within Mexico.

-Absent Rogers & Brown's direct negligence, Rogers & Brown has no liability for cargo loss or
damage. Rogers & Brown will assist the Shipper in filing any claims for freight loss or damage
against the underlying carriers.

-Rates do not include any Customs, Broker or Bridgeman Fees.

3/14/2012

NORVELL2_000208

From: Ray Harris <ray@batsontax.net>
Sent: Thursday, September 20, 2012 2:44 PM
To: Dave Wilson
Subject: FW: Business Analysis
Attachments: image003.gif; image004.jpg; Annual Cash Flow 2007 to 3Q2011[1].pdf; Dave letter 11-10-11.doc; _Certification_.htm; _Certification_.htm

Follow Up Flag: Follow up
Flag Status: Completed

Are these two what you are hunting?

Ray

Batson Accounting and Tax, P.A.
20 Washington Park
Greenville, SC 29601
Office- 864.235.6824
Fax- 864.232.5873
MOBILE – 864.346.4005
Toll Free- 1.888.218.7466
www.batsontax.net

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From: Dave Wilson [mailto:davewilson@easternfilms.net]
Sent: Thursday, November 10, 2011 10:56 AM
To: Ray Harrison
Subject: FW: Business Analysis

More reading. Let's discuss today.

Thanks,

Dave

From: Dave Wilson [mailto:dave@ccc-films.com]
Sent: Thursday, November 10, 2011 10:55 AM
To: 'Dave Wilson'
Subject: FW: Business Analysis

From: John Gandis [<mailto:john@ccc-films.com>]
Sent: Thursday, November 10, 2011 12:27 AM
To: 'Dave Wilson'
Subject: Business Analysis

John C. Gandis
Cell: 864-553-9338
Fax: 864-225-4317



Plant Address:
1017 River Heights Circle
Anderson, SC 29621

	2007 Total	2008 Total	2009 Total	2010 Total	2011 9 mos	CCC TOTAL
Revenue						
Sales of Film	23,048	204,637	2,657,770	6,557,607	4,308,762	13,751,823
Freight	-	2,273	1,770	58,208	41,231	103,482
Other Income	-	448,000	92,764	85,875	288,533	915,173
Adjustments	-	(576)	(7,073)	(80,996)	(18,677)	(107,323)
Uncollected	(18,866)	(227,151)	(192,218)	(659,930)	647,798	(450,367)
CASH IN	<u>4,182</u>	<u>427,183</u>	<u>2,553,013</u>	<u>5,960,763</u>	<u>5,267,647</u>	<u>14,212,788</u>
Operating Expenses						
Film	1,507	181,524	1,441,638	4,679,065	3,116,700	9,420,434
People	3,135	91,175	222,552	435,245	642,642	1,394,749
Production	3,044	16,110	51,510	91,255	179,505	341,424
Shipping	2,036	84,531	377,187	274,886	175,082	913,722
Repairs	607	16,598	118,912	100,061	48,831	285,009
Facilities Expense	-	16,643	51,426	59,010	50,847	177,926
Sales Expense	536	11,078	35,869	147,264	143,753	338,500
Office	157	2,958	18,719	22,511	19,401	63,745
Overhead	2,690	17,575	28,107	45,981	30,817	125,169
Interest	-	8,153	21,024	29,831	19,504	78,512
Equipment	17,061	98,185	163,516	179,343	158,587	616,691
Owner's Vehicles	-	3,020	3,870	9,166	4,625	20,681
Still Due to Others	(3,900)	(110,004)	(262,669)	(230,441)	140,431	(466,582)
CASH OUT	<u>26,871</u>	<u>437,547</u>	<u>2,271,660</u>	<u>5,843,177</u>	<u>4,730,724</u>	<u>13,309,979</u>
Cash Flow - CCC	<u>(22,690)</u>	<u>(10,363)</u>	<u>281,353</u>	<u>117,585</u>	<u>536,923</u>	<u>902,809</u>
\$\$ From Owners						
Loans	60,000	75,940	58,585	166,934	(361,459)	-
Contributions	6,000	-	-	-	-	6,000
Net Cash Flow	<u>43,310</u>	<u>65,577</u>	<u>339,939</u>	<u>284,519</u>	<u>175,464</u>	<u>908,809</u>
CASH PLAN						
To the Owners	-	-	-	-	-	-
Taxes	-	58,000	368,027	261,810	150,198	838,035
"salary"	-	-	-	-	-	-
Excess	-	-	-	-	-	-
In the Bank	43,310	7,577	(28,089)	22,709	25,266	70,773
Net Cash Flow	<u>43,310</u>	<u>65,577</u>	<u>339,939</u>	<u>284,519</u>	<u>175,464</u>	<u>908,809</u>

NORVELL2_005194

Dave – As a follow up to our conversation last week...

I am glad that we met to discuss our business and we should meet again this week (11-11 if ok with you). I would like to further discuss key facts about the business results and the plan for going forward.

After having an opportunity to digest everything that we spoke about, I had an opportunity to review our past with Andrea... where we have spent our cash and where we are moving forward.

One thing that you mentioned that has stuck with me is that you thought that "the purpose of a business is to service the owner's needs." I agree with this to a certain extent – but find this only to be true if the business is profitable with excess cash flow. CCC is not creating excess cash flow at the levels you are hoping. The bank is asking for personal guarantees for the working capital line of credit next year, and I am not willing to risk my home by allowing cash to be distributed to any owner until I know that the business is covering all debts and that the owners are first using the cash to pay their taxes.

The fact that your taxes for 2010 and 2011 are not paid makes me very nervous. This is why I have offered you a way to hopefully eliminate both tax bills. I realize the plan for 2012 and beyond is very different and two options avoid interruptions in cash flow for your family. It is important you understand my cash flow plan as you make your decision.

I have not made this decision lightly and this is not about putting others ahead of you because I have another source of income... I don't think you are aware that I personally funded your cash distributions in our early years. I also don't think that you are aware that the company has already distributed over 90% of the cash it generated throughout our approximate 4 years in business.

During 2007, our business generated a loss and we each contributed cash into the business to help cover this loss. In 2008 CCC reported income, but we spent all our profits on film and assets creating a negative cash flow. As there was no cash to distribute, I put money into the company so you could receive a monthly check. 2009 generated positive cash flow. But we did not limit our distributions to cash generated by the company. I put in almost \$200K into the company to pay for the extra distributions. This repeated in 2010 when the company distributed more than twice the cash that was created by the company. As of 2011, CCC has distributed more than 90% of the cash created by the business (including your advances). As partners, we should bear this risk and this cash flow evenly. At the time I was able to continue to help you out by tapping into my own loans so you would not have to wait on the company to generate cash flow.

My hope for a plan in 2012 was to get within \$80k of you. Upon cash analysis – that \$80k dollar catch up may take all of the cash if we repeat the way we did this year. So far we have generated approximately 90k in cash. After the catch up is complete, the company will need to send tax payments directly to the IRS. We cannot have our owners with an unpaid tax bill. It is easier for you and I to borrow to eat than to pay the IRS. The company can not go on making monthly loans to you as we did in 2011 as these loans have created issues with paying our vendors on time. It is important that cash distributions be made to the owners only after all debts are covered and tax distributions have been funded... otherwise we will continue to dig an even deeper hole.

NORVELL2_005195

Our receivable situation is typical of this market and we just pay our vendors late when the cash is late. Our cash sometimes is spent on new film before our customers can pay us. The largest cash outlay is film purchases – which you control. This is where our attention needs to be focused.

I am looking forward to working with you but we need to get into a structure that is best for your family and for our business. I am in complete agreement with you that the cash generated by CCC is for the owners. Where we may disagree is when the cash should be distributed. Going forward we will be making three changes that are going to have an impact on the cash flow of all the owners. If you plan to stay as an owner, you must agree with all three points otherwise we should discuss the two other structures since they are helpful to your monthly cash flow and tax situations.

All owners must agree that going forward all distributions will be made on the same day in a pro-rata basis. Next we will no longer delay any payments to a vendor so that partners can be paid on a set day of the month. Finally we will be keeping the owners aligned. As a result we will not continue to make advances to you but we will agree to take up to a year to make all the catch up distributions. When and how much cash will be distributed will be based on the situation inside the company without regards to the personal cash flow situation of any particular owner. There will be no guarantee when or how much an owner will receive throughout the year and the amount that might be distributable will be based only the actual cash available after cash has been set aside for vendor and upcoming film purchases.

Let me know if Friday is a good time to review these numbers. I had a number of questions when I first saw the analysis – so let me know what questions you may have before Friday so that I can answer them correctly.

Thanks,

John

NORVELL2_005196

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.1869 / Virus Database: 2092/4607 - Release Date: 11/09/11

NORVELL2_005197

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2012.0.1869 / Virus Database: 2092/4608 - Release Date: 11/10/11

NORVELL2_005198

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NO: 2012CP2302887

RECEIVED

JAN 15 2015

Kessen Pruel

David Wilson vs. John Gandis

FILED-CLERK OF COURT
GREENVILLE, SC
PAUL B. WILSON
2015 JAN 9 PM 4:08

CHECK ONE:

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRCP; ☐ Rule 41(a),
SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRCP; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award;
☐ Other: _____
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
☐ Affirmed; ☐ Reversed; ☐ Remanded;
☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; ☐ Statement of Judgment by the Court:

Dated at Greenville, South Carolina, this .

Court Reporter:

PRESIDING JUDGE -

This judgment was entered on the 9th day of January, 2015, and a copy mailed first class this 9th day of January, 2015, to attorneys of record or to parties (when appearing pro se) as follows:

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CPFORM4M
SCCA SCRCP Form 4 Revised 06/2008

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ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Paul B. Wickensimer Greenville County Clerk Of Court
- Clerk of Court

Comp
Hill

STATE OF SOUTH CAROLINA)

IN THE COURT OF COMMON PLEAS

COUNTY OF GREENVILLE)

C.A. NO.: 2012-CP-23-02887

David Wilson, individually and
derivatively on behalf of Carolina
Custom Converting, LLC,

Plaintiff,

-vs-

John Gandis, Andrea Comeau-
Shirley, ZOi Films, LLC, and Carolina
Custom Converting, LLC,

Defendants,

John Gandis and Andrea
Comeau-Shirley,

Third-Party Plaintiffs,

-vs-

Carolina Custom Converting, LLC,

Third Party Defendant
and Counterclaim Plaintiff,

-vs-

Dave Wilson, Steve Norvell, Neologic
Distribution, Inc. and Fresh Water
Systems, Inc.

ORDER

FILED-CLERK OF COURT
GREENVILLE, S.C.
PAUL B. MORGAN, CLERK
2015 JAN 9 PM 4 28

I. PROCEDURAL BACKGROUND

This case concerns the management travails of Carolina Custom Converting, LLC (CCC), a company engaged in the plastic film business and owned by Plaintiff David Wilson (Wilson), Defendant John Gandis (Gandis), and Defendant Andrea Comeau-Shirley (Shirley). Wilson alleges (1) he was subject to shareholder oppression by Gandis and Shirley; (2) Gandis breached his fiduciary duty to CCC and Wilson; (3) Gandis and Shirley converted company funds and property to their own

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ENTERED COMPUTER

use; (4) he was entitled to dissolution of the company, or in the alternative, disassociation. Defendants Gandis and Shirley answered and counterclaimed that Wilson had breached his fiduciary duty. Wilson later sued as a derivative representative of CCC and brought in ZOi Films, LLC (ZOi) and Deco-Tex, LLC (Deco-Tex) as additional defendants.

On September 20, 2013, Wilson filed a Second Amended Complaint alleging the same causes of action in an individual capacity as well as derivatively, but added CCC as a party.¹ CCC then counterclaimed against Wilson, Steve Norvell, Fresh Water Systems, Inc., and Neologic Distribution, Inc. for breach of duty of loyalty, conspiracy, and violations of the S.C. Trade Secrets Act, among others, but this Answer was not served on Norvell, Neologic, and Fresh Water until March 24, 2014. Norvell, Neologic, and Fresh Water responded, asserting the S.C. Trade Secrets claim was made in bad faith.

The parties agreed to waive a jury trial and submit all claims to a bench trial, which was held September 29, 2014 through October 3, 2014.

I. FACTUAL FINDINGS

In November 2007, Wilson and Gandis formed CCC. At the time of formation, Wilson owned and operated Eastern Film Solutions (EFS), which bought and sold polyester, plastic, and metalized films.² Gandis owned and operated Decotex, which bought and sold decorative designs for vinyl film. The basic agreement was for CCC to perforate and "slit" (cut) film. Wilson agreed to run much of EFS' slitting business through CCC.

In 2008, Wilson and Gandis discussed expanding the scope of CCC and winding down their individual businesses. They discussed EFS buying film from CCC and selling it as an additional source of income to CCC. CCC began to purchase and sell film in addition to slitting, and EFS became

¹ CCC entered an appearance as a party in October 2012; however, Plaintiff did not seek any relief from CCC. The amendment followed a debate about CCC's status as a party, and Plaintiff agreed to add CCC as a first party Defendant.

² Wilson had been in the film business for nearly 20 years. His brother-in-law Steve Norvell occasionally financed Wilson's overseas film transactions.

a slitting customer as well as a purchaser of CCC inventory. In either May or June 2008, Wilson agreed to make CCC the buyer and seller of film on one of EFS's major accounts, Minova, resulting in significant additional revenues for CCC.

The Minova account fueled additional discussions about EFS winding down and conducting all new film business through CCC. However, Wilson indicated he wished to keep 3 import accounts separate from CCC. The three accounts to be excluded from the deal were Lamborn, Modular Metal, and West Carrollton (two of which, Lamborn and West Carrollton, were financed by Steve Norvell). The parties did not sign a formal operating agreement for CCC, but this court finds that certain oral agreements were reached whose terms never altered Wilson's understanding that these three accounts would remain separate from CCC.

The court finds the parties agreed that Gandis and Wilson founded the business as equal partners, that Wilson would wind down EFS and receive compensation in the amount of \$8,000 per month, and Gandis would fund the business through two credit lines (the M-Tech line of credit and the Decotex line of credit). Wilson would lead CCC's sales efforts and Gandis would manage operations.³ Gandis engaged Shirley, a Georgia-licensed Certified Public Accountant, for accounting and formation advice. CCC was organized as a manager-managed limited liability company, and Gandis was identified in the articles of organization as the manager. Beginning in or about July 2008 and consistent with his agreement with Gandis, Wilson began winding down EFS, which continued through July 2009.

While Shirley attempted to finalize an operating agreement for CCC, she also provided personal counsel to Gandis. However, no written operating agreement was ever completed. In 2009, Shirley agreed to accept a 10% interest in CCC in exchange for providing accounting services. Gandis and Wilson each transferred 5% of their interest in CCC to her, each retaining a 45% interest.

³ CCC did not engage in the import film market until 2010.

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Although Shirley did not have a formal voting interest, she took an active role in management, primarily through private communications between her and Gandis.

CCC's business grew, and with the help of a film shortage in 2010 it flourished, turning a profit of over a million dollars. However, since CCC was organized as a subchapter S entity, the members were responsible for taxes proportionate to their ownership interest. Also, because CCC filed taxes on an accrual basis, this tax liability was even greater. In the past, a tax distribution was made to the members, and funds had been set aside for a tax distribution for 2010. CCC's profits in 2010 created phantom income for the members, and the leaner revenue of 2011 produced a shortfall for the tax payment.

Shirley began to extensively advise Gandis as to the management of CCC and the treatment of Wilson, which ultimately led to his oppression and eventual ouster. She advised Gandis to pay off an equity line previously relied upon by CCC to help even out cash flow and purchase inventory so Gandis could pay his personal tax liability. Gandis used CCC funds set aside for the 2010 tax liability to pay off CCC's obligation of the line of credit, and then used the line of credit to pay his taxes. Wilson was then informed CCC would not make a tax distribution to cover his tax liability as previously agreed and as had been done in the past.

March 2011 emails between Shirley and Gandis revealed a plan to use CCC's employees to perform tasks for Gandis's other business interests, M-Tech, Inc. and Decotex, LLC. Testimony corroborated the emails. Also at this time, a secretive effort was initiated to monitor Wilson's emails. Shirley's emails to Gandis outlined a plan to flip Wilson from an owner to an employee. Contemporaneously, Shirley and Gandis began deferring their distributions and classifying the monthly income that Wilson had been paid pursuant to the July 2008 agreement as a "loan." By August 16, 2011, Shirley bluntly proposed that they develop an "Exit Strategy" for Wilson and identified who could take Wilson's place as head of the sales team.

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In September 2011, Gandis intercepted an email from Wilson's wife and forwarded it to Shirley. Shirley responded that the email demonstrated marital discord arising from Gandis's opportunity to "restructure" Wilson. From this point forward, the emails between Gandis and Shirley evidence an effort to exclude Wilson from the benefits of ownership and to cease paying him his monthly income as part of an effort to "squeeze" him to relinquish his ownership interest. Under pressure, Wilson engaged in discussions with Gandis to become an employee. In her private coaching to Gandis, Shirley advocated high pressure tactics. Wilson was given the deadline of January 7, 2012 to either become an employee or cease receiving the monthly income that he relied upon. As this deadline approached, Shirley prepared a "Pro-Forma Balance Sheet" to accompany an offer to Wilson to buy his interest. However, the balance sheet contained questionable accruals and removed assets that had been listed on previous CCC balance sheets. Although Gandis and Shirley indicated they would also sell at a price based upon this balance sheet, their offer had materially different terms, including the requirement that Shirley be paid a \$100,000 "preference on units" and that Wilson purchase M-Tech's building, which Shirley deemed a "burden." The balance sheet had the effect of devaluing Wilson's interest in CCC.

The parties could not reach an agreement. Wilson approached potential buyers of CCC, to whom he provided information about CCC's financial status, absent customer names, subject to a non-disclosure agreement. During this time, Shirley counseled Gandis to be patient and allow the pressure to build on Wilson. All the while, emails between Wilson and his lawyer, his accountant, and others were monitored, giving Shirley and Gandis access to Wilson's thought process. Wilson discussed potential employment with another company and indicated he did not have a non-compete or a non-solicitation agreement.

An early 2012 email between Gandis and Shirley reveals their decision to terminate Wilson but maintain that he resigned, and to physically lock him out of his office. On January 17, 2012, Gandis



arrived at CCC's Greenville office with law enforcement and a locksmith and advised Wilson his resignation was accepted. Wilson protested that he was not resigning, but eventually had no choice but to leave, although he left with two of his laptops and Blackberry in hand. Gandis then changed the locks.

After Wilson's ouster, Gandis and Shirley formed ZOi Films, LLC, which was intended to take CCC's better business opportunities. Representations to the bank and to the Internal Revenue Service demonstrate that ZOi Films was organized with two members: M-Tech, Inc. (owned by Gandis) and Creative Brain Storms, Inc., a Georgia corporation owned by Shirley. After Wilson discovered the ZOI Films scheme, Gandis and Shirley maintained ZOi was intended to be a wholly-owned subsidiary of CCC.

In sum, Gandis and Shirley's oppressive and unfairly prejudicial acts included:

- Initiating an "Exit Strategy" on August 16, 2011;
- Threatening to stop Wilson's guaranteed and agreed upon monthly payments unless he relinquished his equity interest and became an at-will employee with a non-compete agreement;
- Refusing to make tax distributions for Wilson while instead using money set aside for such to pay off the line of credit so Gandis could borrow to pay his own taxes;
- Monitoring all of Wilson's private emails, including those with his wife, his attorney, and his accountant;
- Making representations that he may not receive distributions for another two years;
- Managing the money supply to make it appear as if cash was more limited than it was in actuality;
- Continually making unilateral changes, including secretly back-paying rent at a higher rate than agreed upon and transferring assets (ex. air conditioner) to Gandis's entities through expensing such items as rent;
- Limiting Wilson's access to financial information of the company;
- Removing him from signatory authority on the operating account;

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- Removing his ability to make wire transfers for the company;
- Excluding him from discussions about business operations;
- Stopping Wilson's guaranteed and agreed upon monthly distribution in January 2012;
- Manipulating the December 2012 pro-forma balance sheet to devalue Wilson's interest in CCC;
- Physically locking Wilson out of his business and refusing to allow him to return;
- Demanding possession of Wilson's computer and Blackberry;
- Terminating the cell phone plans for Wilson and his family while maintaining coverage for the other members;
- Terminating health insurance coverage for Wilson and his family;
- Forming ZOI to compete with CCC in order to siphon profits until Wilson caught Gandis and Shirley; and

After his ouster, Wilson began working and selling film for Neologic, Inc., owned by his sister-in-law and managed by Steve Norvell. Sales began slowly in 2012, mostly to former CCC customers with whom Wilson had long term relationships that predated CCC. Wilson continued to sell film for Neologic in 2013 and 2014, including to former CCC customers.

In 2013, CCC alleged that Wilson had usurped corporate opportunities in 2008 and 2009, including the three accounts excluded from the agreement between Wilson and Gandis. Norvell was alleged to have aided and abetted these alleged breaches of fiduciary duty and to have conspired with Wilson to dissolve CCC. In addition, CCC alleged that Wilson and Neologic/Freshwater had misappropriated trade secrets and converted company information for their own use.

However, Wilson presented testimony from others engaged in the film business demonstrating that polyester film was a commodity and that the alleged trade secrets were readily available from the internet, trade associations, trade shows and manufacturers' pricing information regularly furnished to potential film purchasers. Although industry and customer information was gathered by CCC, this

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information was readily available from public sources. Moreover, CCC made little if any effort to protect the information; neither Wilson, Gandis, Shirley, Bill Shaw, Mike Myers, nor any other CCC employee or contractor was required to sign a non-disclosure agreement prior to Wilson's ouster.

Both parties presented expert testimony as to CCC's value both at the time of ouster and at the end of 2013. Wilson's expert Catherine Stoddard valued CCC at the time of ouster at \$1,018,753 and Wilson's interest at \$408,335.⁴ However, there was testimony by both experts as well as the court-appointed experts as to possible adjustments to the value of the entity due to equipment moving costs, excess inventory, and advances.

III. LAW / ANALYSIS

A. Wilson's Claim for Shareholder Oppression.

Under S.C. Code Ann. § 33-44-410:

[a] member or manager may maintain an action against a limited liability company or another member or manager for legal or equitable relief, with or without an accounting as to the company's business, to enforce:

- (1) the member's rights under the operating agreement;
- (2) the member's rights under this chapter; and
- (3) the rights that otherwise protect the interests of the member, including rights and interests arising independently of the member's relationship to the company.

The full range of equitable remedies are available to the court, although the South Carolina Code § 33-44-801(4) sets out specific provisions for dissolution, which shall occur:

(4) on application by a member or a dissociated member, upon entry of a judicial decree that:

....

(e) the managers or members in control of the company have acted, are acting, or will act in a manner that is unlawful, oppressive, fraudulent, or unfairly prejudicial to the petitioner.

⁴ Defendant CCC's expert valued Wilson's interest at the time of ouster at \$354,000.

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The courts have used the terms "freeze out" or "squeeze-out" interchangeably; the terms mean "the use by some of the owners or participants in a business enterprise of strategic position, inside information, or powers of control or utilization of some legal device or technique, to eliminate from the enterprise one or more owners or participants." *Kiriakides v. Atlas Food Sys. & Servs. Inc.* 343 S.C. 587, 604 n.26, 541 S.E.2d 257, 267 n.26. (2000) (citation omitted). "Common freeze out techniques include termination of a minority shareholder's employment, the refusal to declare dividends, the removal of the minority shareholder from a position of management, and the siphoning off of corporate earnings through high compensation. Often, these tactics are used in combination." *Id.* at 604-05, 541 S.E.2d at 267 (footnotes omitted). So it is in this case.

The South Carolina Supreme Court recently applied the oppression standard in *Ballard v. Roberson* when it stated the following:

We acknowledge that the facts before us are not as egregious as those in *Kiriakides*, which included actual fraud by Alex upon the minority. However, illegal or fraudulent conduct is not required under section 33-14-300(2)(ii), and we agree with the circuit court that the evidence in the record shows oppression by the majority in this instance. The concern and focus in shareholder oppression cases is that the minority "faces a trapped investment and an indefinite exclusion [from] participation in business returns." Ballard here, like John and Louise in *Kiriakides*, similarly faces prospects of exclusion from the business, a slim chance of seeing a return any time soon, and no market in which to otherwise unload his investment.

399 S.C. 588, 595, 733 S.E.2d 107, 110 (2012) (citations omitted).

Interestingly, the Court in *Ballard* relied on emails to determine the motives behind the plaintiff's exclusion from the business.

In particular, e-mail communications between the other shareholders clearly indicate their desire to oust Ballard. The individual Appellants wanted to convince Ballard to return his 20% interest in Warpath in the hopes that "he [would] take his [\$1,000,000] and run [] after a little threatening, posturing and whining." Furthermore, when discussing what options to give Ballard, Thoennes, III posited, "Don't we want to get him out of the deal?"

Id. at 595, 733 S.E.2d at 110-111 ("Although at trial the individual Appellants sought to downplay the implications of these electronic exchanges, this enunciation of their intent to force out Ballard simply contextualizes their subsequent actions").

The emails proved an overt scheme to oust Wilson, and document the step by step efforts of the majority to "flip" Wilson from an owner to an employee. Moreover, the emails provide multiple examples of oppressive and prejudicial actions by Gandis, CCC's manager, and Shirley, who exercised control delegated to her by Gandis, including the management of CCC's financial affairs. In addition, Gandis and Shirley were surreptitiously reading Wilson's emails. The record—particularly the remarkable emails between Gandis and Shirley—abounds with evidence of calculated oppression. There is little left for the fact finder in this "freeze out" claim to do when Wilson's business partners declare "we will freeze his capital account" and gloat that their cabal will "mean that Dave sits with a frozen capital account until the LLC liquidates (and he will still have a 2010 tax bill that he has to pay)." Plaintiff Ex. 48 (October 24, 2011 email from Shirley to Gandis). The financial manipulation of the minority is the essence of oppression in a close corporation; what makes this instance so striking is the brazen but clumsy manner in which the plan was conceived and executed.

Wilson was also literally locked out of his business. He has not had access to financial information about CCC's finances except when this court has compelled Defendants to produce such information, and he has had none since August 2013. This is a classic squeeze-out, and Wilson established by clear and convincing evidence that "the managers [and] members in control of [CCC] have acted, are acting [and] will act in a manner that is unlawful, oppressive, fraudulent, or unfairly prejudicial to the petitioner." S.C. Code Ann. § 33-44-801(4)(e).

The parties acknowledge this court has the authority to fashion an equitable remedy of a buy-out of Wilson's distributional interest as an alternative to dissolution.⁵ S.C. Code Ann. § 33-44-410 permits broad discretion in fashioning an equitable remedy to enforce the rights of a member. See

⁵ Based in part upon *Hendley v. Lee*, 676 F. Supp. 1317 (D.S.C. 1987), Defendants took the position in response to Plaintiff's motion for partial summary judgment and during the trial of this matter that a buy-out was an equitable remedy available to the court as an alternative to the harsh remedy of dissolution. Although Plaintiff pled a cause of action for dissolution, Plaintiff agreed with Defendants' position that under S.C. Code § 33-44-410, this court had the authority to fashion an equitable remedy. In addition, Plaintiff's actions for an accounting, dissolution, and derivative actions are all equitable in nature.

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Historic Charleston Holdings, LLC v. Mallon, 381 S.C. 417, 428, 673 S.E.2d 448, 454 (2009) (“[W]e find that the LLC Act grants broad judicial discretion in fashioning remedies in actions by a member of an LLC against the LLC and/or other members”), citing S.C. Code Ann. §§ 33-44-410 cmt.,- 801 cmt. (2006). In addition, when considering remedies for shareholder oppression in the corporate context, the Supreme Court has stated:

if it is established by a shareholder that “the directors or those in control of the corporation have acted, are acting, or will act in a manner that is illegal, fraudulent, oppressive, or unfairly prejudicial either to the corporation or to any shareholder (whether in his capacity as a shareholder, director, or officer of the corporation)” [citing S.C. Code § 33-14-300(2)(ii)], [then] Section § 33-14-310(d)(4) permits a court to make such order or grant such relief, other than dissolution, as in its discretion is appropriate, including providing for the purchase at their fair value of shares of any shareholder, either by the corporation or by other shareholders.

Kiriakides v. Atlas Food Sys. & Servs., Inc., 343 S.C. 587, 596 (2001).

To the extent applicable to a buy-out of a member’s distributional interest as an equitable remedy for oppressive, fraudulent, or unfairly prejudicial conduct is proper, this court has valued Plaintiff’s interest consistent with § 33-44-702. In determining the fair value of Wilson’s distributional interest, the Court believes that the time of ouster is the most appropriate date for valuing Wilson’s interest.⁶ See *Hendley v. Lee*, 676 F. Supp. 1317 (D.S.C. 1987); see also Douglas K. Moll, *Shareholder Oppression and “Fair Value”: Of Discounts, Dates, and Dastardly Deeds in the Close Corporation*, 54 DUKE L.J. 293 (2004). In this regard, this court adopts Ms. Stoddard’s credible December 31, 2011 valuation with three adjustments. As of that date, Stoddard determined that CCC had a valuation of \$1,018,753. The first adjustment is that the value should be adjusted downward by \$50,625, to account for possible excess inventory. Second, the value of the equipment should be adjusted further downward by twenty five percent (25%) of fair market value of the equipment to account for moving costs. After these two adjustments, the value of CCC as of December 31, 2011 is

⁶ In a case of dissociation, S.C. Code § 33-44-702 provides for valuation on the date of dissociation.

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\$884,140.50; the fair value of Wilson's forty-five percent (45% interest) is \$397,863.23. Wilson's share is reduced by another \$50,000.00 for previous advances he had received.

Moreover, there was no evidence presented by Defendants as to the current financial condition of CCC.⁷ Unlike a dissociation provided for in §33-44-701 where the managing members have no fault, this case involves clear and convincing evidence of oppressive conduct by Gandis and Shirley and a forced lock out of Wilson. Therefore, this Court believes the most equitable remedy is that Gandis and Shirley be ordered to buy out Wilson's distributional interest.⁸

B. Defendants' Claims for Breach of Fiduciary Duty.

Defendants failed to prove their claim for breach of fiduciary duty. The evidence did not establish that Wilson had agreed to transfer the three import accounts (West Carrollton, Modular Metal and Lamborn) to CCC in 2008. First, Wilson testified that these three accounts were clearly excluded. Second, a document provided by Gandis to Shirley for the purpose of drafting an operating agreement specifically references Wilson's intent to exclude three import accounts; another email from Gandis to Shirley further corroborates Wilson's testimony. Finally, there was conflicting testimony from Shirley and Gandis as to their understanding of these accounts.

The court finds Defendants were aware EFS was conducting business with these accounts in 2008 and 2009. Even if Wilson had agreed to transfer them to CCC, these claims would be time barred. Gandis and Shirley knew that EFS continued to do business with West Carrollton in July 2009, and with Lamborn after July 2008. Even assuming the three accounts were intended to be part of the Wilson-Gandis agreement, Defendants failed to engage in a reasonable inquiry when they received notice in 2009 that Wilson had in fact conducted import business with these accounts. Defendants' failure to take action upon receipt of knowledge of EFS' continued business with West Carrollton

⁷ At the time of trial, Wilson had a pending motion to compel for financial information for CCC. Bradshaw's report concluded with financials for the calendar year 2013.

⁸ Plaintiff also brought claims for breaches of fiduciary duties both individually and derivatively. This Court concludes that ordering a buy-out of Wilson's interests at the time of ouster makes a ruling on this claim unnecessary.



suggests that the three accounts were not part of the deal. See e.g., *Rumpf v. Mass. Mut. Life Ins. Co.*, 357 S.C. 386, 394-395 (Ct. App. 2004). A reasonable inquiry in 2009 by Defendants would have established the full extent of EFS activities with these three import accounts, yet even with full knowledge of West Carrollton sales by EFS, Defendants did nothing.

Because Wilson did not breach any fiduciary duty to the Defendants, the claims that Norvell aided and abetted these breaches are likewise without merit. Moreover, there is no evidence that Norvell had any knowledge of Wilson's duties to the Defendants or the nature of his agreement with Gandis.⁹ "The gravamen of the claim [of aiding and abetting] is the defendant's knowing participation in the fiduciary's breach." *Future Group, II v. NationsBank*, 324 S.C. 89, 99, 478 S.E.2d 45, 50 (1996) (rejecting a claim of aiding and abetting a breach of fiduciary duty because defendant's lack of actual knowledge prevented knowing participation in the breach). See also *Simmons v. Danhauer & Assocs., LLC*, 2010 U.S. Dist. LEXIS 112483 (D.S.C. Oct. 21, 2010); *Vortex Sports & Entm't. v. Ware*, 378 S.C. 197, 205, 662 S.E.2d 444, 449 (Ct. App. 2008) (finding liability where the defendant had actual knowledge of a fiduciary duty and "knowingly encouraged" the fiduciary to breach that duty). CCC presented no evidence that Norvell had knowledge of a fiduciary duty Wilson owed to CCC or its members. Nor was there any evidence that Norvell's financing of Wilson's film purchases (as he had done before the formation of CCC) would relate to or encourage breach of any of duty. Defendants failed to prove any of the elements of this claim against either Wilson or Norvell.

C. CCC's Claims for Violation of the S.C. Trade Secrets Act.

CCC failed to prove that Wilson, Neologic, or Freshwater misappropriated CCC's trade secrets. Multiple witnesses who have extensive experience and knowledge of the film and packaging industry testified that much (if not all) of the information claimed as trade secrets is publicly accessible. Trade shows, trade journals, and online sources provide access to customer information, pricing information

⁹ At trial, there was conflicting testimony by the Defendants about the precise terms of the Wilson-Gandis agreement, which further undermines any assertion that Norvell knew and understood the agreement between Wilson and Gandis.

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as well as information about manufacturers and suppliers. See e.g., *Atwood Agency v. Black*, 374 S.C. 68, 72, 646 S.E.2d 882, 883 (2007) ("Because the information [a list of potential customers] Atwood seeks to protect is available through other proper means, it is not protected as a trade secret."). In addition, Wilson had been in the industry for 20 years and brought much information with him when he joined Gandis in forming CCC. See *Carolina Chem. Equip. Co. v. Muckenfuss*, 322 S.C. 289, 471 S.E.2d 721 (Ct. App. 1996).

Moreover, CCC did not sufficiently safeguard its information as required to warrant protection under the S.C. Trade Secrets Act. South Carolina law defines a trade secret to mean:

information including, but not limited to, a formula, pattern, compilation, program, device, method, technique, product, system, or process, design, prototype, procedure, or code that (a) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by the public or any other person who can obtain economic value from its disclosure or use, and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

S.C. Code Ann. § 39-8-20(5)(a) (2012). In *Carolina Chem. Equip. Co. v. Muckenfuss*, 322 S.C. 289, 471 S.E.2d 721 (Ct. App. 1996), the court determined that "[t]he threshold issue in any trade secrets case is not whether there was a confidential relationship or a breach of contract or some other kind of misappropriation, but whether there was a trade secret to be misappropriated," and in order to decide "whether something is a trade secret, one must consider the extent to which the information is known outside of his business and the ease or difficulty with which the information could be properly acquired or duplicated by others." *Id.* at 295, 471 S.E.2d at 724.

A party claiming a trade secret violation must exercise "eternal vigilance," which "calls for constant warnings to all persons to whom the trade secret has become known and obtaining from each an agreement, preferably in writing, acknowledging its secrecy and promising to respect it." *Hill Holliday Connors Cosmopolos, Inc. v. Greenfield*, 433 Fed. Appx. 207, 214 (4th Cir. 2011). "Unlike other assets, the value of a trade secret hinges on its secrecy. As more people or organizations learn the secret, the value quickly diminishes." *Laffitte v. Bridgestone Corp.*, 381 S.C. 460, 472, 674 S.E.2d 154,



161 (2009). Thus while some of Wilson's business practices may have been sharp and his conduct at times deceptive, there was insufficient evidence that his post-CCC activity was anything but legitimate competition by one who had superior knowledge of and wide contacts in the film industry.

Finally, CCC failed to prove its alleged damages were proximately caused by a misappropriation of the alleged trade secrets. The evidence merely demonstrated that Wilson was able to conduct business with some of CCC's former customers after his ouster from CCC. There was very little, if any, evidence that possession of CCC's customer information by Wilson was the proximate cause of any lost revenue experience by CCC.

D. CCC's Claims for Civil Conspiracy.

CCC failed to present sufficient evidence in support of its claims for civil conspiracy against Wilson, Neologic and Fresh Water. "[T]he tort of civil conspiracy contains three elements: (1) the combination of two or more people, (2) for the purpose of injuring the plaintiff, (3) which causes special damages." *City of Hartsville v. S.C. Mun. Ins. & Risk Fin. Fund*, 382 S.C. 535, 546 (2009). The damages element is also slightly different than other causes of action. *Pye v. Estate of Fox*, 369 S.C. 555, 568 (2006).

CCC maintained that Wilson's effort to obtain dissolution, which was funded by Norvell's companies, constituted a conspiracy to harm CCC. The evidence demonstrated that Wilson's efforts were in furtherance of his legal rights and not improper. Norvell's assistance was likewise not improper. Therefore, CCC's claim on this ground fails.

E. Both Parties' Claims for Conversion.

Both parties brought claims of conversion against the other. "Conversion is the unauthorized assumption and exercise of the right of ownership over goods or personal chattels belonging to another, to the alteration of the condition or the exclusion of the owner's rights. . . . [P]laintiff [must] establish either title to or right to the possession of the personal property." *Regions Bank v. Schmauch*,

354 S.C. 648, 667, 582 S.E.2d 432, 442 (Ct. App. 2003). Neither party proved that their chattel or property was converted.

F. Prejudgment Interest.

This court has not found any authority allowing prejudgment interest in a shareholder oppression case, but there is a Court of Appeals decision that did not allow it. *Dibble v. Sumter Ice and Fuel Co.*, 283 S.C. 278; 322 S.E.2d 674 (Ct. App. 1984). Decisions from other jurisdictions have denied prejudgment interest in oppression cases. See *Tift v. Stevens*, 987 P.2d 1 (Or. Ct. App. 1999); see also *Jahn v. Kinderman*, 814 N.E.2d 116 (Ill. App. Ct. 2004). Wilson points to S.C. Code § 33-44-702(e), which provides that "[i]nterest must be paid on the amount awarded from the date determined under Section 33-44-701(a) to the date of payment." Wilson argues it would be unjust for the court, in the exercise of its equitable powers, to deny a remedy for his unlawful ouster and oppression that would be available for his lawful dissociation. However, prejudgment interest may only be awarded if "the sum is certain or capable of being reduced to certainty based on a mathematical calculation previously agreed to by the parties," and it is plain that the sum was never certain and that the parties did not agree to a mathematical calculation in advance. *Butler Contracting, Inc. v. Court Street, LLC*, 369 S.C. 121, 133, 631 S.E.2d 252, 258 (2006). The record is replete with disagreement on a number of issues which precluded determination of a readily ascertainable value on December 30, 2011. *See Historic Charleston Holdings, LLC v. Mallon*, 381 S.C. 417, 673 S.E.2d 448 (2009).

Wilson contends that denying prejudgment interest to a "squeezed out" shareholder but granting it to one merely disassociated creates an unwarranted disparity, and provides no deterrent to the majority's unfair treatment of the minority. The majority could therefore freeze out a minority shareholder, whose only recourse would be judicial dissolution, a remedy that has no prejudgment interest risk to the majority. Wilson's argument is properly addressed to the legislature rather than the courts.

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G. The Trade Secrets Statute.

Under S.C. Code § 39-8-80, if "(1) a claim for misappropriation is made in bad faith,... the court may award reasonable attorney's fees to the prevailing party." Neologic/Freshwater cites the following alleged facts as supporting its claim of bad faith: (1) CCC never sought to protect trade secrets by way of a non-compete or confidentiality agreement; (2) CCC had no company policy or handbook evidencing the existence of, or attempt to, protect any trade secrets; (3) CCC took no steps to enjoin Wilson, Neologic/Freshwater from using alleged trade secrets; (4) CCC allowed its alleged trade secrets to be produced in response to a subpoena; (5) according to Mr. Campbell, CCC's trade secrets were publicly available on the Internet; and (6) CCC waited two years after Wilson left before it served Neologic and Freshwater. However, South Carolina law states that employees have a duty not to use or disclose trade secrets independent of and in addition to any written contract of employment or secrecy agreement. S.C. Code Ann. § 39-8-30. It is not required that a contract or secrecy agreement exist, and it is understandable that a very small company such as CCC did not have elaborate agreements in affect. Evidence shown at trial demonstrated that Neologic/Freshwater used CCC's confidential information and that CCC was justified in bringing the trade secrets claim. Finally, the convoluted history of the case and the actions of Wilson and Norvell delayed CCC from pressing the claims it decided to bring.

H. Injunctive Relief.

Wilson requests that the court grant injunctive relief requiring CCC to perform certain actions pending the buy-out of Wilson. The court declines to become a monitor for feared transgressions. Courts cannot be called upon to preemptively secure genies in bottles that may never be opened. It is precisely for this reason that a party seeking a preliminary injunction must show that "irreparable injury is likely in the absence of injunctive relief." *Winter v. Nat'l Resources Defense Council, Inc.*, 555 U.S. 7, 22 (2008). A party's fear of harm, however legitimate, is not enough if the object of the

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harm, however damaging, is not likely to materialize. *See Holiday Inns of America, Inc. v. B & B Corp.*, 405 F.2d 614, 618 (3d Cir. 1969) ("The dramatic and drastic power of injunctive relief may be unleashed only against conditions generating a presently existing threat; it may not be used simply to eliminate the possibility of a remote future injury, or a future invasion of rights. ...") (Aldisert, J.); see also Wright & Miller, Federal Practice & Procedure, section 2948.1 (2013) ("Speculative injury is not sufficient, there must be more than an unfounded fear on the part of the applicant. ... A presently existing actual threat must be shown.").

IV. CONCLUSION

1. Plaintiff Wilson has proven by clear and convincing evidence his claim of minority shareholder oppression. Mr. Gandis and Ms. Comeau Shirley are ordered to purchase Wilson's 45% membership interest at fair value based on Catherine Stoddard's Adjusted December 30, 2011 valuation of CCC, less half of the excess of inventory (i.e., 1/2 of the \$101,250.00 figure from Ex. 38 of Del Bradshaw's report), less 25% of the equipment's FMV due to moving costs, and less \$50,000.00 for previous advances. In other words, the buyout amount for Wilson's distributional interest would be 45% of the adjusted December 30, 2011 value of CCC after these inventory and equipment adjustments are made, which totals \$397,863.23, less \$50,000.00 for previous advances, for a total buy-out figure of \$347,863.23. The buy-out shall occur no later than March 1, 2015.

2. Plaintiff and the third party Defendants are entitled to judgment on Defendants' claims.

3. Wilson's claims for prejudgment interest and attorneys fees are denied.

IT IS SO ORDERED.



D. Garrison Hill
Circuit Judge

January 2, 2015
Greenville, South Carolina

Certified Copy
Paul B. Williams
Clerk of Court C.P. & G.S.
Greenville County, SC
Dated 1-9-2015

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STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

David Wilson, individually and
derivatively on behalf of Carolina
Custom Converting, LLC,

Plaintiff,

-vs-

John Gandis, Andrea Comeau-
Shirley, ZOi Films, LLC, and
DecoTex, LLC,

Defendants,

John Gandis and Andrea
Comeau-Shirley,

Third-Party Plaintiffs,

-vs-

Carolina Custom Converting, LLC,

Third Party Defendant.

IN THE COURT OF COMMON PLEAS

C.A. NO.: 2012-CP-23-02887

ORDER

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SC Court of Appeals

2015 JUL 24 PM 4 41

PAUL R. WILKINSON

CLERK OF COURT

Plaintiff David Wilson filed this Rule To Show Cause seeking a finding of contempt for Defendants John Gandis and Andrea Comeau-Shirley's failure to pay Wilson \$347,863.23 for his membership interest in Carolina Custom Converting, LLC (CCC) as previously ordered. Defendants Gandis and Andrea Comeau-Shirely opposed the motion, arguing the order was stayed upon the filing of an appeal. Defendant CCC opposed being a party to any bond requirement because the money judgment was not against Defendant CCC, but only Gandis and Comeau-Shirley as individual members. The Court has considered the arguments of the parties, all of whom agree this court has jurisdiction to consider the issues at hand, and finds as follows:

Page 1 of 3

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1. This Court's January 2, 2015 and January 9, 2015 orders constitute a money judgment as provided in S.C. Code §18-9-130, and therefore an exception to the automatic stay under South Carolina Appellate Rule 241(b). However, under §18-9-130, this Court may stay enforcement of the judgment upon posting of a bond, and this Court hereby grants a stay upon the Defendants' posting of a bond or other surety in the amount of \$347,863.23 within 30 days of the issuance of this Order.

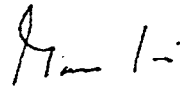
2. Defendant Gandis is the manager of Defendant CCC, of which Plaintiff remains a member of CCC until his interest is purchased. Gandis and Comeau-Shirley have appealed, and argue that any obligation to pay Plaintiff for his membership share properly belongs to Defendant CCC. Because Gandis continues to manage CCC without Plaintiff's involvement and in light of the findings in the orders under appeal regarding shareholder oppression, requiring a bond is necessary to protect Plaintiff's interest. In addition, considering the unique circumstances of this case, requiring CCC to post bond protects Plaintiff should an appellate court decide that the obligation to pay Plaintiff for his membership interest properly rests with CCC, and the company—of which he is still a member, yet from whose affairs he is excluded—becomes insolvent or otherwise unable to pay the judgment should it be affirmed.

3. Defendant Gandis and Comeau-Shirley argue that the judgment is automatically stayed by the appeal and no exception applies. Even if Defendants are correct, this Court would still order the stay lifted unless Defendants post a bond or other undertaking. See Rule 241(c)(3), SCAR.

THEREFORE, Defendants shall post bond or other surety in the amount of \$347,863.23 within 30 days which shall provide for payment to Plaintiff in the event that one or more of the Defendants is required to pay Plaintiff for the value of his interest in CCC as ordered after the appeal is concluded.

IT IS SO ORDERD.

July 22, 2015
Greenville, South Carolina



D. Garrison Hill
Circuit Judge

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NO: 2012CP2302887

David Wilson vs. John Gandis

CHECK ONE:

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit); ☐ Rule 43(k), SCRPC (Settled); ☐ Other: _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRPC; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED:

☐ See attached order;

☐ Statement of Judgment by the Court;

Dated at Greenville, South Carolina, this .

Court Reporter:

PRESIDING JUDGE -

This judgment was entered on the 24th day of July, 2015, and a copy mailed first class this 24th day of July, 2015, to attorneys of record or to parties (when appearing pro se) as follows:

W. Andrew Arnold Law Office Of W. Andrew Arnold,
P.C. 712 E. Washington St. Greenville, SC 29601

Mason A. Goldsmith Elmore Goldsmith, PA P.O. Box
1887 Greenville, SC 29602
Daniel L. Draisen 207 E. Calhoun St. Anderson, SC
29621
Thomas L. Stephenson Stephenson & Murphy, LLC 207
Whitsett St. Greenville, SC 29601
Burt F. Williams PO Drawer 10648 Greenville, SC 29603
Bruce Bellinger Campbell Horton Drawdy Ward Mullinax
& Farry, PA 307 Pettigru Street Greenville, SC 29601

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Paul B. Wickensimer Greenville County Clerk Of Court - Clerk of
Court

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)
David Wilson, individually and)
derivatively on behalf of Carolina)
Custom Converting, LLC,)
Plaintiff,)
- vs-)
John Gandis, Andrea Comeau-)
Shirley, ZOi Films, LLC, and Carolina)
Custom Converting, LLC,)
Defendants,)
John Gandis and Andrea)
Comeau-Shirley,)
Third-Party Plaintiffs,)
- vs-)
Carolina Custom Converting, LLC,)
Third Party Defendant)
and Counterclaim Plaintiff,)
- vs-)
Dave Wilson, Steve Norvell, Neologic)
Distribution, Inc. and Fresh Water)
Systems, Inc.)

IN THE COURT OF COMMON PLEAS

C.A. NO.: 2012-CP-23-02887

**ORDER DENYING DEFENDANT'S
RULE 59 MOTION**

FILED - CLERK OF COURT
GREENVILLE CO. S.C.
PAUL B. WICKENSIMER
2015 JUN 28 PM 3 30

Defendants' Rule 59 motion presents arguments previously argued and ruled upon, and is respectfully denied.

The previous factual findings are reaffirmed, based as they were on the court's finding that Mr. Wilson's testimony was credible on the key issues. Mr. Gandis' and Ms. Comeau-Shirley's testimony lacked credibility in most important respects.

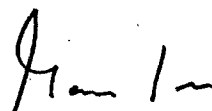
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The evidence revealed that Mr. Gandis and Ms. Comeau-Shirley deliberately collaborated to oppress Mr. Wilson. Their conduct was unconscionable. They purposely created a toxic business environment with the goal of driving Mr. Wilson out.

Defendants' tightly controlled cabal to oust Mr. Wilson could serve as a script for minority shareholder oppression. Their story even contains ample hubris, and an important irony: they forgot Mr. Wilson was the partner who had the skills and contacts necessary to make the business work.

IT IS SO ORDERED.



D. Garrison Hill
Circuit Judge

January 28, 2015
Greenville, South Carolina

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NO: 2012CP2302887

David Wilson vs. John Gandis

CHECK ONE:

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- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____
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- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):** ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; ☐ Statement of Judgment by the Court:

NOTICE

This is a notice to you that an Order Denying Defendant's Rule 59 Motion in this case has been filed in the Clerk of Court's Office. To obtain a certified copy, you may contact our office by phone (864) 467-8551 or email a request to cnoblitt@greenvillecounty.org. If you would like a copy via email, please provide a valid email address.

Dated at Greenville, South Carolina, this 28th day of January, 2015.

PRESIDING JUDGE -

Mason A. Goldsmith PO Box 1887 Greenville, SC 29602
Daniel L. Draisen 207 E. Calhoun St. Anderson, SC 29621
Larry Lee Plumblee Eppes & Plumblee, P.A. P.O. Box 10066 Greenville, SC 29603
Steven E. Farrar Smith Moore Leatherwood LLP P.O. Box 87 Greenville, SC 29602
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Burl F. Williams PO Drawer 10648 Greenville, SC 29603
Bruce Bellinger Campbell 307 Pettigru Street Greenville, SC 29601

W. Andrew Arnold 712 E. Washington St.
Greenville, SC 29601

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Paul B. Wickensimer Greenville County Clerk Of Court

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)
David Wilson, individually and)
derivatively on behalf of Carolina)
Custom Converting, LLC,)
Plaintiff,)
- vs-)
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Shirley, ZOi Films, LLC, and)
DecoTex, LLC,)
Defendants,)
John Gandis and Andrea)
Comeau-Shirley,)
Third-Party Plaintiffs,)
- vs-)
Carolina Custom Converting, LLC,)
Third Party Defendant.)

IN THE COURT OF COMMON PLEAS

C.A. NO.: 2012-CP-23-02887

PROTECTIVE ORDER

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FILED
CLERK OF COURT
GREENVILLE CO. SC
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This matter is before on the Court on Plaintiff's Motion to Compel Discovery and upon Third-Party Defendant's Motion to Quash or to Modify Subpoena. The Plaintiff, Defendants, and Third-Party Defendant Carolina Custom Converting, LLC, having consented to on order for the production of certain information requested by Plaintiff, but recognizing the confidential and sensitive nature of the information being produced, and having agreed to conditions governing the disclosure and use of said information,

NOW, THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

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1. Within 10 days of the date of this order, Third-Party Defendant Carolina Custom Converting, LLC will produce to counsel for Plaintiff all e-mails (including attachments) and correspondence requested in the subpoenas issued by Plaintiff on August 29, 2012 and October 29, 2012, which are not subject to the attorney-client privilege; moreover, should a document be withheld subject to a privilege, CCC shall produce a privilege log identifying each email and/or document withheld by date, sender, recipient and basis for assertion of privilege;

2. Within 5 days of the date of this Order, Third-Party Defendant will produce to Plaintiff the following information in the uncondensed electronic QuickBook back-up file type (.qbb file extension) and any passwords necessary to access such information:

- a. Complete QuickBooks report of all transactions of owner's equity from inception of the Third-Party Defendant until the present date;
- b. Complete 2011 and 2012 QuickBooks Account Registers for any and all accounts maintained by Third-Party Defendant in QuickBooks.

3. Information produced pursuant to this Order may be viewed by and disclosed only to the parties, their counsel, retained experts, and the staff of counsel for the parties involved in the prosecution of this action. Information produced pursuant to this Order may be used solely for the purpose of prosecuting and defending this action and may not be used or disclosed by any party to any person or entity other than those designated above nor may it be use by any party to gain competitive advantage in the marketplace nor for any other purpose.

3. Dave Wilson shall not solicit any customer or contact any supplier of CCC who was not known to him ^{any January 17, 2012} when he was ~~looked out of CCC~~, which shall be presumed to be any customer and/or supplier who did not transact business with CCC prior to January 17, 2012.

~~4. John Gandis, as managing member of CCC, shall pay to W. Andrew Arnold~~ *9/14*

²
9/14

9/15 ~~\$937.00 as reasonable attorneys fees unnecessarily incurred as a result of its failure to comply~~
~~with the subpoena.~~

AND IT IS SO ORDERED.

D. Garrison Hill

D. Garrison Hill
Judge, Thirteenth Judicial Circuit

November 14, 2012

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9/15

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NO: 2012CP2302887

David Wilson vs. John Gandis

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☐ Affirmed; ☐ Reversed; ☐ Remanded;
☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; ☐ Statement of Judgment by the Court:
Dated at Greenville, South Carolina, this 26th day of November, 2012.

Court Reporter: _____

PRESIDING JUDGE - D Garrison Hill

This judgment was entered on the 26th day of November, 2012, and a copy mailed first class this 26th day of November, 2012, to attorneys of record or to parties (when appearing pro se) as follows:

W. Andrew Arnold 712 E. Washington St.
Greenville, SC 29601

Mason A. Goldsmith PO Box 1887 Greenville, SC 29602
Daniel L. Draisen 207 E. Calhoun St. Anderson, SC 29621
John Robert Devlin Jr. Devlin & Parkinson, P.A.
P.O. Box 10387 Greenville, SC 29603
Larry Lee Plumblee PO Box 10066 Greenville, SC 29603

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Complex case

STATE OF SOUTH CAROLINA)

IN THE COURT OF COMMON PLEAS

COUNTY OF GREENVILLE)

C.A. NO.: 2012-CP-23-02887

David Wilson, individually and
derivatively on behalf of Carolina
Custom Converting, LLC,

Plaintiff,

ORDER

-vs-

John Gandis, Andrea Comeau-
Shirley, and ZOi Films, LLC,

Defendants,

John Gandis and Andrea
Comeau-Shirley,

Third-Party Plaintiffs,

-vs-

Carolina Custom Converting, LLC,

Third Party Defendant.

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
PAUL B. WICKENSIMMER
2013 OCT 28⁵ AM 9 41

THIS MATTER came before the Court upon the Plaintiff's motion to compel production of all hard drives and other electronic storage drives of Defendant Andrea Comeau-Shirley's as well as production of emails and other correspondence between Defendants and attorneys for CCC, LLC John Zamer and William Floyd. Defendants filed a motion for a protective order asking the court to prevent the production of this information. Plaintiff submitted an affidavit of Catherine Stoddard in support of its motion. No affidavits were submitted on behalf of Defendants. The affidavit raised numerous concerns about manipulation of electronic information by Defendant Andrea Comeau-Shirley. A hearing was heard on this matter on June

9/14
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26, 2013. The court considered all the arguments and evidence presented, and grants Plaintiff's motions as follows.

It is therefore ORDERED, ADJUDGED and DECREED as follows:

1. Defendant Andrea Comeau-Shirley shall produce each computer, drive, and/or device which contains any electronically stored information related to CCC, LLC, and/or Zoi Films, LLC to Plaintiff ^{an} ~~on October 18, 2013, or~~ at ~~such other~~ agreed upon time, in accordance with the following process. 6/4

A. Jeremy Gilbert of Dixon Hughes Goodman has been engaged by Dave Wilson at as a third-party expert to provide forensic services consisting of imaging and analyzing Defendant Shirley's computers, drives and devices. Defendant Shirley shall deliver the computers, drives and devices to Dixon Hughes Goodman office in Greenville, SC by 10:30 am.

B. Mr. Gilbert will take a forensic image of Defendant Shirley's personal computer using customary and typical forensic processing. Defendant Shirley and/or her legal counsel may observe the imaging. Mr. Gilbert will complete the imaging by no later than 5 pm on the day of production and release the computers, drives and/or devices to her.

C. Mr. Gilbert will search for:

i. electronic mail sent to or received from runzoi@yahoo.com, john@ccc-films.com, steve@zoifilms.com, brian@zoifilms.com, and andy@zoifilms.com.

ii. electronic mail sent to and from namasteconsult@bellsouth.net, and which contain the one of the following terms:

- a. CCC
- b. ZOi
- c. Dave Wilson
- d. inventory
- e. scrap
- f. Zamer
- g. Floyd
- h. thin gauge
- i. BOPP
- j. PET
- k. Elving

- l. Cunningham
- m. Mayfield
- n. Shaw
- o. Gandis
- p. Hangzhou
- q. QuickBooks
- r. slitter
- s. Eastern Films
- t. M-Tech

- ii. Materials on the hard drive of the computer containing any of the files or search terms listed above in (C)(ii).

D. After searching and before going any further or allowing anyone else access, Mr. Gilbert will provide a verbal report to Steven E. Farrar (864-240-2433) within 5 days of imaging detailing the results of his forensics search before providing any results to Plaintiff's counsel to allow Defendant's counsel the opportunity to object to any material that was inadvertently or improperly processed outside the terms of this agreement.

E. Mr. Gilbert is hereby instructed that, other than as provided in "D." above, he is not to provide any information of any type to anyone else including, but not limited to, any other employee or partner of Dixon Hughes Goodman LLP. He is not to share the results of, or discuss, the search with anybody other than as identified herein. Further, he may not retain any images from the computers being examined except as otherwise provided herein and must delete all images gathered when instructed by counsel for both parties or no later November 1, 2013. **THIS ORDER IS TO BE PROVIDED BY PLAINTIFF'S COUNSEL TO MR. GILBERT AND CATHERINE STODDARD BEFORE OCTOBER 18, 2013.** 31 9/14

E. Defendant's counsel reserves the right to visually inspect the results of the forensics search before they are produced to Plaintiff's counsel. Mr. Gilbert shall make the materials available either in hard form or electronically and Defendant's counsel shall review the items within 3 business days of receipt of the same from Mr. Gilbert. Any items that Defendants objects to shall be placed in a separate file for *in camera* review by the Court to determine whether the items should be produced to Plaintiff's counsel. Assuming Defendant's counsel has no objections to the materials to be provided as a result of the forensics search or for those documents which Defendant's counsel does not designate for *in camera* review, the results of the search shall be made available to all counsel either upon acknowledgement of Defendant's counsel or the passing of more than three business days without notice of Defendant's objection under this provision.

E. Further inspection may be warranted depending on the results of this initial search any dispute regarding additional searches may be presented to the court if the parties are unable to agree.

F. Plaintiff will bear the expense of all forensic review of the computers and drives, however, Plaintiff may petition this court for an award of costs if such review provides good cause for an award of such search costs.

2. Defendants John Gandis and Andrea Comeau-Shirley shall produce all correspondence and/or communications, email, letters, and memorandums to and from John Zamer and William Floyd to this court for an *in camera* review. Such documents shall be produced within 15 days of this order. If the court determines that the correspondence is relevant to any of the claims in this matter and can be produced without violating a privilege, the court will require production of such correspondence/communications.

AND IT IS SO ORDERED.



Judge Garrison Hill
Circuit Court Judge, 13th Judicial Circuit

28
October 28, 2013

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NO: 2012CP2302887

David Wilson vs. John Gandis

CHECK ONE:

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRPC;
SCRPC (Vol. Nonsuit); ☐ Rule 43(k), SCRPC (Settled); ☐ Other: _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j) SCRPC; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award;
☐ Other: _____
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
☐ Affirmed; ☐ Reversed; ☐ Remanded;
☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; ☐ Statement of Judgment by the Court:

NOTICE

This is a notice to you that an Order on Plaintiff's Motion to Compel in this case has been filed in the Clerk of Court's Office. To obtain a certified copy, you may contact our office by phone (864) 467-8551 or email a request to cnoblitt@greenvillecounty.org. If you would like a copy via email, please provide a valid email address.

Dated at Greenville, South Carolina, this 28th day of October, 2013.

Court Reporter:

PRESIDING JUDGE -

Mason A. Goldsmith Elmore Goldsmith, PA P.O.
Box 1887 Greenville, SC 29602
Daniel L. Draisen 207 E. Calhoun St. Anderson, SC
29621
Larry Lee Plumblee Eppes & Plumblee, P.A. P.O.
Box 10066 Greenville, SC 29603
PCIKED UP HARD COPY:
Steven E. Farrar Smith Moore Leatherwood LLP
P.O. Box 87 Greenville, SC 29602

W. Andrew Arnold Law Office Of W. Andrew
Arnold, P.C. 712 E. Washington Street Greenville,
SC 29601

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Paul B. Wickensimer Greenville County Clerk Of Court
- Clerk of Court

Comp

FILED-CLERK OF COURT
GREENVILLE CO. S.C.
STATE OF SOUTH CAROLINA)
PAUL B. WICKENSIMMER) IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE)
2013 OCT 22 PM 3 57

David Wilson, individually and derivatively
on behalf of Carolina Custom Converting,
LLC,

Plaintiff,

-vs-

John Gandis, Andrea Comeau-Shirley, Zoi
Films, LLC and Deco-Tex, LLC,

Defendants.

ORDER FOR ACCOUNTING

C.A. No. 2012-CP-23-2887

John Gandis and Andrea Comeau-Shirley,

Third-Party Plaintiffs,

-vs-

Carolina Custom Converting, LLC,

Third-Party Defendant.

The matter is before the Court on various Motions and as a result of Status Conference held by the Court with counsel for the parties on August 26, 2013. The Court has determined that an accounting, as more fully described below, will assist the ultimate trier of fact.

By way of exchanged proposed orders each party has had the opportunity to identify issues which they presently believe exist as relate to accounting and the financial books and records of Carolina Custom Converting, LLC and Zoi Films, LLC. As a result of input from all parties, the Court has been made aware of the following issues and seeks the services of an

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independent accountant to assist it in evaluating the significance of those issues. Consequently, the Court will appoint an accountant to do an accounting on the following topics:

1. For years 2008 through 2013 (hereinafter the "Relevant Period"), reconcile gross revenue, Cost of Goods Sold, and net income between QuickBooks, the tax returns, and any printed financial statements for Carolina Custom Converting, LLC (hereinafter CCC) and ZOi Films, LLC (hereinafter Zoi). Provide an opinion as to the following: A) Are the existing reconciling items appropriate? B) Are the reconciled items common accounting adjustments that you would expect? C) Are the financial records consistently presented between the years and if not, are there justifiable reasons for the differences? D) Were adjustments made through journal entry or through detailed transaction records?

E) Did the type and manner of adjustments change after 2010 and, if so, how?
2. Compare CCC's income statement as of August 1, 2011, before Dave Wilson left CCC, to financial records after August 1, 2011. A) Did the reported financial results of CCC materially change after August 1, 2011? If so, how? B) Was the manner of adjustments and were the types of adjustments appropriate? C) Is the accounting activity and are adjustments consistent with previous periods before August 2011 or is there a justifiable reason for the differences? E) Is CCC's QuickBooks a reliable source to determine the financial activity of CCC, history of operations, and financial position of CCC? F) What is the net effect of these adjustments on the balance sheet and income statement of CCC? G) Are the adjustments recorded to the appropriate time period? H) Describe the impact of the timing of the adjustments on partner's capital accounts and taxes.
3. What are the revenues, costs of goods sold and profit/losses for the years ending 2009 to 2012 (the "relevant Period"), for Carolina Custom Converting, LLC and Zoi Films, LLC

4. What accounting adjustments were made to any of the CCC and Zoi balance sheet accounts and were those adjustments materially accurate, appropriate or justified in light of the accounting rules? Included in this issue is the examination of all adjusting journal entries.
5. Were there significant market changes in the slit film industry or within the companies' business models during the Relevant Period which would have an impact on the profitability of Carolina Custom Converting, LLC or Zoi Films, LLC?
6. Reconcile inventory, including scrap and credit memos, as recorded in QuickBooks from December 31, 2010 to current. Provide a list of unusual transactions or QuickBooks entries including zero sales, sales below original cost, credit memos for material that was not returned to inventory, and sales significantly below average selling prices. Test identified unusual transactions to source documents, including shipping records.
7. Were the adjustments to inventory and other assets during the Relevant Period appropriate and do any additional adjustments need to be made?
8. Was the allowance for doubtful accounts appropriate and is the memorandum explanation for bad debt reserve reasonable?
9. What are the professional fees paid and accrued by CCC and Zoi for the Relevant Period and to whom were they paid?
10. Summarize all benefits and payments, whether paid or accrued, that either directly or indirectly benefitted one of the members of Zoi or CCC, and/or entities owned and/or controlled by the members of CCC and/or Zoi during the Relevant Period.

11. Were there rental or tenant improvements to the property in question during the Relevant Period? Who paid for the improvements? Are any of the improvements included as assets on CCC's balance sheet?
12. Was the consolidation of accounts between Carolina Custom Converting and Zoi proper?
13. Do you see an indication of any assets or sales being diverted to or by any of the members (Wilson, Gandis and/or Comeau-Shirley), any inappropriate charges being made to the companies by any of the members and/or any instances of self-dealing by the members of CCC and/or Zoi?
14. Provide a roll-forward of fixed assets from December 31, 2010. Test the roll-forward against source documents.
-
15. Summarize all transactions between Zoi and CCC, whether or not reflected in QuickBooks and determine the extent to which Zoi activity has been reflected in the QuickBooks and other financial records of CCC. Summarize Zoi activity to the extent it was not included in CCC.
16. Test the payroll bank account, payroll balance sheet accounts, and payroll expense accounts against payroll records and payroll tax returns during the relevant period. Provide a summary of unusual transactions and their impact on the financial statements of CCC.
17. Provide normalized, restated balance sheet and income statements for years 2008 through 2013 based on the results of your analysis above. Show all amounts paid to or on behalf of members, or accrued for their ultimate benefit as disputed adjustments to the member capital accounts also taking into account any loans made by any of the members and any fees owed to members. Describe any unresolved problems or concerns with this analysis

and additional information that would be needed or procedures that would need to be performed to complete said analysis.

18. Assist in the preparation and calculation of any December 31, 2012, year-end accruals which have yet to be recorded.

As part of the process, the Court appoints Mr. Del Bradshaw, CPA of Bradshaw, Gordon and Clinkscales, LLC, as the accountant to address these questions. The Court will determine the appropriate parties to pay Mr. Bradshaw's fees once the report is received.

The Court further directs that Mr. Bradshaw or his designee(s) (1) shall have access to the accounting and banking records for Carolina Custom Converting, LLC and Zoi Films, LLC; (2) may interview David Wilson, John Gandis, and Andrea Comeau-Shirley; (3) may speak with any party or witness and may initiate *ex parte* communications if in his discretion such would be beneficial to his review. The parties, their legal counsel and expert witnesses shall not initiate *ex parte* communications with Mr. Bradshaw. In addition, the accountant shall have access and the right to interview any other person who he believes will assist him, including the company bookkeepers.

Mr. Bradshaw shall report back to the Court by ^{December 1,} ~~November 20,~~ 2013. If for whatever reason Mr. Bradshaw requires additional time, notice will be provided to the parties. The parties shall cooperate with Mr. Bradshaw and his firm, and comply with his requests in a timely manner. Failure to do so may result in sanctions.

Attached as Exhibit A to this Order, and incorporated herein, is an initial list of items requested by Mr. Bradshaw. These items shall be delivered to Mr. Bradshaw on or before

JH ^{November 5} ~~October 20,~~ 2013.

AND IT IS SO ORDERED.

D. Garrison Hill

D. GARRISON HILL
JUDGE, THIRTEENTH JUDICIAL
CIRCUIT

Dated: October 21 2013
Greenville, South Carolina

Attachment of Request Items for "Order of Accounting"

1. All bank statements (including cancel checks and deposit records) for all accounts of Carolina Custom Converting, LLC (CCC) and its subsidiary or, its brother/sister entity, Zoi Films, LLC (ZOI). For the years 2010, 2011, 2012 and 2013
2. Back up copy of accounting software for CCC and ZOI (QuickBooks, Intuit product, noted as software used). For the years 2008, 2009, 2010, 2011, 2012 and 2013
3. Provide a description of products or services provided by CCC and ZOI.
4. Provide a list of all related parties and entities to CCC and ZOI and the owners of CCC and ZOI, (management companies, family members employed or paid by the Companies, real estate companies, consulting companies, accounting companies, etc.); describe the relationship.
5. Provide a list of all related party transactions and amounts between the owners of CCC, ZOI and all other related entities for the years 2008, 2009, 2010, 2011, 2012 and 2013.
6. Provide a list of all related party transactions and amounts between CCC, ZOI and all other related entities for the years 2008, 2009, 2010, 2011, 2012 and 2013.
7. Payroll tax returns for both CCC and ZOI for years 2010, 2011, 2012 and 2013. Including forms 1096, 1099's, W-3 and W2's.
8. Detailed sales and cost of sales records for both CCC and ZOI for the years 2008, 2009, 2010, 2011, 2012 and 2013.
9. Provide a complete customer and vendor list for CCC and ZOI.
10. Provide the top 10 customers with names and sales volume for each of CCC and ZOI for the years 2008, 2009, 2010, 2011, 2012 and 2013.
11. Provide the top 10 vendors with names and amount paid to each for CCC and ZOI for the years 2008, 2009, 2010, 2011, 2012 and 2013.
12. Detailed inventory records for CCC and ZOI for the years 2008, 2009, 2010, 2011, 2012 and 2013, including year-end fiscal counts and reconciliations. Describe how inventory is managed and accounted for during the year and at year-end.
13. All vendor invoices relating to professional services/fees provided to CCC and ZOI for the years 2008, 2009, 2010, 2011, 2012 and 2013
14. All rental/lease agreements, management contracts with an analysis of these expenses for the years 2008, 2009, 2010, 2011, 2012 and 2013
15. Financial statements and entity tax returns for CCC and ZOI for the years 2008, 2009, 2010, 2011, 2012 and 2013.
16. Items listed in the "Order for Accounting" summons

There may be additional requests made for supporting documentation once the above items have been reviewed.

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS

David Wilson, individually and derivatively on
behalf of Carolina Custom Converting, LLC,,

Civil Action No. 2012-CP-23-02887

Plaintiff,

vs.

John Gandis, Andrea Comeau-Shirley, ZOi
Films, LLC, and Carolina Custom Converting,
LLC,

CERTIFICATE OF SERVICE

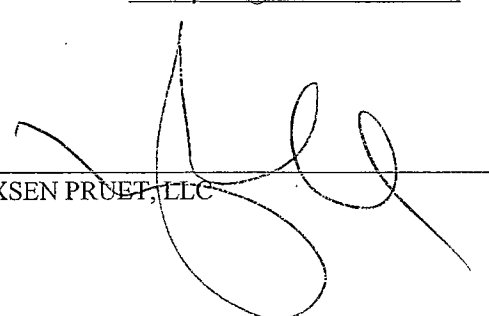
Defendants,

This is to certify that copies of the foregoing CCC's Rule 59 Motion for New Trial has
been served upon the following counsel of record by US Mail this 20th day of January, 2015.

W. Andrew Arnold, Esquire,
Law Office of W. Andrew Arnold, P.C.
712 E. Washington Street
Greenville, South Carolina 29601
aarnold@aallawfirm.com

Bruce B. Campbell, Esquire
307 Pettigru Street
Greenville, South Carolina 29601
Bcampbell@hortonlawfirm.net

NEXSEN PRUETT, LLC



STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS

David Wilson, individually and derivatively on
behalf of Carolina Custom Converting, LLC,

Civil Action No. 2012-CP-23-02887

Plaintiff,

vs.

John Gandis, Andrea Comeau-Shirley, ZOi
Films, LLC, and Carolina Custom Converting,
LLC,

Defendants,

Carolina Custom Converting, LLC,

Counterclaim Plaintiff,

vs.

Dave Wilson, Steven Norvell, Neologic
Distribution, Inc., and Fresh Water Systems
Inc.,

Counterclaim Defendants.

**RULE 59 MOTION FOR NEW TRIAL
AND OR RECONSIDERATION.**

FILED
CLERK OF COURT
GREENVILLE CO. S.C.
PAUL E. VORHEIS/NER
15 JUN 20 PM 4 49

John Gandis (“Gandis”), Andrea Comeau-Shirley (“ACS”), and Carolina Custom Converting, LLC (collectively referred to hereinafter as “Defendants”) move this Honorable Court, pursuant to Rules 59(a),(c), & (e), SCRCP, to take new testimony and/or for reconsideration of this Court’s Order.

Gandis and ACS acknowledge that David Wilson (“Wilson”) has been excluded from the business for three years. But they maintain that Wilson was not oppressed. Wilson filed this lawsuit, alleging oppression, three months after he left CCC. Wilson’s complaint and amended complaints alleged all manner of wrongdoing against Gandis and ACS, and they have simply

attempted to defend themselves against these attacks over the course of the last three years. If the Court concludes oppression existed, Gandis and ACS request that the Court reconsider the date for valuation of Wilson's interest and/or give weight to the valuation when Gandis and ACS agreed to sell their interest to Wilson during December 2011 and January 2012.

Gandis and ACS request that the Court reconsider its ruling requiring Gandis and ACS to personally buy-out Wilson's membership interest. Gandis and ACS submit that, consistent with their representations to the Court, the Company should be obligated to purchase Wilson's membership interest. Gandis and ACS rely upon the Reporter's Comments to S.C. Code Ann. § 33-44-801 to support their position.

Defendants request that the Court reconsider its ruling concluding that Wilson fully disclosed the existence and substance of the disputed accounts. Defendants note that the evidence showed that Wilson did not limit his activities to just three accounts. Further, Defendants submit that new testimony should be taken, pursuant to Rule 59(a), SCRPC, to explore Wilson's contention that Modular Metal was an "import" account as found by this Court. Defendants include the affidavit of Gandis on this issue pursuant to Rule 59(c), SCRPC.

Defendants request that the Court reconsider its application of the law respecting the South Carolina Trade Secret Act claims.

I. Shareholder Oppression

The Court concluded that Wilson proved his claim for shareholder oppression, and valued his membership interest at the end of 2011. In reaching this conclusion, Defendants respectfully submit that the Court overlooked or misapprehended critical pieces of evidence that should cause this Court to reconsider its ruling. Accordingly, Defendants move this Court to reconsider its conclusion that Wilson proved shareholder oppression.

A. The Court's Factual Findings:

- \$8,000.00 per month: The Court concluded there was an agreement to pay Wilson, \$8,000.00 per month, beginning in July of 2008, for the life of the Company, and that Defendants sought to “squeeze” Wilson by threatening to take this payment away, and ultimately ceasing this monthly payment. (Order, p. 6-7).
 - Defendants denied the \$8,000.00 was a guarantee and presented evidence it was only guaranteed for the very beginning of the venture. Wilson’s own words confirm this understanding.
 - Defendant’s Exhibit 31: April 13, 2009 email from Wilson to Gandis, cc ACS:
 - “The payments I received last year was basically a salary which I required since I was taking my customers from EFS and putting them into CCC reducing my ability to earn a living. John, you agreed to not take any money out initially since cash flow was tight. This was helpful. Now that the company is profitable and cash flow is better, we are both pulling out money each month which is in the form of a distribution”
 - Regardless, Wilson did not produce a written agreement that provided he would receive \$8,000 per month; accordingly, this finding likely violates South Carolina’s statute of frauds. S.C. Code Ann. § 32-3-10.
- Tax Distributions: The Court concluded that Gandis wrongfully paid down a line of credit used by CCC, upon which he was personally obligated, as opposed to keeping cash available for tax distributions to Wilson in priority over the other members. (Order, p. 6).
 - Defendants deny that paying off debt was wrongful. Wilson agreed that the company should operate the company without debt. Defendant’s Exhibit 31: April 13, 2009 email from Wilson to Gandis, cc to ACS:
 - “I think we need to have a plan for distributions that we both agree on and that makes sense for us to operate the company without debt. I don’t know what that should look like but I think we should have some idea so we can plan our personal finances based on how the business is doing.”
 - Defendants also showed at trial that Wilson received extra cash distributions to cover future taxes.

- Managing the money supply to make it appear cash was more limited: The Court concluded that Defendants managed the money supply in a way to understate available cash. (Order, p. 6).
 - Plaintiff presented e-mail correspondence to the Court to attempt to prove this claim, but the e-mail correspondence showed that the claimed wrongful act of “managing the money supply” was simply paying off over \$360,000 in debt. *See* Plaintiff’s Ex. 59, p.3 (noting CCC generated about \$500,000 in cash in 2011 but had to spend \$361,459 to pay off its debts).
- Monitoring Wilson’s email: The Court concluded that Defendants wrongfully monitored Wilson’s “private emails.” (Order, p. 6).
 - The only e-mails that were monitored were Wilson’s “@ccc-films.com” address; these were not private emails.
 - Defendants presented evidence that these emails were monitored because Wilson was caught usurping corporate opportunities in December 2010.
- Limiting Wilson’s Access to Financials: The Court concluded that Defendants wrongfully limited Wilson’s access to CCC financials, (Order, p. 6), and only provided financials when the “court compelled Defendants to produce such information.” (Order, p.10).
 - Plaintiff presented evidence that Wilson’s access to financial information—that is, full access to “quickbooks”—was limited. Plaintiff’s Ex. 85. But the limitation did not occur until January 5, 2012, and it only occurred because Gandis and ACS learned that Wilson was talking to a CCC competitor (FilmTech) without running that action by them. *Id.* Consequently, the limitations were for the sole purpose of protecting CCC’s confidential information.
 - During this case, Defendants resisted providing electronic “quickbook” information to Wilson based upon their desire to maintain the confidential vendor and customer information contained in the same. *Cf.* S.C. Code Ann. §§ 39-8-60(C),(E).
 - On November 26, 2012, this Court issued a protective order related to the electronic “quickbook” information, and Defendants produced the same pursuant to the protective order. At the June 24, 2014 summary judgment hearing,

Defendants produced evidence of apparent protective order violations. Further, Gandis testified that NeoLogic/Fresh Water were utilizing an obscure film manufacturer in China that CCC began purchasing from well after Wilson's departure.

- Further, the evidence showed that Wilson received exhaustive financial information related to the buy-out discussions in December 2011-January 2012, and again during the December 2012 "offer."

-
- Manipulating the December 2012¹ balance sheet: The Court concluded that Defendants manipulated the December 2011 balance sheet to devalue Wilson's interest. (Order, p. 7).
 - The Court's expert did not find that Defendants did anything materially wrongful with regard to the year-end balance sheet. Indeed, Defendants expressly told Wilson that they would accept an offer to buy them out based upon the same balance sheet. Defendants' Exhibit 154. While Gandis hoped to include the real property used by CCC in the deal, and ACS hoped to receive extra consideration for her work over and above a 10% non-voting member, the fact remains that the balance sheet used in valuing their respective interests was the same for the valuation of Wilson's interest.
 - Forming ZOi to compete with CCC and siphon profits: The Court concluded that ZOi was formed to siphon profits from CCC. (Order, p. 7).
 - As the Court correctly noted during the trial, ZOi was formed after Wilson left CCC. E-mail correspondence between ACS and Gandis' father (regarding the need to secure a line of credit for ZOi) detail its intended operations—that is, the e-mail shows that ZOi was intended to be the new company following the hoped for amicable wind down of CCC. Plaintiff's Ex. 113: July 20, 2012 email:
 - "As there likely won't be new film purchases [for CCC] (there are some open POs still to be fulfilled) – this cash [from collecting CCC AR] should allow CCC to pay all its vendors and . . . if we do this right, have cash left over – which would be divisible amongst the owners. The first portion of cash goes to John (and Me) to catch us up to the cash that Dave has

¹ This is likely a scrivener's error, as Wilson took issue with the December **2011** balance sheet.

already received (via loans) from CCC. Any excess would be divided appropriately -- the court &/or the attorneys will guide us as to how to properly settle matters with Dave so it can all be done. *Id.* at p. 3 (second paragraph).

- “As you may know, we have been taking monthly physical inventory since May. Our next one is scheduled for Friday August 3rd. After this tally – we will deliver that tally to Dave (and continue to do so for each month-end throughout the year). As Dave is also out there selling film again for his new employer, it is [in] CCC’s best interest to have his new employer buy film from us and help us to wrap up CCC more quickly.” *Id.* (fourth paragraph).
- Wilson’s litigation strategy, however, made sure that a swift resolution of CCC would never happen. *See generally* Motion to Exclude Expert Witness Stoddard (attached as *Exhibit A*).
- In short, Plaintiffs own evidence confirms that ZOi was **not** intended to siphon profits.
- Management Decisions: The Court found fault in various management decisions: removing Wilson from signatory authority on the operating account, removing his ability to make wire transfers for the company, and expensing repairs to the CCC facilities as rent as opposed to balance sheet items. (Order, p. 6-7).
 - Gandis was the manager of CCC; these actions were properly exercised by the manager of the company.
 - As for the management of the banking activities, Plaintiff never presented any testimony that he previously had check signing or wire transfer authority.
 - But even assuming these actions were not properly made by the manager, these actions do not support a claim for minority shareholder oppression.
- Freeze His Capital Account: The Court found ACS’ email comment that Wilson’s capital account would be frozen as confirmatory evidence for its ultimate legal conclusions. (Order, p. 10). Respectfully, the comments must be considered for the purpose they were made—the proposed member modification designed to eliminate Wilson’s tax liabilities.

The context of that quote begins with the first e-mail. Plaintiff's Ex. 48, p.2: October 24, 2011:

- In the first e-mail ACS lists all of the cash that Wilson had gotten out of CCC since its inception. The number was large and included a car (Lexus) that CCC purchased for Wilson.
- In the next email Gandis responded that he was not sure what to do with those numbers, and how to allocate the loans. *Id.* at p.2.
- ACS then responds (frustrated): "NO – you don't need to decide how much is the loan." The context for this email is her proposed solution to Wilson's tax burden and her efforts to reduce the same *if* he converted from an owner to an employee. His capital account would be frozen, according to ACS's suggestion, because it would not be reduced as per her proposal and any excess cash flow would go "FIRST to partner distributions, second to guaranteed payment and third towards any payment to Dave." *Id.* at p.1. But these statements expressly assumed that Wilson would be an employee receiving a "salary/bonus combination." *Id.* at p.1.
 - In this context Wilson would never have left the company and would have received salary and benefits and continued participation in the growth of the company. See Defendants' Ex. 55, p.3.
- In contrast to the frozen capital account, consider an e-mail sent three weeks later. Plaintiff's Ex. 62: November 13, 2011 between Gandis and ACS:
 - The context for this e-mail was Gandis had just finished meeting with Wilson to discuss his future at CCC and which of the three options, *see* Def. Ex. 55, that he was open to choosing.
 - Gandis: question: "Following my meeting with Dave --I have a new guess . . . What if he decides to not change anything in our structure – but rather . . . 'do nothing' – but leave to get another job? Or go back to selling film with Eastern Film? Would we have to prove that he was never 'an owner'? Just thinking out loud.
 - ACS: answer: "Then we will form a new company – buy all the assets from CCC subject to the liabilities – distribute to Dave his final check in

liquidation of his interest – and all the new business will be done in a new company.

- This is exactly what Gandis and ACS tried to do from the very beginning of this lawsuit. *See* ZOi discussion, *supra*. Wilson wouldn't allow it to happen. He pursued a scorched earth litigation strategy against these individuals, alleging all manner of fraud and wrongdoing, seeking actual and punitive damages. Years later, after the Court's expert issued its report and findings and after Gandis and ACS resoundingly defeated all of these allegations, Wilson limped into this Court and asked for the value of his membership interest as of December 2011. And he did so, after having spent a significant portion of this litigation seeking to weaken CCC since leaving. *See* Def. Ex. 113.
- Making representations that Wilson may not receive a distribution for two years: The court concluded that Defendants pressured Wilson by claiming he would not receive a distribution for two years. (Order, p. 6).
 - Defendants represented that Wilson may not receive a distribution for two months, not two years. They specifically inquired whether Wilson had financial support from his family in order to make it through the two month cash preservation period of January to March 2012.
- Demanding possession of Wilson's computer and blackberry: The Court concluded that demanding Wilson's computers and Blackberry evidenced oppression. (Order, p. 7).
 - Wilson conceded that he did not have a claim for conversion and the Court so ruled. Accordingly, any finding that it was wrongful for Defendants to demand the return of Defendants own computers and Blackberry is not supported by the evidence or law.
- Initiating an Exit Strategy: The Court concluded that Wilson was oppressed because Defendants created an exit strategy. (Order, p.6).
 - Plaintiffs cite an email that addresses sales functions to support this claim. The email does not discuss removing Wilson from the company; it merely discusses placing sales team members in Wilson's current position. Plaintiff's Ex. 39.

Against the backdrop of the above discussed evidence, the Court's conclusion that Wilson was oppressed hinges upon the fact that he was locked out of his business, that his cellular phone plan was terminated, and that his health insurance was not maintained.

- Locked Out: There is no question that Wilson was locked out of the business. Gandis learned that Wilson was preparing to leave CCC and was justifiably concerned for the protection of the company and its confidential information. Def. Ex. 117 (screen shot showing on January 9, 2012, Wilson made copies of contacts and opportunities); *see also* Def. Ex. 77 (January 19, 2012 letter from Nexsen Pruet regarding confidential and trade secret information and preservation of evidence). Accordingly, Gandis showed up at CCC's Greenville office and hoped to gain access to, and secure, the company's confidential and trade secret information before Wilson left.
- Cellular Phone: Gandis testified that Wilson's cellular phone number was CCC's main sales phone number. He took steps to cut off Wilson's use of that line. Gandis testified that it was not his intention to affect Wilson's family's service and that he took steps to fix their loss of service upon notice.
- Health Insurance: Plaintiff's health insurance was not maintained by CCC after he left.

B. Wilson Was Not Oppressed By Gandis and ACS

Wilson cannot claim that he was oppressed for failure to receive regular distributions following his departure. The Court's expert confirmed that neither Gandis nor ACS received distributions following his departure. Accordingly, this case does not present a situation where the minority has been prevented from receiving the economic benefits retained by the majority. In December of 2011, Defendants paid off Wilson's care note—the company had purchased a Lexus for Wilson and paid it off. Furthermore, the evidence of this case showed that after leaving

CCC, Wilson almost immediately began taking advantage of the information he took from CCC and generating cash for his family. See Def. Ex. 81, p.1; Ex. 82 (discussing transaction with company named Imperial—a company that Wilson never transacted business with prior to CCC).

1. Gandis and ACS Repeatedly Told Wilson They Were Fine With Him Remaining as a Partner

Evidence shows that Gandis and ACS were content for Wilson to remain as an equity partner. For example:

I know Dave wants to be a partner – and I support him in that goal – but we really need to come to a consensus on how the business is going to be managed.

Plaintiff's Ex. 59, p.1 (second full paragraph), November 9, 2011 email from ACS to Gandis.

As the numbers are still in flux – the offer was proposed to you with several options. The first option was simple – here is a fixed number that is good through January 7th. The second option essentially says, if you are not comfortable with that number, you are welcome to sell your interest for a number that will continue to move as the books are closed – but we don't know that number until the year is closed. If you are not comfortable with either of those options – you are welcome to remain as a partner.

As you know, it was our change in cash management rules that were outlined to you in the fall that started the buy-me out dialogue. As you are the party that initiated the “buy-me-out” as well as the “buy-us-out” conversations, please don't forget that we are perfectly fine with you remaining as a partner.

Def. Ex. 145, pp.1-2 (beginning on last sentence of page one), January 2, 2012 email from ACS to Wilson and Gandis, cc to Wilson's accountant.

We need to remember that we don't care if he is a partner or not...only he cares, and even then, he really only cares about getting his cash in front of vendors and employees – and we have told him “NO MORE! Never again. We are going to get even with you from a distribution perspective and then we are going to stay even with you on a going forward basis. We all have to find outside financing when money is tight and we all will get distributions when money is not.”

Plaintiff's Ex. 88 p.2 (first full paragraph), January 5, 2012 email from ACS to Gandis.

2. *Wilson's Unclean Hands Should Require A Valuation of His Membership Interest to Be Based Upon Financials Later than 2011-*

Evidence was presented to the Court showing that the doctrine of unclean hands should have been applied to preclude valuing Wilson's membership interest at the time he ceased working for CCC. "He who comes into equity must come with clean hands. It is far more than a mere banality. It is a self-imposed ordinance that closes the door of the court of equity to one tainted with inequity or bad faith relative to the matter in which he seeks relief." *Straight v. Goss*, 383 S.C. 180, 207, 678 S.E.2d 443, 457-48 (Ct. App. 2009).

Wilson destroyed evidence; he did so before the litigation began and he did so during the litigation. Def. Ex. 115, 122. Indeed, Wilson's pre-litigation evidence destruction is particularly troubling because he specifically received an evidence preservation letter the day after he took CCC's computers and Blackberry. Def. Ex. 77. Wilson's destruction of evidence prevented Defendants from conducting complete discovery on their breach of fiduciary duty claims. At the time of trial Defendants had a pending motion to conduct a forensic examination of Wilson's computers.

Wilson lulled Gandis and ACS into winding down the affairs of CCC in 2012 under the belief that the parties would liquidate the company, split the proceeds, and go their separate ways. Out of the blue, he halted the planned dissolution of CCC with the "offer." For reasons known only to him and Mr. Steve Norvell, Wilson then refused to go forward with the offer. Instead, Wilson hired Catherine Stoddard to provide an affidavit based upon faulty and misleading information. Stoddard was apparently not provided with the exhaustive financial resources which had been delivered to Wilson during the course of the December 2012 "offer" and was, instead, lead to believe that the purpose of her affidavit was to compel the initial

production of records by the company. *See generally* Motion to Disqualify Expert Stoddard. Once Ms. Stoddard's "opinions" entered this case, the litigation turned into a heated battle that only cooled upon the issuance of Del Bradshaw and Pete Tiffany's report.

II. Buy-Out Against the Members

The Court should reconsider its ruling requiring the individual members to personally buy-out Wilson. While the parties agreed that it would be proper for the court to order the company to purchase Wilson's distributional interest, there was never an agreement for the remaining members to purchase his interest.

The South Carolina Reporters Comments do not support the Court's ruling. The comments to S.C. Code Ann. § 33-44-801 provide that:

[A] buy-out might be appropriate where, for example, one or more members have (i) engaged in fraudulent or unconscionable conduct, (ii) [not applicable relates to expelling a member to gain an unfair advantage in the operating agreement], or (iii) engaged in serious misconduct.

The evidence presented in this case does not support the requirements set forth in the reporter's comments. Indeed, the Court's expert confirmed this conclusion.

Reporter's comments aside, as for ACS the Court's ruling is profoundly unfair. The evidence showed that she owned 10% of CCC and unlike the other members, she did not actively participate in the daily operations of the business, and perhaps most significantly, she had no voting rights.

III. Breach of Fiduciary Duty

The Court concluded that Wilson fully disclosed and received approval to retain complete control over three so-called "import accounts." (Order, p. 12). (As an aside, the evidence showed that Wilson continued to do business with much more than three accounts. Def. Ex. 183.) Defendants ask this Court to reconsider its ruling and find that Wilson violated the parties'

agreement, and to award damages for these violations. Defendants have included the affidavit of Gandis pursuant to Rule 59(c), SCRCF, and seek additional testimony on this issue. (Attached as *Exhibit B*). Wilson testified that he disclosed and rightfully retained three accounts. He stated that these accounts were West Carrolton, J.P. Lamborn, and Modular Metal. These accounts happen to have been the most profitable—and thus most damaging—accounts that he transacted business with outside of CCC. Def. Ex. 183. During the trial of this case, Wilson claimed that these accounts were excluded because they were import accounts.

A. Defendants Believe Modular Metal Was Not An Import Account

Following entry of the judgment, Gandis searched through old EFS records left by Wilson. As for Modular Metal, it does not appear that Wilson imported film for this customer. (Gandis Affidavit, ¶ 3). Defendants request that the Court conduct further testimony on this issue pursuant to Rule 59(a), SCRCF.

Gandis found two purchase orders for film that was used to supply Modular Metal. (Gandis Affidavit, ¶ 4). These purchase orders show that Wilson purchased the film from Edward Sider & Co., which is located in Illinois. (Gandis Affidavit, ¶ 3). On July 7, 2008 Wilson purchased 41,863 pounds of film from Edward Sider. (Gandis Affidavit, ¶ 6). The description of the film purchase matches exactly with film later sold to Modular Metal on August 25, 2008: “44 gauge clear untreated polyester film – 2.375” x 40,000’ on 3” core 1672 rolls on 22 pallets.” (Gandis Affidavit, ¶ 5). Domestically purchasing film to supply Modular Metal was not a one-off event as Gandis located another purchase order from Edward Sider & Company that appears to have been used to supply Modular Metal. (Gandis Affidavit, ¶ 7-8).

B. Defendants Presented Evidence that JP Lamborn Was Not One of the Excluded Accounts

Plaintiff's Exhibit 3 contains the only reliable contemporaneous discussion regarding the three accounts. Gandis wrote that "[t]here are three accounts that Dave imports that do not currently go through CCC." Evidence introduced at trial, however, showed that CCC did business with JP Lamborn. Def. Ex. 14, 18. Accordingly, the Court erred in concluding that JP Lamborn was excluded from the agreement.

C. Wilson Did Not Meet His Burden to Show His Retained Accounts Were Fully Disclosed

At the close of trial, Defendants contended that Wilson had the burden to show that he fully disclosed all material facts relating to the retained accounts. *See Meinhard v. Salmon*, 164 N.E. 545, 546-49 (N.Y. 1928). Defendants submit that Wilson did not meet his burden. The only contemporaneous evidence revealing Wilson's disclosure confirms this position. On May 30, 2008 Gandis wrote that, "[i]n two of the cases – I do not think that he has derived any income from the accounts...and they could very easily go away." Plaintiff's Ex. 3, p.3. The only person Gandis could have received this information from was Wilson.

D. Defendants Claims Are Not Time Barred

1. *Rule 15(c), SCRCP*

The Court concluded that Defendant's received notice of Wilson's activities outside of CCC in 2009. (Order, pp. 12-13). Specifically, Wilson submitted email correspondence from June 17, 2009 and October 30, 2009, related to West Carrollton. Plaintiff's Ex. 17. Defendants do not agree that these emails provided them sufficient notice to know of the scope of Wilson's illicit activities, and do not believe the evidence supported that finding. Nevertheless, assuming *arguendo* that it did, Wilson initiated this lawsuit on April 27, 2012. Gandis and ACS answered

and filed counterclaims alleging breaches of fiduciary duty related to Wilson's usurpation of corporate opportunities. Later CCC was added to the case via Wilson's Second Amended Complaint and it counterclaimed seeking the same relief. Defendants' claims are timely under Rule 15(c), SCRCP, as they relate back to Wilson's filing of this action on April 27, 2012.

2. *Statute of Limitations Does Not Apply to Equitable Action*

The Court has indicated it will use its equitable powers to fashion a remedy in this case. Pursuant to those powers, the court previously ordered an accounting of the company. The accounting, however, failed to include the income Wilson received from these side deals. Statutes of limitation do not apply to equitable actions. *Parr v. Parr*, 268 S.C. 58, 67, 231 S.E.2d 695, 699 (1977). Any equitable remedy fashioned by the Court should include the income Wilson received from these side deals for the evidence is clear that Wilson received income from these side deals while also receiving income from CCC.

E. The Weight of the Evidence Showed That Wilson Agreed to Bring All Customers to CCC.

Starting in July 2008, Gandis agreed to refrain from taking any money out of CCC in order to ensure that Wilson would initially receive \$8,000 per month. The contemporaneous discussion of this deal unambiguously showed that in order to receive this initial guaranteed pay Wilson would bring all of his customers to CCC. Def. Ex. 10, June 24, 2008 email ("If I am to focus all my efforts in the film business on CCC, I am foregoing opportunities to earn money on those opportunities outside of CCC."); Def. Ex. 31, April 13, 2009 email ("The payments I received last year was basically a salary which I required since I was taking my customers from EFS and putting them into CCC reducing my ability to earn a living.")

The common theme found in Wilson's contemporaneous position, and his position nearly one year later, show that the combination of his customers and efforts into CCC made it where

he relied on CCC for income. If Wilson had negotiated a situation where he was allowed to sell accounts on the side, then he would not have used these words to describe the deal. Respectfully, it strains credulity to suggest that Wilson was allowed to run over \$1.7 million through his other company while Gandis pulled money from his home equity line, and agreed to initially forgo pulling money out of CCC so that Wilson could receive the initial \$8,000 per month. The weight of the evidence showed that Wilson told Gandis that he contributed everything to CCC.

IV. Trade Secret Claims

The Court incorrectly analyzed CCC's trade secret claim by relying upon *Atwood Agency v. Black*, 374 S.C. 68, 646 S.E.2d 882 (2007) and non-controlling law.

CCC's trade secret claim essentially boiled down to knowing where to source the film product from and where to sell the film product—that is, how to effectively serve as the middle man connecting manufacturers and end users or customers. Gandis testified that in the course of creating each account most end users would have to “qualify” the product at their facilities to ensure it would be used. The qualification process is involved and deserving of protection. Gandis also testified that a competitor could gain a competitive advantage if it had access to pricing information. For example, Gandis presented testimony that Wilson and Shaw were offering to sell products to end users at prices below what CCC offered. Knowing CCC's pricing structure, Gandis testified, harmed CCC.

In *Atwood*, the Supreme Court concluded no trade secret existed because the list of homeowners (here, the product manufacturer) was available at “Town Hall.” *Id.* at 72, 646 S.E.2d at 884. And that the names of the renters (here, the end users or customers), were available “through other proper means.” *Id.* at 72, 646 S.E.2d at 884. The Court did not,

however, confront the component of pricing in its analysis for it was not relevant to the business model. Pricing, however, is very important to CCC's business model.

The Court incorrectly relied upon *Hill Holliday Connors Cosmopolos, Inc. v. Greenfield*, 433 Fed. Appx. 207 (4th Cir. 2011) for the proposition that "eternal vigilance" is required. And that the owner of the trade secret must provide "constant warnings to all persons to whom the trade secret has become known and obtaining from each an agreement, preferably in writing, acknowledging its secrecy and promising to respect it." (Order, p. 14). South Carolina law, however, does not include any of these requirements. S.C. Code Ann. § 39-8-30(B).

The Court likewise erred in concluding that CCC made little if any effort to protect the information. (Order, p. 8). The law only requires the owner of the trade secrets to make "efforts that are reasonable under the circumstances to maintain its secrecy." S.C. Code Ann. § 39-8-20(5)(ii). Gandis testified that only he, Wilson, and ACS were able to access all of the information needed to conduct business—that is, the manufacturer's information and the end user or customer's information.

Plaintiff presented the testimony of a fact witnesses that strayed beyond factual matters and into the domain of expert testimony regarding the nature of CCC's business. The fact witness was not qualified as an expert witness at trial. This Court accepted this testimony in making its findings. (Order, p. 13). Plaintiff, however, did not identify any expert witnesses regarding this issue, and Defendants made a contemporaneous objection to this line of testimony. Defendants ask the Court to reconsider its ruling and reject this line of testimony from its consideration.

This Court concluded that Defendants failed to prove that its damages were proximately caused by a misappropriation. (Order, p. 15). CCC presented evidence that Wilson, NeoLogic,

and Fresh Water misappropriated its trade secret information and used the same to conduct business. This Court was authorized to award damages for any actual loss or unjust enrichment caused by the misappropriation. S.C. Code Ann. § 39-8-40(B). Defendants ask the Court to reconsider this ruling.

V. Conclusion

For the reasons discussed above, Defendants respectfully move this Honorable Court, pursuant to Rules 59(a),(c), & (e), SCRCP, to take new testimony and/or for reconsideration of this Court's Order.

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and Carolina Custom Converting, LLC*

January 20, 2015

Greenville, South Carolina

EXHIBIT A

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

David Wilson, et al.

vs.

John Gandis, et al.

Plaintiff,

Defendant.

IN THE COURT OF COMMON PLEAS
THIRTEENTH JUDICIAL CIRCUIT

CASE NO.: 2012-CP-23-2887

**MOTION AND ORDER INFORMATION
FORM AND COVERSHEET**

Plaintiff's Attorney: W. Andrew Arnold, Bar No. 65311 Address: 712 E. Washington St., Greenville, SC 29601 Phone: 242-4800 Fax 242-4885 E-mail: aarnold@aalawfirm.com Other: _____		Defendant's Attorney: Steven E. Farrar, Bar No. 1960 Address: PO Box 87, Greenville, SC 29602 Phone: 751-7633 Fax 751-7800 E-mail: steve.farrar@smithmoorelaw.com Other: _____	
☒ MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III) ☐ FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III) ☐ PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)			
SECTION I: Hearing Information			
Nature of Motion: Motion to Disqualify Plaintiff's Expert Catherine Stoddard Estimated Time Needed: 15 minutes Court Reporter Needed: ☒ YES ☐ NO			
SECTION II: Motion/Order Type			
☐ Written motion attached ☐ Form Motion/Order I hereby move for relief or action by the court as set forth in the attached proposed order.			
Signature of Attorney for ☐ Plaintiff / ☐ Defendant _____ Date submitted _____			
SECTION III: Motion Fee			
☒ PAID - AMOUNT: \$ 15.00 ☐ EXEMPT: (check reason) ☐ Rule to Show Cause in Child or Spousal Support ☐ Domestic Abuse or Abuse and Neglect ☐ Indigent Status ☐ State Agency v. Indigent Party ☐ Sexually Violent Predator Act ☐ Post-Conviction Relief ☐ Motion for Stay in Bankruptcy ☐ Motion for Publication ☐ Motion for Execution (Rule 69, SCRPC) ☐ Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions Name of Court Reporter: _____ ☐ Other: _____			
JUDGE'S SECTION		JUDGE CODE _____	
☐ Motion Fee to be paid upon filing of the attached order. ☐ Other: _____		Date: _____	
CLERK'S VERIFICATION			
Collected by: _____ Date Filed: _____ ☐ MOTION FEE COLLECTED: \$ _____ ☐ CONTESTED - AMOUNT DUE: \$ _____			

SCCA 233 (11/2003)

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)
)

IN THE COURT OF COMMON PLEAS

C.A. No. 2012-CP-23-2887

David Wilson, individually and derivatively)
on behalf of Carolina Custom-Converting,)
LLC,)

Plaintiff,)

-vs-)

John Gandis, Andrea Comeau-Shirley, ZOi)
Films, LLC and Carolina Custom)
Converting, LLC,)

Defendants.)

**MOTION TO DISQUALIFY
PLAINTIFF'S EXPERT
CATHERINE STODDARD**

Carolina Custom Converting, LLC,)

Counterclaim Plaintiff,)

-vs-)

Dave Wilson, Steven Norvell, Neologic)
Distribution, Inc., and Fresh Water Systems,)
Inc.,)

Counterclaim Defendants.)

Defendant Andrea Comeau-Shirley ("Comeau-Shirley" or "Defendant") moves this Court for an Order disqualifying Plaintiff's expert, Catherine Stoddard, from testifying in this case for multiple grounds as explained below. Her deposition testimony reflects that she is biased and incapable of contributing impartial testimony. She is not proficient in the exercise of her professional obligations. Her prior acts have cost the parties to this case tens of thousands of unnecessary dollars and proven incapable of reliability.

Initially, Plaintiff retained Stoddard, an accountant, to “determine the economic damages” (Stoddard deposition page 54) ¹; however her work morphed into offering an opinion as to the appropriateness of financial records based solely upon information from Plaintiff or his counsel. As a Certified Public Accountant, Stoddard was professionally bound to perform an objective review of the accounting records, and offer an objective opinion based on that review. Stoddard utterly failed to do so. Instead, from the outset Stoddard took sides and chose to be an advocate for her client, Plaintiff Dave Wilson, rather than an objective accountant. This admitted conduct severely compromises her ability to serve as an expert witness for Plaintiff. Stoddard should not be allowed to stand before this Court, let alone offer expert testimony in this case. Additionally, Stoddard is unqualified to offer expert testimony on the appropriateness of the subject accounting records, or anything else in this matter. Accordingly, Defendant respectfully requests this Court issue an Order disqualifying Stoddard from this case.

BACKGROUND

The Stoddard Affidavit

In March 2013, Plaintiff engaged Stoddard to “assist him with the financial aspects of the case.” (Stoddard Affidavit ¶ 2).² More specifically, Stoddard was “asked to investigate the extent to which the accounting records [of CCC] have been changed, the impact of these changes, and the timing of these changes as they relate to [this case].” (Stoddard Aff. ¶ 2). Rather than perform a professional and objective review of the CCC accounting records, Stoddard did a hatchet-job on Comeau-Shirley. Stoddard insinuated that Comeau-Shirley somehow “cooked the books.” Stoddard opined that the accounting records were “not reliable,” and contained “significant discrepancies” and “unusual transactions.” (Stoddard Aff. ¶ 7). Worse, Stoddard accused

¹ Referenced pages to her deposition are attached hereto as **Exhibit A**. The pages are in numerical order.

² The Stoddard Affidavit is attached hereto as **Exhibit B**.

Comeau-Shirley of “keeping or creating multiple sets of accounting records and reports for the purposes other than accurately reporting its historical results” (Stoddard Aff. ¶ 7); and opined “that some assets and sales may have been diverted to related entities that are owned or controlled by Andrea Comeau-Shirley or John Gandis” (Stoddard Aff. ¶ 12). Stoddard concluded that the “manipulation of the books beginning in the fall of 2011 is significant to the overall financial picture and valuation of [CCC].” (Stoddard ¶ 12). None of these allegations proved out when Del Bradshaw issued his report and each of those allegations could have been simply answered if Stoddard had merely asked³.

The Stoddard Affidavit Leads to Unnecessary Costs

Stoddard’s biased and unfair affidavit opened the flood gates of expensive and time-consuming discovery by Defendants (but largely Comeau-Shirley), which also included an independent and objective review of the CCC accounting records by a court-appointed accountant, Del Bradshaw of Bradshaw, Gordon & Clinkscales, LLC. In response to the Stoddard Affidavit, this Court (perhaps understandably) denied defense motions to limit overbroad and unreasonable discovery requests from Plaintiff. As a result, Comeau-Shirley incurred great costs, including significant attorney’s fees, to respond to Plaintiff’s discovery demands. This expense would not have occurred had Stoddard faithfully performed forensic accounting services when reviewing the CCC accounting records.

Moreover, this Court would likely not have appointed Bradshaw to perform the same review. In any event, Bradshaw reviewed the CCC accounting records and issued an independent and objective opinion that completely exonerates Comeau-Shirley from any wrongdoing. In the process it also exposes the Stoddard Affidavit for the sham that it is.

³ Stoddard admitted in her deposition that she attended a portion of Ms. Comeau-Shirley’s deposition and could have had any questions answered by providing them to Plaintiff’s counsel but she did not. See, generally, page 118 of Stoddard deposition.

Because the Stoddard Affidavit was the wellspring of the enormous costs associated with this discovery, including the accounting services performed by Bradshaw, Comeau-Shirley will ask this Court at the appropriate time to shift the Defendants' payment of these costs and fees to Plaintiff.

ARGUMENT

It is now clear that the Stoddard Affidavit was just another front to Plaintiff's legal attack⁴. It does not rest on an objective, professional review of the accounting records, and is flatly contradicted by the Bradshaw report. This is unsurprising. Bradshaw exercised his professional judgment based on an independent and objective review of the CCC accounting records. Stoddard did not follow this same path. Rather, she became an advocate for Plaintiff, and did not exercise any objectivity before swearing that the CCC accounting records were improper and implying that Comeau-Shirley acted unprofessionally.

A. Stoddard Should Be Disqualified Because She Failed to Exercise Objectivity

Stoddard failed to formulate an objective plan or approach before performing the review of CCC's accounting records; failed to investigate or ask for any documents other than those that were provided to her by Plaintiff; failed to interview or perform any fact-finding beyond what was told to her by Plaintiff; and failed to keep notes of her review of the accounting records so as to hide her work and findings from Defendants *intentionally*. Stoddard also found Defendants had manipulated the books, but yet found not a single issue with anything Plaintiff did or did not do. Stoddard should be disqualified.

Stoddard Deposition

⁴ **"I think your lawyer should bury them with discovery requests (or subpoenas)."** —Advice to Plaintiff Dave Wilson from another of his accountants in September 2012

Stoddard was deposed on August 18, 2014. Stoddard testified that she was a senior manager at Dixon Hughes, who works for the FLSVS (forensic, litigation support, valuation services) group. (Stoddard Dep. pg. 6). She admitted that it was her job to be an objective finder of fact for the benefit of the court. (Stoddard Dep. pg. 18). She also admitted that the rules of professional conduct for accountants—the rules propagated by the American Institute of Certified Public Accountants (the “AICPA”)—require her to be objective, which in her words “is not to be persuaded by emotions or other people, but to have opinions based on the objective facts and draw those conclusions based on those facts.” (Stoddard Dep. pg. 23). Stoddard further agreed that she is professionally prohibited from acting as an advocate for her client’s position (Stoddard Dep. pgs. 23-24).

Unfortunately, in rendering opinions for Plaintiff, Stoddard did not remain objective—she did not objectively review the CCC accounting documents, and then reach an unbiased conclusion based on that review. Rather, Stoddard asked for no materials other than what was fed her by Plaintiff or his counsel and used that narrow scope to perform a biased-from-the-outset review of the accounting records and then, even worse, issued tainted findings accusing Comeau-Shirley of wrongdoing.

It is clear that from the beginning Stoddard would serve as a surrogate for Plaintiff’s position. She said she was hired to “assist [Plaintiff’s counsel] with this case” (Stoddard Dep. pg. 31) and that, before she even looked at the CCC accounting records, she lacked confidence in the financial statements (Stoddard Dep. pg. 30).

1. **Stoddard Had No Written Objective Plan in Place Before She Reviewed the CCC Accounting Records**

Stoddard had no written objective plan in place before she began reviewing the CCC accounting documents. She explained that she had a "goal" of getting comfortable with the CCC accounting documents, but did not have a written objective plan to achieve that goal:

Q. In order to do that [achieve the goal], wouldn't you have in your mind's eye a set of steps you have to take to do that?

A. Yes.

Q. But you didn't write those down to leave a trail of what you were doing, did you?

A. No.

(Stoddard Dep. pg. 32). She further explained that she did not document her plan at all:

A. We have to keep adequate documentation, but it doesn't mean I have to document the plan as we go along.

Q. And that's your testimony as an expert witness who's licensed in the State of South Carolina as a certified public accountant?

A. Yes.

(Stoddard Dep. pg. 34) [Contrast this with Bradshaw's testimony on pp 46-47 of his deposition⁵ where he acknowledges that it is his "professional obligation" to leave a trail of his work for others to follow.] Stoddard did not document her work, even though required by the AICPA, which included preparing a written plan to allow her to objectively perform the review of the CCC accounting records.

2. Stoddard Performed No Independent Investigation

Stoddard agreed that part of her responsibility for performing forensic accounting services was to obtain relevant data that is sufficient to provide a reasonable basis for her

⁵ Referenced pages to his deposition are attached hereto as **Exhibit C**. The pages are in numerical order.

conclusions. (Stoddard Dep. pg. 40). And yet Stoddard performed no investigation beyond the information and documents that were spoon-fed to her by Plaintiff.

Stoddard never visited the CCC plant (Stoddard Dep. pg. 42), and, as a result, did not talk to any plant personnel (Stoddard Dep. pg. 77).

Stoddard also did not, or at least does not remember, asking for additional information from Plaintiff (or any other party). (Stoddard Dep. pgs. 40-41; 84). In that regard, Bradshaw testified that merely simple questions would have waved any accountant off the goose chase she created:

Q. Do you agree that Ms. Stoddard's affidavit contained numerous assumptions or erroneous assumptions that she could have dispelled had she done some investigation -- the investigation you did?

A. I think in our report that we stated as such that had she known of the -- the two biggest issues was the inventory waste and the erroneous sale. And had she known of these, I think it would have made a huge difference in any type of projections or annualizations that she made with regards to her affidavit.

(Bradshaw Deposition pgs. 47-48).

She did not know, for example, that a Counterclaim was filed against Plaintiff that alleged Plaintiff was stealing trade secrets. (Stoddard Dep. pgs. 63-64). She admitted this information would have been helpful to her review. (Stoddard Dep. pg. 64). She also did not know about the adverse market forces specific to CCC's business between 2010 and 2011:

Q. Now, if I were to tell you at that point in time that [CCC] had made a lot of money in 2010, but they weren't going to be able to in 2011 because the glut came on the market and they were holding a lot of worthless inventory, would you have written such a rosy statement there?

A. That would be important to know.

(Stoddard Dep. pg. 86). The fact of the matter is Stoddard performed no independent investigation before rendering her opinion of CCC's accounting records. Stoddard apparently did not perform a single task that was not specifically dictated by Plaintiff or his attorney:

Q. **What did you do that didn't involve Mr. Wilson or Mr. Arnold asking you to do it?** Not how did you do it, but what did you do. Tell me the big broad topics you said as a professional, this is what I'm going to add to this engagement, I'm going to tell them what needs to be done. What did you do?

A. **Well, nothing really.**

(Stoddard Dep. pg. 38). (emphasis added)

Merely following professional standards, planning and asking questions would have potentially avoided the full blown review performed by Bradshaw:

Q. But you would have recognized that fairly quickly if you had been brought in and given a month-end statement, wouldn't you, and talked to the owners?

A. No doubt about it, yes. One clarification.

Q. Yes.

A. We would have known about it. Had we understood the process, the manufacturing process. And once we had gotten into that part of the analysis we would have understood why inventory would have required more adjustments.

Q. And in your role as doing that if you were in Ms. Stoddard's shoes you would have -- and had Mr. Wilson's ear you would have said to him, this is our plan, this is what we need to do, this is what you need to attack, can you explain these things to us as you learn the process; correct?

A. Yes.

Q. That would be the natural course of a professional accountant; right?

A. If I had access to the information, yes, I would have done some of the things necessary or at least inquired or made a list or made a plan as to things that I needed to review and look at to go further with my analysis.

(Bradshaw Deposition pgs. 49-50).

3. Stoddard Intentionally Left No Paper Trail for Defendants to Follow

Another incredible revelation from Stoddard's deposition was the fact that she intentionally failed to take any written notes memorializing her review of the CCC accounting records for the express purpose of evading discovery by Defendants. Stoddard agreed that to have fair and open discussions about the results of her review, Defendants would need to know how she performed that review and what she found, both positive and negative. (Stoddard Dep. pg. 53). And yet Stoddard, a retained expert who is professionally required to be objective, admitted that she intentionally did not detail her work because it would be disclosed to the opposing party. (Stoddard Dep. pgs. 51-52). She testified, for example, that she did not put any detail in her notes "because it's discoverable." (Stoddard Dep. pg. 52).

Additionally she acknowledged on page 41 of her deposition that "After I get them in the electronic file we destroy them. Or sometimes it's just something I need to do and once I'm done I get rid of it." It is impossible now to recreate what was converted electronically and what was merely "destroyed."⁶

4. Stoddard Found Not a Single Thing Wrong With Anything Plaintiff Did

Finally, in reviewing the accounting documents, Stoddard did not find a single unfavorable thing about Plaintiff:

Q. Do you believe there's anything unfavorable about Mr. Wilson in your affidavit?

A. I don't think so.

(Stoddard Dep. pg. 53).

⁶ Again, contrasting this with Bradshaw's testimony in which he acknowledges that it is professional obligation not to destroy anything is illuminating (Bradshaw Dep. pg. 47).

Stoddard's conduct and opinion, under these circumstances, can only lead to the conclusion that Stoddard is the mouthpiece for Plaintiff. For this reason, she should be disqualified by this Court.

B. Stoddard Should Be Disqualified Because She Is Not Competent to Testify

Even assuming this Court did not disqualify Stoddard for intentionally avoiding information and destroying documents, she should be disqualified because she is not competent to provide an expert opinion on her review of the CCC accounting records.

South Carolina Rule of Evidence 702 governs the admissibility of expert testimony. In exercising its "gate keeping duties" under this rule, the trial court "must evaluate the substance of the testimony and determine whether it is reliable." *Watson v. Ford Motor Co.*, 699 S.E.2d 169, 175 (S.C. 2010). The obligation of the trial court to examine the substance of the testimony to determine if it is reliable applies regardless of whether the expert evidence is scientific, technical, or other specialized knowledge. *Id.* at 177.

Stoddard intends to testify based on her forensic examination of CCC's accounting records. Stoddard's testimony is not reliable. Stoddard is not a certified fraud examiner. (Stoddard Dep. pg. 16). Stoddard has no formal training on QuickBooks. (Stoddard Dep. pg. 8). The vast bulk of her work has been related to family court matters. (Stoddard Dep. pg. 9). Most importantly, Stoddard did not even know what standards applied to her scope of work. Stoddard admits that the engagement is proscribed by the standards of the AICPA (American Institute of Certified Public Accountants) (Stoddard Dep. pg. 18), and also admits that she ought to know the rules of the industry (Stoddard Dep. pg. 19). But Stoddard also admits that she has never read the Litigation Services and Applicable Professional Standards of the AICPA ("Accountant Litigation Standards") (Stoddard Dep. pg. 21). In fact, when shown the Accountant Litigation Standards at

her deposition she admitted that “this is the time first time I’ve read it...” (Stoddard Dep. pg. 21). Stoddard was completely unfamiliar with the standards that dictate how her profession requires her to perform expert services in a litigation setting.

Worse, Defendant was completely unable to confront Stoddard with what she did or did not do in her review because Stoddard intentionally failed to memorialize the steps of her review. She makes bold accusations—such as the statement that CCC (but the implication being Comeau-Shirely) is “keeping or creating multiple sets of accounting records and reports for the purposes other than accurately reporting its historical results” (Stoddard Aff. ¶ 7)—but then could not support the statement because she did not document it:

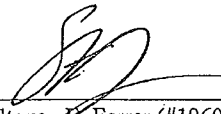
- Q. Did you document your file so I can go back in your file and see where there’s an inconsistency such that it would lead you to believe there’s multiple sets of accounting records?
- A. I probably don’t have that documented, or I probably don’t have that documented unless it was one of the multiple PDFs of the QuickBooks that I had printed. You know, you’d just have to compare those two.

(Stoddard Dep. pg. 108).

Therefore, in addition to her absolute failure to maintain an objective stance when performing her professional accounting duties, Stoddard should be disqualified for failing to know, let alone follow, the specific rules governing her work.

CONCLUSION

Comeau-Shirley respectfully requests this Court issue an Order disqualifying Stoddard from testifying in this matter.


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Attorney for Defendant
Andrea Comeau-Shirley

September 24, 2014

Exhibit A

STATE OF SOUTH CAROLINA IN THE COURT OF COMMON PLEAS
COUNTY OF GREENVILLE C.A. NO. 2012-CP-23-2887

DAVID WILSON, individually and
derivatively on behalf of
Carolina Custom Converting, LLC,
Plaintiff,

VS

John Gandis, Andrea Comeau-Shirley,
ZOi Films, LLC, and Carolina Custom
Converting, LLC,
Defendants,

Carolina Custom Converting, LLC,
Counterclaim, Plaintiff,

VS

Dave Wilson, Steven Norvell, Neologic
Distribution, Inc., and Fresh Water
Systems, Inc.,
Counterclaim Defendants.

DEPOSITION OF: CATHERINE STODDARD

DATE: August 18, 2014

TIME: 9:15 a.m.

LOCATION: Smith Moore Leatherwood
2 West Washington Street, Suite 1100
Greenville, SC

TAKEN BY: Counsel for the Defendant

REPORTED BY: MICHELE E. BECKER,
Registered Merit Reporter

A. WILLIAM ROBERTS, JR., & ASSOCIATES

Fast Accurate & Friendly

Charleston, SC (843) 722-8414	Hilton Head, SC (843) 785-3263	Myrtle Beach, SC (843) 839-3376
Columbia, SC (803) 731-5224	Greenville, SC (864) 234-7030	Charlotte, NC (704) 573-3919

1 A. I'm a senior manager.

2 Q. Is the senior manager the level below
3 partner?

4 A. Yes.

5 Q. How long have you been at Dixon Hughes
6 Goodman?

7 A. About three-and-a-half years.

8 Q. What did you do before that?

9 A. I had my own practice called Stoddard
10 Consulting, and I had some traditional clients and
11 then I also focused on litigation services.

12 Q. How many different big umbrella
13 practice areas does Dixon Hughes have?

14 A. Oh, dear. Big umbrella would probably
15 be like tax, audit, and then we have the FLSVS. And
16 FLSVS is forensic, litigation support, valuation
17 services group.

18 Q. And you're in that group?

19 A. Right.

20 Q. And have you been in that group your
21 entire time at Dixon Hughes?

22 A. Yes.

23 Q. And were you brought in specifically
24 to work in that group?

25 A. Yes.

1 Q. And a senior would be above an in
2 charge?

3 A. They started with what they call
4 staff, which was beginning to two-year. And then

5 senior was anywhere from two, to three, or four,
6 four, maybe five years.

7 Q. And did you work in the audit division
8 there?

9 A. Yes. I was in the audit department.

10 Q. Okay. Now, at any time have you been
11 trained on QuickBooks?

12 A. Not formally. But when I had my own
13 practice I had a number of clients that were
14 QuickBooks clients.

15 Q. Would you -- if somebody came to
16 you -- when you had your own practice did you ever
17 do bookkeeping services for clients?

18 A. A little bit. Some writeup type work.

19 Q. And when you were doing that writeup
20 type work would you use QuickBooks as your program?

21 A. Yes.

22 Q. I asked you earlier you've been
23 deposed before; is that correct?

24 A. Yes.

25 Q. Can you characterize what percentage

1 of your depositions have been related to family
2 court matters?

3 A. Most -- probably all of them,
4 actually. Yeah.

5 Q. Is this one of the rare times you've
6 been deposed in a business dispute as opposed to a
7 family court matter?

8 A. Yes.

9 Q. Have you ever been involved either in
10 terms of consulting or in support of a lawsuit where
11 there is a contentious split in a corporation in an
12 LLC such as this?

13 A. Ever been involved in a lawsuit?

14 Q. Yes.

15 A. Yes.

16 Q. Where there's a contentious split such
17 as this?

18 A. Yes.

19 Q. And would those be in the matrimonial
20 areas?

21 A. No. I've dealt with other businesses.

22 Q. And so in that regard you would have
23 been -- you would not have been testifying about
24 those; is that correct?

25 A. Most of them settled before testimony.

1 A. No.

2 Q. Is there an exam you can sit for to
3 become a forensic accountant?

4 A. Yes.

5 Q. Is there an exam you can sit for to
6 become a certified fraud examiner?

7 A. Yes.

8 Q. Have you taken that test?

9 A. No.

10 (DFT. EXH. 2, Internet Bio for Catherine Stoddard,
11 was marked for identification.)

12 BY MR. FARRAR:

13 Q. I'll show you Exhibit Number 2. And
14 can you tell me what this reflects, please?

15 A. This is a bio from our ISO firm, bio
16 on myself.

17 Q. Instead of making you remember, I
18 thought I'd give you this so we could go through
19 your licenses and certifications, okay?

20 A. Okay.

21 Q. You are a certified public accountant,
22 we've talked about that, correct?

23 A. Right.

24 Q. You're accredited in business
25 valuation by the AICPA?

1 Q. And that affidavit was written to the
2 best of your ability at the time you prepared it; is
3 that correct?

4 A. Yes.

5 Q. And do you believe you violated any
6 ethical provisions of your profession in preparation
7 of that report, that affidavit?

8 A. I don't believe so.

9 Q. Can you tell me what the general
10 requirements of CPAs are involved in litigation
11 engagements?

12 A. It's our job to be objective finders
13 of fact for the benefit of the court.

14 Q. Do you know if the AICPA has issued a
15 set of requirements for CPAs to follow when
16 performing a litigation engagement?

17 A. This kind of work is considered under
18 the consulting standards of the AICPA.

19 Q. Do you know if there's any specific
20 standard that refers to litigation engagements?

21 A. Not that I'm aware of other than the
22 consulting standard.

23 Q. And can you tell me the title of that
24 consulting standard?

25 A. I think it's statement on standards

1 for consulting services.

2 Q. I'm sorry, it's what?

3 A. Statement on standards for consulting
4 services, I believe.

5 Q. Okay. You're not aware of litigation
6 services that are applicable to the professional
7 standards of the AICPA?

8 A. No.

9 Q. If you're not aware of it how do you
10 know that you followed it?

11 A. I -- well, I don't then.

12 Q. Are you aware that the applicable
13 standards for the AICPA litigation service and
14 applicable professional standards require that you
15 follow the general standards of the AICPA?

16 A. I'm sorry, I believe your question is
17 about a document I haven't seen, so...

18 Q. Well, I guess, Ms. Stoddard, the
19 question I'm asking is, do you hold yourself out to
20 be a litigation professional, litigation support
21 professional, and you're testifying in a litigation
22 matter? Would you agree with me that as a
23 professional in your industry you ought to know the
24 rules of your industry?

25 A. Yes.

1 responsibilities that affect litigation services.

2 So, I'm sorry, what was your question
3 about this?

4 Q. My question is, first, have you read
5 it? This is the first time you've read that,
6 correct?

7 A. This is the time first time I've read
8 it, yes.

9 Q. And, secondly, the standards for
10 consulting services is actually a separate
11 standalone document, isn't it?

12 A. It is.

13 Q. Okay. Let me have it back to ask you
14 more questions, please.

15 In fact, this Exhibit 4 recognizes the
16 standalone statement on standards for consulting
17 services because they refer to it in paragraph 7 and
18 say that adherence to that standard must be complied
19 with; is that correct? Paragraph 7.

20 A. Yes.

21 Q. I'm sorry I didn't bring more copies.

22 And then it also says: You must also
23 comply with the general standards of the accounting
24 profession contained in the American Institute of
25 Certified Public Accountants; is that correct?

1 BY MR. FARRAR:

2 Q. All right. You would agree that that
3 appears to be what the rule comprises -- AICPA 201
4 says, correct?

5 A. Yes, that's right.

6 Q. Okay. You're also aware that the
7 AICPA requires that you have to do your job while
8 maintaining integrity and objectivity, correct?

9 A. Yes. That's right.

10 Q. Can you tell me what objectivity is?

11 A. It is an adherence to conclusions
12 based on the facts presented before me.

13 Q. You think that's all objectivity
14 requires?

15 A. Well, I probably didn't say that as
16 gracefully as the standard does, but basically to be
17 objective is not to be persuaded by emotions or
18 other people, but to have opinions based on the
19 objective facts and draw those conclusions based on
20 those facts.

21 Q. Would you agree with me that the rules
22 of professional conduct for the American Institute
23 of Certified Public Accounting provide that the
24 expert does not serve as an advocate for your
25 client's position?

1 A. Yes. I agree with that.

2 Q. Do you believe anytime during the
3 course of this you served as an advocate for your
4 client?

5 A. I do not.

6 Q. When was the first time you met Dave
7 Wilson?

8 A. I am not entirely certain. I believe
9 I became involved in this case in the spring of
10 2013. I talked to him -- I think I met -- I'm
11 pretty sure I met with him at least once before that
12 affidavit in May. So sometime between March and May
13 of 2013.

14 Q. Do you think that you provided me your
15 time records on what you've done in this case?

16 A. I think so.

17 Q. Okay. I'll look again during a break,
18 but I don't think so. But I'll double-check. Where
19 would I look under in those folders?

20 A. They would be on the billing invoices.

21 Q. In what folder on the disk that you
22 provided do you think it would be?

23 A. They should be all in one folder.

24 Q. Okay.

25 A. The bills.

1 Q. And Mr. Woodside is a CPA?

2 A. He is not a CPA.

3 Q. So he doesn't have the same rules
4 applying to him, does he?

5 A. That's true.

6 Q. So if you work with somebody -- if you
7 learn from somebody who doesn't have the same rules,
8 do you believe you're following your profession's
9 rules?

10 A. I believe I am.

11 Q. Okay. So where is the planning in
12 this engagement that you're required to do?

13 A. We don't have planning documents.

14 Q. Well, tell me in your head what the
15 planning was. When you talked to Mr. Arnold and got
16 a sense of what you're supposed to do, what was your
17 plan?

18 A. My plan was to try to understand what
19 was going on in QuickBooks and try to get --
20 eventually to get to a place where we have some
21 confidence in the financial statement numbers that
22 we're looking at.

23 Q. Why were you lacking confidence?

24 A. Why did I lack confidence?

25 Q. Yeah. If you hadn't seen them why did

1 you lack confidence to plan to get confidence? Why
2 wasn't the conversation, I want you to look at these
3 numbers and see if they're right or wrong, but you
4 just told me that your initial plan was to get the
5 documents to where you had confidence in them? What
6 made you not have confidence in them?

7 A. When I -- early on, I don't know if it
8 was our initial meeting, but early on I was given
9 several different financial statements that did not
10 agree. And eventually I got a backup of QuickBooks
11 and they didn't agree either. And so -- and we had
12 trouble getting tax return documents. And so we had
13 different sources of financial information and they
14 didn't agree. And so it became pretty apparent
15 early on that the first step to doing any kind of
16 calculation or analysis of this company is to get
17 something that we feel comfortable with in terms of
18 financial statements.

19 Q. So you were hired to basically reach a
20 valuation of this company?

21 A. Eventually, yes.

22 Q. What were you hired to do?

23 A. To assist Mr. Arnold with this case.

24 Q. I thought you weren't supposed to be
25 an advocate?

1 A. I'm not an advocate.

2 Q. Well, what was the goal to assist
3 Mr. Arnold, so his client would win?

4 A. No. To get to -- the goal initially
5 was to get comfortable with some set of financial
6 statements and to be able then to do some analysis
7 on those financial statements.

8 Q. In order to do that, wouldn't you have
9 in your mind's eye a set of steps you have to take
10 to do that?

11 A. Yes.

12 Q. But you didn't write those down to
13 leave a trail of what you were doing, did you?

14 A. No.

15 Q. In fact, if I look at what you have,
16 you have notes discussing, having discussions with
17 Mr. Arnold as your plan, correct?

18 A. I have notes with Mr. Arnold about
19 what issues -- what the issues were that he needed
20 my assistance with.

21 Q. Okay. I haven't seen any document.
22 If you think it's there, we'll take a break and go
23 look. I haven't seen a single document that shows
24 where you're actually thinking about what you're
25 doing in the case in terms of prospective steps,

1 I can't find that says when you do litigation
2 support you can ignore these general standards of
3 the AICPA?

4 A. We have to keep adequate
5 documentation, but it doesn't mean I have to
6 document the plan as we go along.

7 Q. And that's your testimony as an expert
8 witness who's licensed in the State of South
9 Carolina as a certified public accountant?

10 A. Yes.

11 Q. And you think that you don't have to
12 document your work at all because you don't have to
13 because you're in litigation services?

14 A. Okay. There's a difference between
15 document -- I agree I have to document my work. I
16 have to have support for my conclusions. But to
17 document the plan, I'm not aware that that is a
18 requirement.

19 Q. But you're just picking and choosing
20 what you've got to document, aren't you? You can't
21 show me a single rule that tells you that's
22 appropriate, can you?

23 A. I might if I have an opportunity to
24 look, but I...

25 Q. But you haven't even read the rule,

1 with Mr. Wilson, and he expressed some concern about
2 the integrity of the accounting reports.

3 Q. But at no time did you sit down and
4 come up with that on your own and say, well, this is
5 what we need to do and here's my plan. -- You

6 basically did whatever Mr. Wilson or Mr. Arnold
7 asked you to do, correct?

8 A. I disagree with that.

9 Q. What did you do that they didn't ask
10 you to do?

11 A. He asked me to take a look at -- he
12 had some concerns about the financial statements and
13 the different reports and asked me to investigate
14 them. So the manner in which I investigated them
15 and what I found was entirely my work.

16 Q. What did you do that didn't involve
17 Mr. Wilson or Mr. Arnold asking you to do it? Not
18 how did you do it, but what did you do. Tell me the
19 big broad topics you said as a professional, this is
20 what I'm going to add to this engagement, I'm going
21 to tell them what needs to be done. What did you
22 do?

23 A. Well, nothing really.

24 Q. Okay. Then wouldn't part of what you
25 want to do is to say this is what I need to look at,

1 A. Yeah.

2 Q. So walking away from there you
3 shouldn't get to say, I don't know why this is
4 missing, because you would have had the opportunity
5 to at least hear what the reason was, right?

6 A. I could have heard her explanation,
7 yes.

8 Q. Okay. All right. Excuse me just a
9 second.

10 Now, part of your responsibility as a
11 CPA doing litigation services is you're required to
12 obtain relevant data that's sufficient to provide a
13 reasonable basis for your conclusions; isn't that
14 right?

15 A. Yes. That's right.

16 Q. Okay. But you didn't ask for
17 anything, you just took whatever Mr. Wilson and
18 Mr. Arnold gave you. You didn't ask them for
19 anything, right? Because we've established that.

20 A. I may have asked for something but not
21 formalized discovery. We had a lot of
22 conversations. We may have had a conversation where
23 I said we need to try to get or obtain this or that
24 or the other, and not have it formalized as a
25 specific discovery request.

1 Q. You didn't document that either?

2 A. I didn't.

3 Q. Because you don't have any
4 documentation requirements.

5 A. Yes.

6 Q. Do you have any desk files?

7 A. Desk files?

8 Q. Yeah. Do you have any written paper
9 in your files as opposed to what you have on the
10 computer?

11 A. I have notes occasionally from, like,
12 if somebody makes a phone call, and then I try to
13 incorporate those into my electronic file.

14 Q. You have them scanned in?

15 A. I try to.

16 Q. Do you type them or scan them?

17 A. Sometimes I type them, sometimes I
18 scan them.

19 Q. What happens to the ones that you
20 handwrite and then you typed in what you wanted to
21 type in?

22 A. After I get them in the electronic
23 file we destroy them. Or sometimes it's just
24 something I need to do and once I'm done I get rid
25 of it.

1 Q. Did anyone at Dixon Hughes Goodman
2 assist you in the evaluation of the work you were
3 doing other than the IT people?

4 A. I probably -- I have an associate and
5 I also have a bookkeeper that helps me from time to
6 time. I would have to look at the billing records
7 to see who worked on the case.

8 Q. Who's the associate?

9 A. Zach Mueller. Although -- yeah. Zach
10 Mueller. And the other one is Katherine Haskell.
11 She is the bookkeeper. And I believe there was
12 somebody in the Charleston office too that helped me
13 with the affidavit. His name -- I don't remember
14 now who worked on that.

15 Q. Have you ever visited the CCC plant?

16 A. No.

17 Q. Have you ever asked to?

18 A. I don't remember if I did or not.

19 Q. If you had written a planning note,
20 you would have had that in your planning notes,
21 correct? But you don't have planning notes.

22 A. I might have had a note of it.

23 Q. But that's if you were keeping your
24 planning notes, correct?

25 A. Right.

1 A. That's correct.

2 Q. And so that's what I call, time
3 detail. I assume you have to gather your time
4 detail and put it in on a daily or weekly basis or
5 something like that, correct?

6 A. Yes, that's right.

7 Q. And then you have the ability to push
8 a button and spit all that out, don't you?

9 A. I have ability to spit out whatever is
10 put in the computer. What Mr. Gilbert did there is
11 enter -- the time allows you to enter notes and he
12 apparently put some notes in his time entries.

13 Q. Do you not put notes in yours?

14 A. I don't on this type of matter.

15 Q. So that's one more way I can't follow
16 your trail, correct?

17 A. I suppose that's accurate, yes.

18 Q. Okay. Do you intentionally do this so
19 you don't have to be pressed about things that you
20 found unfavorable to your clients?

21 A. I don't know about being unfavorable
22 to the clients. But for this type of litigation
23 that's what my partner in charge has told me to do.

24 Q. And who is that?

25 A. Roy Stickland.

1 Q. And he told you specifically, don't
2 put any detail in your time?

3 A. Uh-huh.

4 Q. Yes?

5 ~~A. Yes. That's right.~~

6 Q. And did he tell you why?

7 A. I don't know. Probably because it's
8 discoverable. But in family court I do it all the
9 time, so...

10 Q. But did he tell you why not? Why do
11 you assume?

12 A. I think he said because it's
13 discoverable.

14 Q. And you don't want the other side to
15 see it?

16 A. Probably, yes, that's correct.

17 Q. And that's not being an advocate for
18 your client?

19 A. I don't think so.

20 Q. So if you're trying to hide something
21 from the other side, it's not being an advocate for
22 your client in your mind? You don't think so at
23 all?

24 A. I don't think so. No, I don't agree.

25 Q. Okay. But would you agree with me to

1 have a fair and open discussion about your results
2 I'd need to know what you were doing, how you did it
3 and what issues you found both positive and
4 negative?

5 A. Yes.

6 Q. All right. But there's no way I can
7 look for that, is there?

8 A. Well, my affidavit pretty much
9 summarizes what I did and what I found.

10 Q. Does it say what you found unfavorable
11 to your client in there? And you're welcome to take
12 as much time as you want to read your affidavit.
13 And I challenge you to find something that says
14 anything unfavorable about Mr. Wilson. I've read
15 your affidavit pretty carefully, okay?

16 A. Okay.

17 Q. Do you believe there's anything
18 unfavorable about Mr. Wilson in your affidavit?

19 A. I don't think so.

20 Q. And you did all this work and never
21 found one thing unfavorable about Mr. Wilson?

22 A. Not in -- I'm not saying there isn't
23 anything unfavorable, but in that work, no.

24 Q. But you're -- if you found it and you
25 didn't write it down, I can't find it anywhere,

1 correct? And you didn't put it in your report, and
2 you didn't put it in your time. So anything
3 unfavorable you found is gone, is to ether, I can't
4 find it, correct? It's evaporated.

5 A. I didn't find anything like what
6 you're describing at the time I wrote that
7 affidavit.

8 Q. So you found nothing unfavorable with
9 regard to Mr. Wilson, is your testimony?

10 A. Well, the scope of what I was trying
11 to do was to try to understand or highlight the
12 problems with the financial records so that this
13 case could get to a point where we have some
14 information we can rely on to start doing some
15 analysis. And in that process I didn't find
16 anything unfavorable to Mr. Wilson.

17 Q. Did you initially believe you were
18 being engaged to prepare a valuation report of the
19 company?

20 A. Initially I think I thought I was
21 being engaged in order to determine the economic
22 damages.

23 Q. At any time has your engagement been
24 performed with the anticipation that you would come
25 up with a value of the company?

1 support your conclusions?

2 A. Well, I think really my work was done
3 for the affidavit in order to get to the place where
4 we had access to get the information we need. And I
5 really haven't done a whole lot since the affidavit.

6 Q. But you didn't ask Mr. Arnold at any
7 time what have you got, let me see everything you've
8 got?

9 A. I'd ask him if he had specific
10 information about certain things.

11 Q. Like bank statements?

12 A. Yes. We did have bank statements. I
13 did ask for those and we did get those, yeah.

14 Q. Okay. And what else would you -- I
15 mean, I don't know what to ask you because quite
16 frankly there's no way for me to check what you were
17 doing, okay. I'm having to rely on you to remember
18 these things just like that, okay.

19 A. Yeah. We did have bank statements.
20 We did have those.

21 Q. What else did you have?

22 A. I'm sorry, I don't remember.

23 Q. Did you look at the counterclaim
24 against you -- against Mr. Wilson by these
25 defendants?

1 A. I believe I've seen that.

2 Q. Did you see where he was accused of
3 stealing trade secrets?

4 A. Maybe I haven't seen that. That
5 doesn't sound familiar.

6 Q. Okay. Were you aware he was accused
7 of stealing confidential information?

8 A. I became aware of that recently.

9 Q. No. I mean --

10 A. Maybe at that mediation.

11 Q. Okay. When you were giving your
12 opinion, were you aware of that?

13 A. No.

14 Q. Don't you think it would be good to at
15 least know what both sides are saying?

16 MR. ARNOLD: I'm going to object to
17 the form.

18 BY MR. FARRAR:

19 Q. Okay. You can answer the question.

20 A. I think it's helpful to see all of
21 the, yeah, to see all of that is helpful.

22 Q. But you didn't ask for that from
23 Mr. Arnold or Mr. Wilson, did you?

24 A. I probably asked for the complaint but
25 I didn't realize that there were counterclaims.

1 A. No. The first I heard of Mr. Higgins
2 was Bradshaw's report.

3 Q. If you had gone out and toured the
4 plant, don't you think you would have had the

5 opportunity to meet Mr. Higgins?

6 A. I could have, yes.

7 Q. That might have impacted your
8 analysis, mightn't it?

9 A. It might have, yes.

10 Q. Okay. But sitting here today, under
11 oath, you're telling me that you're not aware of any
12 reasons why the relationships deteriorated between
13 Mr. Wilson on one side and Mr. Gandis and
14 Ms. Shirley on the other?

15 A. I really don't know what the source of
16 the conflict was initially. I know there were
17 accusations about cash, and but I really don't know.
18 That came later. And I understand the deterioration
19 started in the fall and it was later, I think, from
20 my understanding when they started talking about
21 cash flow.

22 Q. You know Mr. Wilson doesn't like
23 Ms. Shirley, don't you?

24 A. I know that this lawsuit has caused
25 some conflict between them. I don't have an idea of

1 printed off at different points in time that
2 couldn't be reconciled back.

3 Q. And that's all materials supplied by
4 these gentlemen, right? (Indicating)

5 A. Either that or through discovery, I'm
6 not sure where the -- I'm not sure where the
7 documents all came from. Some of them came through
8 formal discovery.

9 Q. Did Mr. Arnold ever send you formal
10 discovery and say, you got anything you want to add
11 to this, here's my draft?

12 A. I don't recall that, uh-uh.

13 Q. Did you ever send him something
14 saying, next time you ask for something, ask for
15 this?

16 A. If we did -- if it's not in my file it
17 would have been just a conversation.

18 Q. Do you remember doing that?

19 A. I don't remember that, no. I do
20 remember I think asking for bank statements though.

21 Q. You got those before you did your
22 affidavit, right?

23 A. I don't remember when I got those.

24 Q. We'll see. I don't know either,
25 that's why I'm asking.

1 A. Right.

2 Q. But you didn't do that anywhere else
3 on these numbers, did you? I mean, as far as what
4 Mr. Wilson, Mr. Arnold gave you as numbers, you
5 ~~didn't footnote that saying, I don't have that,~~
6 you're just saying the tax return on K-1 didn't have
7 that, right? We'll see examples as we go forward,
8 okay?

9 A. Okay.

10 Q. Now, going back to the last line of
11 paragraph section -- number 5: CCC experienced
12 tremendous growth between 2009 and 2010 and was a
13 profitable, successful business.

14 Now, if I were to tell you at that
15 point in time that they had made a lot of money in
16 2010, but they weren't going to be able to in 2011
17 because the glut came on the market and they were
18 holding a lot of worthless inventory, would you have
19 written such a rosy statement there?

20 A. That would be important to know.

21 Q. You might have put in there, but they
22 were facing severe times coming, or something like
23 that, right? Challenging times coming.

24 A. Yes. However, the 2011 wasn't -- this
25 is based on tax return information, and the tax

1 Q. Did you document in your file so I can
2 go back in your file and see where there's an
3 inconsistency such that it would lead you to believe
4 there's multiple sets of accounting records?

5 A. I probably don't have that documented,
6 or I probably don't have that documented unless it
7 was one of the multiple PDFs of the QuickBooks that
8 I had printed. You know, you'd just have to compare
9 those two.

10 Q. But you would have compared it and
11 then say this is the one Ms. Stoddard was saying
12 created that impression?

13 A. Yes.

14 Q. There's nothing in there that says,
15 this gives me the impression that?

16 A. That's right.

17 Q. So there's an audit trail in
18 QuickBooks but there's not an audit trail in
19 Ms. Stoddard's work, correct?

20 A. That's true.

21 Q. And then going down further, paragraph
22 8 you say: There's some dispute about the integrity
23 and legitimacy of accounting entries and business
24 activity of CCC.

25 So what's the integrity issue there?

1 A. Sorry. M-1 totaled \$155,000.

2 Q. That's what I'm saying. If you add up
3 the hundred plus all the \$5,000 entries they match
4 \$155,000 on M-1.

5 A. I see what you're saying, yes.

6 Q. And, in fact, F-2 is the transaction
7 detail, and M-1 is a vendor balance detail and
8 they're not exclusive, are they?

9 A. No, they're not.

10 Q. So you double counted those then,
11 didn't you?

12 A. It appears that, yes, from this
13 report.

14 Q. But you were sitting in the deposition
15 where Ms. Shirley was testifying and you could have
16 asked that question, had Mr. Arnold ask that
17 question, right?

18 A. Well, the deposition was after this
19 was written. Was it?

20 MS. COMEAU-SHIRLEY: (Moves head up
21 and down.)

22 MR. FARRAR: Stop.

23 THE DEPONENT: Yes, I could have asked
24 that question.

25 BY MR. FARRAR:

Exhibit B

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)
)

IN THE COURT OF COMMON PLEAS
C.A. NO.: 2012-CP-23-02887

David Wilson, individually and derivatively)
on behalf of Carolina Custom Converting,)
LLC,)
)

Plaintiff,

AFFIDAVIT OF

CATHERINE STODDARD, CPA/ABV, CVA

vs.

John Gandis, Andrea Comeau-Shirley, Zoi)
Films, LLC,)
)

Defendants,

John Gandis and Andrea Comeau-Shirley,)
)

Third-Party Plaintiffs,

vs.

Carolina Custom Converting, LLC,)
)

Third-Party Defendants.

PERSONALLY appeared before me **CATHERINE STODDARD, CPA/ABV, CVA,**
who being duly sworn, deposes and says:

1. I am a Certified Public Accountant (since 1989) in Greenville, South Carolina. I am a Senior Manager employed with Dixon Hughes Goodman, LLP, Certified Public Accountants and Advisors. My practice specializes in the area of forensic accounting, litigation support and business valuations. I have experience valuing businesses and hold the designation ABV which is accredited in business valuation from the American Institute of Certified Public Accountants (AICPA). I also hold the designation CVA which is certified valuation analyst from the National

Association of Certified Valuation Analysts. A copy of my current curriculum vitae is attached hereto and made a part hereof.

2. I was engaged by Mr. David Wilson on March 15, 2013 to assist him with the financial aspects of the case referenced above. Primarily, I have been asked to investigate the accounting records of Carolina Custom Converting, LLC ("CCC") to determine the true economic income and financial position of the CCC. I've also been asked to investigate the extent to which the accounting records have been changed, the impact of these changes, and the timing of these changes as they relate to the litigation referenced above.

3. CCC provides custom slit plastic film for a variety of markets, including industrial applications and food packaging¹. The tax returns show that this business started on January 1, 2008. Mr. Wilson informs me that he and John Gandis each own 45% of CCC while Andrea Comeau-Shirley owns 10%.² The Company uses Quickbooks software for its accounting system. Andrea Comeau-Shirley is primarily responsible for the accounting of CCC and maintenance of Quickbooks records.

4. It is my understanding that David Wilson and John Gandis originally started the company, but Andrea Comeau-Shirley was admitted to the partnership early in its formation. The partnership relationships started to deteriorate in the fall of 2011.

5. The tax returns of CCC show gross revenue in 2009 and 2010 of \$1.8 million and \$6.9 million, cost of goods sold of \$1.5 million (77% of Gross Revenue) and \$4.9 million (72% of Gross Revenue), and net income of \$97 thousand and \$1.3 million, respectively. CCC experienced tremendous growth between 2009 and 2010 and was a profitable, successful business.

6. Mr. Wilson provided me with a CCC financial statement which he printed from

¹ CCC website www.ccc-films.com

² We were not provided copies of the K-1's.

Quickbooks on August 1, 2011 (Exhibit A-1) that shows for the seven months ending August 1, 2011 gross revenue was \$3.5 million, Cost of Goods Sold was \$2.9 million (83% of Gross Revenue), and net income was \$654 thousand. Annualizing these results would equate to annual gross revenue of about \$6 million and net income of \$1.1 million. These results would have been consistent with the previous year. This financial statement indicates that CCC continued to be profitable and successful through August 1, 2011.

7. After August 1, 2011, the financial records lack consistency. Discerning CCC's financial results is difficult because the records are not reliable. There are significant discrepancies between different sources of financial information. In addition, unusual transactions were made to Quickbooks after August 1, 2011.

Quickbooks³ reflects gross revenue for 2011 of \$5.8 million, Cost of Goods Sold of \$5.2 million (93% of Gross Revenue) and a net LOSS of \$456 thousand (Exhibit B-1). A financial statement that was provided by CCC in response to a subpoena shows gross revenue for 2011 was \$5.8 million⁴, Cost of Goods Sold of \$5.2 million (90% of Gross Revenue), and a net LOSS of \$425 thousand (Exhibit B-2). A tax transcript for 2011 obtained from the Internal Revenue Service⁵ shows 2011 gross revenue was reported to be \$5.2 million, Cost of Goods Sold were \$4.4 million (84% of Gross Revenue), and net LOSS was reported to be \$163 thousand (Exhibit B-3). Depending upon the source of financial information, Gross Revenue is reported to be \$5.8 million, or \$5.2 million for 2011. Cost of Goods Sold is reported to be \$5.2 million or \$4.4 million. Net income is reported to be a LOSS of \$456 thousand, LOSS of \$425 thousand, or a LOSS of \$163 thousand. While it is not uncommon to make book to tax adjustments for expenses like

³ Electronic back up as of November 19, 2012 provided by CCC

⁴ Operating Revenue appears to be the sum of "Total Income" and "Other Income" from the Quickbooks, Exhibit B-1

⁵ This return was received by the IRS on September 17, 2012 per IRS Transcript

depreciation, meals, and donations or to group accounts differently for different reports, it is unusual for there to be inconsistency in the reported Gross Revenue and Cost of Goods Sold. It is also unusual for the detailed accounting records, like Quickbooks, not to match the company's financial statements. I am not aware of any legitimate reason for these discrepancies in CCC's reported financial results. It appears that CCC is keeping or creating multiple sets of accounting records and reports for the purposes other than accurately reporting its historical results.

8. After August 1, 2011, unusual accounting entries were recorded in Quickbooks that drastically changed the reported results of CCC. Through August 1, 2011, CCC's reported revenue and income were consistent with the previous year, and CCC was on track to make a net PROFIT of about \$1.1 million (see paragraph 6 above). However, CCC ended the year with a loss of between \$163 thousand and \$456 thousand (paragraph 7 above). This represents a deterioration of profits in the range of \$817 thousand to \$1.6 million between August 1, 2011 and December 31, 2011. There is some dispute about the integrity and legitimacy of accounting entries and business activity of CCC after August 1, 2011. However, the decline is at least suspicious. Quickbooks reports indicate that CCC earned \$2.1 million in gross revenue during the last five months of 2011 and incurred Cost of Goods Sold of \$2.3 million. If this were accurate, CCC sold product during the last 5 months of 2011 for \$200 thousand less than CCC's own direct cost. This loss is before considering general and overhead expenses. Cost of Goods Sold as a percentage of Gross Revenue ranged historically from 72% to 83% before August 1, 2011, but changes in Quickbooks reflect Cost of Goods Sold was 111% for the months August through December 2011. The deterioration of CCC's reported financial results continues in 2012 with Quickbooks reporting a Gross Revenue of \$3.2 million and a net LOSS of \$458 thousand

(Exhibit C-1).

9. Although my analysis is not yet complete, I have found the following accounting entries made after August 1, 2011 in Quickbooks that contributed to the deterioration of CCC's reported financial results:

a. On October 24, 2011, sixty-seven invoices were entered with a "WO" following the invoice number of a previously recorded transaction. These transactions were backdated to accounting periods ranging from April to June 2011. (Exhibit D-1) Between October 24, 2011 and January 27, 2012 an additional 5 transactions fitting this same pattern were entered and posted to accounting periods ranging from May 2011 to December 2011. These invoices show inventory being sold at zero sales dollars. (Exhibit D-2) The effect of these transactions was to increase Cost of Goods Sold (material cost) by \$82,421 and remove \$82,421 in inventory value from the books of CCC without any corresponding Gross Revenue or sales. (Exhibit D-3). This accounting treatment of sales, cost of sales, and inventory (including scrap) was unusual and did not begin until after August 1, 2011. This accounting treatment doesn't appear to have continued in any significant way after January 27, 2012.

b. On October 24, 2011, three journal entries were recorded to reduce accounts receivable (an asset). These transactions were backdated to July, August, and September 2011. Unlike previous write-offs, these journal entries were non-specific and included no explanations of specific customers. (Exhibit E-1) On December 15, 2011, an additional non-specific write-off was recorded and back dated to November 30, 2011. (Exhibit E-2) These transactions reduce Accounts Receivable (an asset) and increase bad

debt expense by \$35,683. Although some of the journal entries include a "name" of "Allowance for Doubtful Accounts" and memo explanation of "Bad Debt Reserve," the transactions did not post to a reserve or allowance account. They were posted to accounts receivable (an asset) and bad debt expense.

c. On December 15, 2011, a journal entry was recorded to accrue legal expenses in the amount of \$15,000. (Exhibit F-1) Subsequently, various other legal fees related to the Wilson matter were charged to CCC's books including a forensic investigation of computers. These transactions were entered throughout 2012. On August 12, 2012, an accrual for \$100,000 was recorded to legal expense (Exhibit F-2) and on September 2, 2012, a series of accruals were recorded and backdated for the months January through August 2012. Similar accruals were subsequently made in September and October 2012. These accruals total \$50,000. (Exhibit F-3) Another entry called "Due to LLC Manager – D&O Reimbursement for Legal" was recorded on September 2, 2012 and backdated to May 31, 2012. (Exhibit F-4) The result of these transactions is to increase legal fees expense and either decrease cash (when a legal expense was paid) or increase an accrued liability (when the fees were accrued but not paid). Total legal fees increased from \$10,611 in 2010 to \$118,650 in 2011 and \$120,357 in 2012. (Exhibit F-5) It appears that John Gandis and Andrea Comeau-Shirley have been paying their legal bills related to the dispute with Wilson through CCC and have accrued additional reserves in CCC to cover expected future payments. These legal fees have decreased net income and net worth of CCC.

d. CCC rents its office from an entity called M-Tec, which is owned by John

Gandis, one of the partners involved in this dispute. CCC paid M-Tec \$2,500 per month for a total of \$30,000 per year for 2010 and 2011. However, in 2012, rent to M-Tec increased to \$6,000 a month for a total of \$72,000 for the year. (Exhibit G-1) According to Mr. Wilson, there was no written rent agreement with John Gandis, but this increase was not discussed with or approved by Mr. Wilson.

e. On February 22, 2012, a fixed asset called "Idle Equipment or CWIP: B3-86 Black Clawson DR-15" was removed from the balance sheet and expensed as repairs and maintenance (labor). The February transaction was backdated to October 31, 2011. (Exhibit H-1) Expenses for this asset accumulated during the months May to September 2011.

f. Zoi is an entity started and controlled by John Gandis and Andrea Comeau-Shirley. On August 18, 2012 and October 17, 2012, two vendor invoices were entered that related to an entity named "Zoi." (Exhibit I-1) The invoices were charged as a reduction to sales. The invoices were subsequently "paid" from various cash accounts of CCC in Quickbooks during the period August 2012 through November 2012. (Exhibit I-2) The result of these transactions was to decrease sales and decrease cash by about \$190,000. In addition, there were corresponding customer invoices to Zoi. Although we have not yet fully untangled these transactions, it appears that CCC sold inventory to Zoi at reduced prices, often even below cost. These sales invoices to Zoi were paid through a cash clearing account that was offset by these outstanding payable invoices. Sales invoices to Zoi between April 2012 and November 2012 total \$246,269. (Exhibit I-3) We have not fully determined the full financial statement impact of these transactions as

often the sales invoice did not represent the full value of the asset being sold to Zoi. John Gandis and Andrea Comeau-Shirley have indicated that Zoi is a subsidiary of CCC.⁶ However, Quickbooks does not include the banking activity of Zoi and I have been unable to find any record of Zoi's sales or other financial activity in the Quickbooks records of CCC.

g. Certain transactions appear to be running through the payroll account. Some customer payments are deposited directly to the payroll account instead of the operating account. There are corresponding unusual transactions out of the payroll account. In addition, payroll expense has increased significantly and its increase is illogical in light of other financial statement activity. At this time we have insufficient records to test and fully analyze the payroll accounts. However, the increases in payroll are at least suspicious and inconsistent with the historical expenses and with other financial statement accounts. Furthermore, this treatment of customer deposits first started on August 4, 2011. (Exhibit J-1)

k. A customer sales invoice #2035 to BPR Plastics was originally entered December 1, 2011 for \$6,273 (Exhibit K-1, page 18). The invoice was for Trim Waste Sales. The invoice was subsequently voided. After it was voided, additional inventory was added to the sales invoice on December 16, 2011 and January 27, 2012. (Exhibit K-1, pages 12-18). A similar customer sales invoice #2034 was also entered about the same time and voided. Although the invoices were voided, the inventory that was subsequently added to the invoice continues to reduce CCC's inventory and increase Cost of Goods Sold. Total inventory removed from CCC and expensed to Cost of Goods sold through

⁶ Answer of Zoi Films, LLC FIRST DEFENSE (f)

sales to BPR Plastics in 2011 was \$330,798 (Exhibit K-2). However, CCC only invoiced BPR Plastics \$27,845 (Exhibit K-3) for these sales. These invoices represent 352,352 pounds of material. Material was historically sold for \$1-\$3 per pound with scrap being sold at \$0.20 to \$0.50 per pound. The result of these transactions was to decrease inventory and increase Cost of Goods (material) expense by \$330,787 (Exhibit K-2) and record sales of \$27,845 (Exhibit K-3). However, the full financial statement impact could be much larger because the sales value of this inventory is likely higher than its cost. I am still investigating these transactions but the impact could be a reduction in sales of \$70 thousand to over \$500,000.

l. In June 2012, CCC books started including an additional accrual of a liability for John Gandis. One of the invoices has the following description, "Management and Administrative Services." Most of these transactions were entered in September, October, and November of 2012. However, they were backdated throughout the year 2012. At first amounts were accrued as compensation to John. These accruals were later reversed through a series of vendor payables to John. The result of these transactions is to increase liabilities (either accrued payroll or accounts payable) and increase payroll expense by \$95,250. (Exhibit L-1)

m. On October 31, 2012, a series of vendor invoices to Narnaste Financial Services were entered and back dated to various months in 2012. Mr. Wilson believes Narnaste Financial Services is an entity owned by Andrea Comeau-Shirley. This is the same entity whose name appears as the preparer of the Company's tax returns. These transactions total \$155,000. (Exhibit M-1) We have not yet completed our analysis of

the transactions to Narnaste Financial Services to determine the full financial impact.

12. Our analysis is ongoing and not yet complete. However, based on the work we have done, it appears that certain accounting entries were made beginning in the fall of 2011 that were unusual in light of the historical transactions heretofore. These transactions had the effect of decreasing assets such as inventory, cash, accounts receivable, and fixed assets, increasing liabilities such as accruals, decreasing gross sales, and increasing expenses. My preliminary analysis also indicates that some assets and sales may have been diverted to related entities that are owned or controlled by Andrea Comeau-Shirley or John Gandis. We do not have adequate records to fully analyze these transactions or to determine the full extent of the impact to the financial statements. These unusual transactions that started in the fall of 2011, have a negative impact on the financial statements of CCC and would negatively impact the valuation of CCC if they are taken at face value.

In order to get an accurate accounting of the financial position and financial activity of CCC, these books and records need to be reconstructed. However, the adjustments that were made to the books of CCC beginning in the fall of 2011 have been buried among detailed sales and expense records and within vendor and sales invoices. Consequently, correcting and re-stating the books of CCC will be a very tedious, time-consuming, and expensive process. CCC needs a complete reconstruction of the financial records for the years 2011 and 2012 in order to get an accurate picture of its income and assets for purposes of a valuation. The manipulation of the books beginning in the fall of 2011 is significant to the overall financial picture and valuation of the Company. We have not yet compared the Quickbooks accounting records to the actual banking transactions or compared the inventory and sales invoices to the shipping records, which

are both necessary steps in this forensic investigation.

13. I have incurred fees of approximately \$19,000 to date. I have been paid \$16,073.

Reconstruction of the accounting records to determine the extent to which assets have been removed by the shareholders since the fall of 2011 and to determine an accurate financial record from which the business interests can be valued, will be an expensive process. It would not be unrealistic to expect additional fees of \$75,000 to \$100,000 to complete this task.

Catherine Stoddard, CPA/ABV, CVA

SWORN to before me this
_____ day of _____, 2013.
_____(SEAL)
NOTARY PUBLIC FOR SOUTH CAROLINA
My Commission Expires:

EXHIBIT A

Catherine Stoddard, CPA/ABV, CVA
Dixon Hughes Goodman, LLP
11 Brendan Way (29615)
PO Box 25849, Greenville, SC 29616
864-288-5544 (main), 864-213-5350 (direct), 864-458-8519 (fax)
catherine.stoddard@dhgllp.com
Curriculum Vitae

Professional Licenses and Certifications

Certified Public Accountant (CPA), South Carolina, No. 03222, since March 1989
Certified Valuation Analyst (CVA), NACVA, since May 2001
Accredited in Business Valuation (ABV), AICPA, since June 2006
Certified Family Court Mediator, South Carolina Bar, March 2012

Professional Associations

American Institute of Certified Public Accountants (AICPA)
South Carolina Association of Certified Public Accountants (SCACPA), served as member of
Business Valuation/Litigation Services sub-committee since 2003, Chair 2008 and
2009
National Association of Certified Valuation Analysts (NACVA)
Institute of Business Appraisers (IBA)
International Academy of Collaborative Professionals (IACP)

Education

BA Accounting, Furman University, December 1986, *Cum Laude*

Specialty Seminars/Conferences

SC Bar Family Court Mediation Training, Greenville, SC, March 22-26, 2012
SC Bar Interdisciplinary Family Collaborative Practice, Charleston, SC, November 4-5, 2011
SC Bar Family Law Intensive, Asheville, NC, October 6 – 8, 2011
National Business Institute, Handling Divorce Cases from Start to Finish, October 5, 2011,
faculty speaker
Globalview CPE for Accountants, Buy Sell Agreements, May 27, 2011, speaker
AICPA National Business Valuation Conference, Washington DC, November 7-9, 2010
SCACPA/SC Bar Litigation Conference, Columbia, SC September 16, 2010, speaker
AICPA National Business Valuation Conference, San Francisco, CA November 15 -17, 2009
SCACPA/SC Bar Litigation Conference, Columbia, SC September 17, 2009, speaker
NACVA State Chapter, Columbia, SC December 5, 2008, speaker
SCACPA/SC Bar Litigation Conference, Columbia, SC September 18, 2008, speaker
SCACPA/SC Bar Litigation Conference, Kiawah, SC, September 21-22, 2007, speaker
Institute of Business Appraisers Business Valuation Symposium, Denver CO, June 20-23,
2007
AICPA/ASA National Business Valuation Conference, Las Vegas, NV, November 14 -16,

2005

Current Update in Valuations, Atlanta, GA, September 18, 2004

SCACPA Litigation Conference, Columbia, SC, September 16, 2004

ABV Exam Review, Atlanta, GA, June 14-15, 2004

Critical Issues in Divorce, Telephone Conference, March 23, 2004

SCACPA Litigation Conference, Columbia, SC, September 18, 2003

AICPA/AAML National Conference on Divorce: Property and Complex Financial Issues, Las

Vegas, NV, May 16-17, 2002

National Association of Certified Valuation Analysts 2000 Training Seminar, Atlanta, GA,

August 21-25, 2000

American Institute of Certified Public Accountants' 2000 National Advanced Divorce

Conference; Las Vegas, Nevada, May 20-23, 2000

World Trade Institute seminar; Doing Business in Mexico; Chicago, IL, August 27-29, 1994

American Institute of Certified Public Accountants' National Construction Industry

Conference, New Orleans, LA, 1993

Professional Experience

Dixon Hughes Goodman— 2011 to present; Senior Manager Forensic, Litigation Support and Valuation Services.

Stoddard Consulting - 1994 to 2011; Sole Practitioner providing tax, compilation, consulting, litigation support, business valuation, forensic, expert witness, and divorce services.

Suitt Construction Company, Inc. and Suitt International Company, Inc. – 1991 to 1994; Suitt International Company, Inc. was a separate but affiliated company based in the USA with 5 subsidiaries in 3 European Countries and 1 subsidiary in Mexico. Responsibilities included financial reporting including international subsidiaries and job-sites.

Ernst & Young (formerly Ernst & Whinney) - 1987 to 1991; Provided various assurance, tax, and consulting services for public and privately owned companies and retirement plans in the following industries: manufacturing, distribution, healthcare, retail, utilities, and construction.

Testimony Experience

Sauro v Sauro	Family Court, Gaffney, SC	Trial
Maxon v Maxon	Family court, Laurens, SC	Trial
Powell v Powell	Family Court, McCormick, SC	Trial

~~Holeman v Holeman~~	~~Family Court, Greenwood, SC~~	~~Trial~~

Atwell v Atwell	Family Court, Greenville, SC	Trial
Winkler v Winkler	Family Court, Anderson, SC	Trial
Garber v Garber	Family Court, Laurens, SC	Deposition
Dickert v Dickert	Family Court, Greenville, SC	Deposition & Trial
Levato v Levato	Family Court, Greenville, SC	Deposition
Armstrong v Armstrong	Family Court, Greenville, SC	Trial
Johnston v Johnston	Greenville, SC	Arbitration
Scott v Scott	Greenville, SC	Arbitration
Price v Price	Columbia, SC	Deposition and Arbitration
McManus v McManus	Family Court, Greenville, SC	Arbitration
Wilburn v Wilburn	Family Court, Greenville, SC	Trial
Swinford v Swinford	Family Court, Rock Hill, SC	Trial
Duvall v Duvall	Columbia, SC	Arbitration
Conits v Conits	Greenville, SC	Trial
Terry v Terry	Greenville, SC	Deposition and Hearing

Exhibit C

STATE OF SOUTH CAROLINA

COURT OF COMMON PLEAS

COUNTY OF GREENVILLE

DAVID WILSON, INDIVIDUALLY AND
DERIVATIVELY ON BEHALF OF
CAROLINA CUSTOM CONVERTING, LLC,
Plaintiff,

vs.

CASE NO. 2012-CP-23-2887

JOHN GANDIS, ANDREA COMEAU-SHIRLEY,
ZOI FILMS, LLC, AND CAROLINA CUSTOM
CONVERTING, LLC,
Defendants.

CAROLINA CUSTOM CONVERTING, LLC,
Counterclaim, Plaintiff,

vs.

DAVE WILSON, STEVEN NORVELL, NEOLOGIC
DISTRIBUTION, INC., AND FRESH WATER
SYSTEMS, INC.,
Counterclaim Defendants.

DEPOSITION OF: DEL L. BRADSHAW AND PETER C. TIFFANY

DATE: September 18, 2014

TIME: 10:04 A.M.

LOCATION: Law Offices of
Smith Moore Leatherwood, LLP
2 West Washington Street, Suite 100
Greenville, SC

TAKEN BY: Counsel for the Defendants John
Gandis, et al.

REPORTED BY: LORI S. MORTGE,
Certified Court Reporter, CCR

A. WILLIAM ROBERTS, JR., & ASSOCIATES

Fast, Accurate & Friendly

Charleston, SC	Hilton Head, SC	Myrtle Beach, SC
(843) 722-8414	(843) 785-3263	(843) 839-3376
Columbia, SC	Greenville, SC	Charlotte, NC
(803) 731-5224	(864) 234-7030	(704) 573-3919

1 invoice did imply that, yes.

2 Q. Talking about practicing accounting,
3 have you ever agreed to provide hack passwords to
4 any of your clients?

5 A. Hack passwords?

6 Q. If your client called and said, I'd like
7 to get into -- I've been fired by this company, I'd
8 like to get into the books and records, would you
9 provide them with passwords of all individual
10 members of the company that they left?

11 A. Well, first, I'm not an IT person and,
12 secondly, no, I would not.

13 Q. Yeah. I'm not suggesting you have;
14 okay? I'm just curious. And as I understand the
15 standards of accounting, since we're talking about
16 those and I've seen you do it, you basically plan
17 what you're going to do; correct?

18 A. Yes.

19 Q. And you document to leave a trail;
20 correct?

21 A. Yes.

22 Q. And you're doing this in a litigation
23 role; correct?

24 A. Yes.

25 Q. In this instance. But you understand

1 it's your professional obligation to leave a trail;
2 correct?

3 A. Correct.

4 Q. And it's your professional obligation
5 not to destroy anything you do; correct?

6 A. Correct.

7 Q. And do you have a different rule as far
8 as keeping your time entries when you're working on
9 a litigation matter versus an audit in terms of what
10 detail you put in there?

11 A. No.

12 Q. You had the opportunity to look at
13 Ms. Stoddard's affidavit; correct?

14 A. Yes.

15 Q. Do you agree that Ms. Stoddard's
16 affidavit contained numerous assumptions or
17 erroneous assumptions that she could have dispelled
18 had she done some investigation -- the investigation
19 you did?

20 A. I think in our report that we stated as
21 such that had she known of the -- the two biggest
22 issues was the inventory waste and the erroneous
23 sale. And had she known of these, I think it would
24 have made a huge difference in any type of
25 projections or annualizations that she made with

1 regards to her affidavit.

2 Q. Correct. I believe you say that it
3 would have been inappropriate to annualize the
4 midyear 2011 on year-end; correct?

5 A. That's correct. And we state in our
6 report we found that the interim financial
7 statements were probably not reliable. And the
8 primary reasons for that, we know for a fact, was
9 the uniqueness of this manufacturing which was it
10 had waste. And that was a significant part and we
11 did -- in our interviews we did confirm that --
12 Mr. Wilson seemed to have a fair amount of knowledge
13 with regards to that. He did suggest that it was
14 approximately 12 to 15 percent waste with regards to
15 this manufacturing process. So, yes, that's -- that
16 was a big issue.

17 The current QuickBooks is not equipped,
18 at this moment in time, to account for that without
19 some manual assistance.

20 Q. Without input?

21 A. Without input. And it's large enough
22 that it should have been. That would have made the
23 interim financial statements I think more
24 meaningful, just from that standpoint.

25 Q. It's not unusual for financial

1 statements not to be as honed as a year-end
2 financial statement, is it?

3 A. No, it's not, but we find that most of
4 our small business owners, they want to have
5 reliable information. And, for the most part, we
6 found that the banks were being reconciled and we
7 found that accounts receivable and accounts payable
8 seemed to be relatively matched to their detailed
9 records, although there probably was some
10 adjustments for that. Primarily we found that the
11 inventory, the bad sale --

12 Q. Sale off the dock? Is that what we're
13 calling the bad sale?

14 A. We found adjustments such as
15 depreciation, things like that, were not made. And
16 so you would have had to do more work on a month-end
17 to make it a little bit more reliable.

18 Q. But you would have recognized that
19 fairly quickly if you had been brought in and given
20 a month-end statement, wouldn't you, and talked to
21 the owners?

22 A. No doubt about it, yes. One
23 clarification.

24 Q. Yes.

25 A. We would have known about it. Had we

1 understood the process, the manufacturing process.
 2 And once we had gotten into that part of the
 3 analysis we would have understood why inventory
 4 would have required more adjustments.

5 ~~Q. And in your role as doing that if you~~
 6 were in Ms. Stoddard's shoes you would have -- and
 7 had Mr. Wilson's ear you would have said to him,
 8 this is our plan, this is what we need to do, this
 9 is what you need to attack, can you explain these
 10 things to us as you learn the process; correct?

11 A. Yes.

12 Q. That would be the natural course of a
 13 professional accountant; right?

14 A. If I had access to the information, yes,
 15 I would have done some of the things necessary or at
 16 least inquired or made a list or made a plan as to
 17 things that I needed to review and look at to go
 18 further with my analysis.

19 Q. If Ms. Comeau-Shirley had recommended to
 20 Mr. Wilson and Mr. Gandis that they hire an in-house
 21 accountant and been rejected, would that be some
 22 knowledge to you that she had disdained or
 23 disclaimed the role of being the in-house accountant
 24 if she's telling them to hire one?

25 A. I don't know that I can render an

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

IN THE COURT OF COMMON PLEAS

David Wilson, individually and derivatively)
on behalf of Carolina Custom Converting,)
LLC,)

Plaintiff,)

vs.)

John Gandis, Andrea Comeau-Shirley, ZOi)
Films, LLC, and Carolina Custom)
Converting, LLC,)

Defendants,)

Carolina Custom Converting, LLC,)

Counterclaim Plaintiff,)

vs.)

Dave Wilson, Steven Norvell, Neologic)
Distribution, Inc., and Fresh Water Systems)
Inc.,)

Counterclaim Defendants.)

CERTIFICATE OF SERVICE

C.A. No. 2012-CP-23-2887

The undersigned certifies that on the 24th day of September, 2014, she caused to be served the **Motion to Disqualify Plaintiff's Expert Catherine Stoddard** upon the attorneys for Plaintiff and Co-Defendants, as indicated below, copies of the same addressed to:

VIA HAND DELIVERY

Mr. W. Andrew Arnold
Law Office of W. Andrew Arnold, P.C.
712 East Washington Street
Greenville, SC 29601
Attorney for Plaintiff

VIA EMAIL

Mr. Mason A. Goldsmith
Mr. K. Jay Anthony
Elmore Goldsmith, PA
Post Office Box 1887
Greenville, SC 29602
Attorney for Defendant
John Gandis

VIA EMAIL

Mr. L. Lee Plumblee
Eppes & Plumblee, P.A.
Post Office Box 10066
Greenville, SC 29603
Attorney for Defendant
ZOi Films, LLC

VIA EMAIL

Mr. Thomas L. Stephenson
Stephenson & Murphy, LLC
207 Whitsett Street
Greenville, SC 29601

and

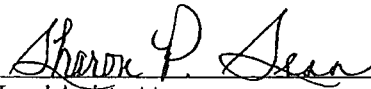
VIA EMAIL

Mr. Burl F. Williams
Nexsen Pruet, LLC
55 East Camperdown Way, Suite 400 (29601)
Post Office Box 10648
Greenville, SC 29603

Attorneys for Defendant
Carolina Custom Converting, LLC

VIA HAND DELIVERY

Mr. Bruce B. Campbell
Horton, Drawdy, Ward, Mullinax & Farry, P.A.
307 Pettigru Street
Greenville, SC 29601
Attorney for Defendants
Steven Norvell, Neologic Distribution, Inc.,
and Fresh Water Systems Inc.



Legal Assistant to:
Steven E. Farrar (#1960)
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(864) 751-7600
(864) 751-7800 (fax)
steve.farrar@smithmoorelaw.com

Attorney for Defendant
Andrea Comeau-Shirley

EXHIBIT B

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS

David Wilson, individually and derivatively on
behalf of Carolina Custom Converting, LLC,

Civil Action No. 2012-CP-23-02887

Plaintiff,

vs.

John Gandis, Andrea Comeau-Shirley, ZOi
Films, LLC, and Carolina Custom Converting,
LLC,

AFFIDAVIT OF JOHN GANDIS

Defendants,

Carolina Custom Converting, LLC,

Counterclaim Plaintiff,

vs.

Dave Wilson, Steven Norvell, Neologic
Distribution, Inc., and Fresh Water Systems
Inc.,

Counterclaim Defendants.

PERSONALLY APPEARED before me John Gandis who, first being duly sworn,
deposes and state as follows:

1. I am a resident of Greenville County, South Carolina.
2. I am over the age of eighteen, and have personal knowledge of the facts stated herein.
3. Following the entry of the judgment in this case, I reviewed old EFS files that Wilson left at CCC. In the limited amount of time I had, I discovered two purchase orders where Wilson purchased film from Edward Sider & Company, an American owned film company. (Attached as Exhibits A & B.) Edward Sider & Company is located in Illinois.

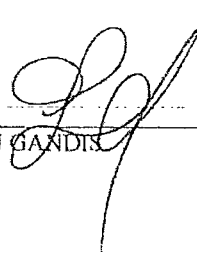


4. I found two occasions where Wilson purchased film from Edward Sider & Company and used that film to supply Modular Metal.
5. Exhibit A, last page, shows that on July 7, 2008 Wilson purchased the following from Edward Sider & Company: "44 gauge clear untreated polyester film - 2.375" x 40,000' on 3" core . . . 1672 rolls on 22 pallets." Exhibit A further requested a ship date of "8-25."
6. I compared the purchase order found in Exhibit A to EFS invoice 4555 found at Plaintiff's Ex. 125, page 1. (Attached as Exhibit C). EFS invoice 4555 is an invoice to Modular Metal. My comparison of these two orders revealed that they were for the exact same product. And my comparison of page two of Exhibit A shows that they were for the same amount of product: 41,863 pounds.
7. Exhibit B is an invoice from Edward Sider & Company made out to EFS. It is dated September 10, 2008. The invoice shows that Wilson purchased 41,489 pounds of polyester film "2-3/8 x 40 MLF."
8. I compared the invoice found in Exhibit B to EFS invoice 4566 found at Plaintiff's Ex. 125, page 2. (Attached as Exhibit D). EFS invoice 4566 is an invoice to Modular Metal. My comparison of this invoice to the invoice found at Exhibit B, page 2, shows that they were for the same product and the same amount of product: 41,489 pounds.
9. The significance of these documents and dates demonstrate that they were issued well past the date that Wilson had indicated that he was "all in." In the case of the Modular Metal orders as well as a number of the Lamborn orders - the purchase orders from the customers themselves were issued AFTER Wilson and I had come to an agreement. The



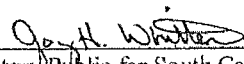
film was not imported, but rather, it was satisfied through other American supply partners
– outside of CCC.

FURTHER AFFIANT SAYETH NAUGHT.



JOHN GANDIS

SWORN and subscribed to before me
this 20th day of January, 2015.



Notary Public for South Carolina

My Commission Expires: _____ My Commission Expires March 16, 2019

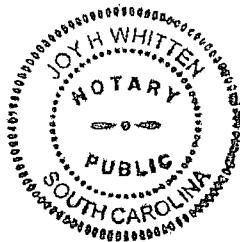


EXHIBIT A

E. Sider Company				10/1/2008	
Date	Type	Reference	Original Amt.	Balance Due	Discount Payment
8/22/2008	Bill	61840	2,094.40	2,094.40	2,094.40
8/25/2008	Bill	61841	49,912.54	49,912.54	49,912.54
				Check Amount	52,006.94

Summit National

52,006.94

REORDER FORM #7200

Edward Sider & Company



6042 Eagle Way
Chicago, IL 60678-1060

60 Revere Drive
Suite 770
Northbrook, IL 60062
Phone No. (847) 272-2910
Fax No. (847) 272-2990

Bill To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Ship To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Purchase Order Number	Invoice Date	Ship Date & Via	Terms	Invoice No.:
1560	08/25/08	8/25/08 S&W	Net 30	61841
Quantity Shipped	Description		Unit Price	Amount
66880.000 MLF	Polyester Film		0.7463 MLF	49912.54
	2-3/8 x 40 MLF			
1672.000 RLS			0.0000 RLS	0.00
41863.000 LBS			0.0000 LBS	0.00
22.000 each	Pallets		0.0000 each	0.00
	22 @ 76 rolls			
Invoice subtotal				49912.54
Invoice total				49912.54

Thank You

Edward Sider & Company



6042 Eagle Way
Chicago, IL 60678-1060

60 Revere Drive
Suite 770
Northbrook, IL 60062
Phone No. (847) 272-2910
Fax No. (847) 272-2990

Bill To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Ship To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Purchase Order Number	Invoice Date	Ship Date & Via	Terms	Invoice No.:
1560	08/25/08	8/25/08 S&W	Net 30	61841

Quantity Shipped	Description	Unit Price	Amount
66880.000 MLF	Polyester Film 2-3/8 x 40 MLF	0.7463 MLF	49912.54
1672.000 RLS		0.0000 RLS	0.00
41863.000 LBS		0.0000 LBS	0.00
22.000 each	Pallets 22 @ 76 rolls	0.0000 each	0.00
Invoice subtotal			49912.54
Invoice total			49912.54

Thank You

Edward Sider & Company



6042 Eagle Way
Chicago, IL 60678-1060

60 Revere Drive
Suite 770
Northbrook, IL 60062

Phone No. (847) 272-2910
Fax No. (847) 272-2990

Bill To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Ship To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Purchase Order Number	Invoice Date	Ship Date & Via	Terms	Invoice No.:
1540	08/22/08	8/22/08 Palmetto	Net 30	61840
Quantity Shipped	Description	Unit Price	Amount	
3200.000 MLF	Polyester Film 2-1/4 x 40 MLF	0.6545 MLF	2094.40	
80.000 RLS		0.0000 RLS	0.00	
1981.000 LBS		0.0000 LBS	0.00	
1.000 each	Pallets 1 @ 80 rolls	0.0000 each	0.00	
Invoice subtotal			2094.40	
Invoice total			2094.40	

Thank You

Edward Sider & Company



6042 Eagle Way
Chicago, IL 60678-1060

60 Revere Drive
Suite 770
Northbrook, IL 60062
Phone No. (847) 272-2910
Fax No. (847) 272-2990

Bill To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Ship To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Purchase Order Number -	Invoice Date	Ship Date & Via	Terms	Invoice No.:
1540	08/22/08	8/22/08 Palmetto	Net 30	61840

Quantity Shipped	Description	Unit Price	Amount
3200.000 MLF	Polyester Film 2-1/4 x 40 MLF	0.6545 MLF	2094.40
80.000 RLS		0.0000 RLS	0.00
1981.000 LBS		0.0000 LBS	0.00
1.000 each	Pallets 1 @ 80 rolls	0.0000 each	0.00
Invoice subtotal			2094.40
Invoice total			2094.40

Thank You

EDWARD SIDER AND COMPANY

POLYESTER FILM

PACKING LIST

SHIP DATE: August 22, 2008

GAUGE: 44

SHIP VIA: Palmetto State

WIDTH: 2.25"

ORDER NO. 1540

ROLL/CARTON: See Below

LOT NO:

	PALLET NUMBER	ROLLS PER PALLET	LF PER ROLL	GROSS WEIGHT	NET WEIGHT
1	000345	80	40,000	2041	1981
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
	TOTAL	80		2,041	1,981

Eastern Film Solutions LLC

200 W. Warehouse Ct
Suite 200 A4
Taylors, SC 29687
864-244-5667

Purchase Order

Date	P.O. No.
5/1/2008	1540 -

Vendor
E. Sider Company 60 Revere Drive Suite 770 Northbrook, IL 60062

Ship To
Eastern Film Solutions 200 W. Warehouse Ct. Suite 200 A4 Taylors, SC 29687

Item	Description	Qty	Rate	Amount
44 DMTL	44 gauge clear untreated polyester film - 1.75" x 40,000' on 3" core 200 rolls on 2 pallets	3,738	1.0899	4,074.05
44 DMTL	44 gauge clear untreated polyester film - 2.25" x 40,000' on 3" core 240 rolls on 3 pallets	5,769	1.0899	6,287.63
44 DMTL	44 gauge clear untreated polyester film - 3.375" x 40,000' on 3" core 104 rolls on 2 pallets need this ready to ship by June 10	3,748	1.0899	4,084.95
44 DMTL	44 gauge clear untreated polyester film- 1.75" x 40,000' on 3" core 200 rolls on 2 pallets	3,738	1.0899	4,074.05
44 DMTL	44 gauge clear untreated polyester film - 2.25" x 40,000' on 3" core 160 rolls on 2 pallets	3,846	1.0899	4,191.76
44 DMTL	44 gauge clear untreated polyester film - 3.375" x 40,000' on 3" core 104 rolls on 2 pallets need this to ship by June 30	3,748	1.0899	4,084.95
S.O. No.		Total		\$26,797.39

Phone #	Fax #
8642445667	4197914765

EDWARD SIDER AND COMPANY

POLYESTER FILM

PACKING LIST

SHIP DATE: June 13, 2008

GAUGE: 44

SHIP VIA: Smith & Waters

WIDTH: 3 3/8"

ORDER NO. 1540

ROLL/CARTON: See Below

LOT NO:

	PALLET NUMBER	ROLLS PER PALLET	LF PER ROLL	TOTAL MLF PER PALLET	GROSS WEIGHT	NET WEIGHT
1	003673	56	40,000	2,240	2077	2016
2	03674	56	40,000	2,240	2102	2041
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
	TOTAL	112		4,480	4,179	4,057

EDWARD SIDER AND COMPANY

POLYESTER FILM

PACKING LIST

SHIP DATE: June 13, 2008

GAUGE: 44

SHIP VIA: Smith & Waters

WIDTH: 2 1/4"

ORDER NO. 1540

ROLL/CARTON: See Below

LOT NO:

	PALLET NUMBER	ROLLS PER PALLET	LF PER ROLL	TOTAL MLF PER PALLET	GROSS WEIGHT	NET WEIGHT
1	001713	80	40,000	3,200	2019	1954
2	001714	80	40,000	3,200	1984	1909
3	01715	80	40,000	3,200	2000	1932
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
	TOTAL	240		9,600	6,003	5,795

EDWARD SIDER AND COMPANY

POLYESTER FILM

PACKING LIST

SHIP DATE: June 13, 2008

GAUGE: 44

SHIP VIA: Smith & Waters

WIDTH: 1 3/4"

ORDER NO. 1540

ROLL/CARTON: See Below

LOT NO:

	PALLET NUMBER	ROLLS PER PALLET	LF PER ROLL	TOTAL MLF PER PALLET	GROSS WEIGHT	NET WEIGHT
1	000085	96	40,000	3,840	1836	1771
2	000086	96	40,000	3,840	1840	1775
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
	TOTAL	192		7,680	3,676	3,546

Eastern Film Solutions LLC

200 W. Warehouse Ct
Suite 200 A4
Taylors, SC 29687
864-244-5667

Purchase Order

Date	P.O. No.
7/7/2008	1560

Vendor	Ship To
E. Sider Company 6042 Eagle Way Chicago, IL 60678-1060	Eastern Film Solutions customer arranged

Item	Description	Qty	Rate	Amount
44 DMTL	44 gauge clear untreated polyester film - 2.375" x 40,000' on 3" core \$29.85/roll 1672 rolls on 22 pallets roll labels will be provided by Eastern Film Solutions Requested ship date is 8-25	42,000	1.18	49,560.00
S.O. No.	1246	Total		
				\$49,560.00

Phone #	Fax #
8642445667	4197914765

EXHIBIT B

E. Sider Company				10/16/2008	
Date	Type	Reference	Original Amt.	Balance Due	Discount
9/10/2008	Bill	61951	49,912.54	49,912.54	
				• Check Amount	49,912.54

Summit National

49,912.54

REORDER FORM #7200

Edward Sider & Company



6042 Eagle Way
Chicago, IL 60678-1060

60 Revere Drive
Suite 770
Northbrook, IL 60062
Phone No. (847) 272-2910
Fax No. (847) 272-2990

Bill To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Ship To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Purchase Order Number	Invoice Date	Ship Date & Via	Terms	Invoice No.:
1561	09/10/08	9/10/08 S&W	Net 30	61951

Quantity Shipped	Description	Unit Price	Amount
66880.000 MLF	Polyester Film 2-3/8 x 40 MLF	0.7463 MLF	49912.54
1672.000 RLS		0.0000 RLS	0.00
41489.000 LBS		0.0000 LBS	0.00
22.000 each	Pallets 22 @ 76 rolls	0.0000 each	0.00
Invoice subtotal			49912.54
Invoice total			49912.54

Thank You

Edward Sider & Company



6042 Eagle Way
Chicago, IL 60678-1060

60 Revere Drive
Suite 770
Northbrook, IL 60062
Phone No. (847) 272-2910
Fax No. (847) 272-2990

Bill To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Ship To: **Eastern Film Solutions LLC**
200 W. Warehouse Ct.
Ste. 100 A4
Taylors, SC 29687

Purchase Order Number	Invoice Date	Ship Date & Via	Terms	Invoice No.:
1561	09/10/08	9/10/08 S&W	Net 30	61951

Quantity Shipped	Description	Unit Price	Amount
66880.000 MLF	Polyester Film 2-3/8 x 40 MLF	0.7463 MLF	49912.54
1672.000 RLS		0.0000 RLS	0.00
41489.000 LBS		0.0000 LBS	0.00
22.000 each	Pallets 22 @ 76 rolls	0.0000 each	0.00
Invoice subtotal			49912.54
Invoice total			49912.54

Thank You

EXHIBIT C

Eastern Film Solutions LLC

25 Woods Lake Rd.
Suite 307
Greenville, SC 29607
864 250 9898

Invoice

Date	Invoice #
8/25/2008	4555

Bill To	Ship To
Modular Metal Fabricators 2540 Nandina Ave. Moreno Valley, CA 92551	Modular Metal Fabricators 2540 Nandina Ave. Moreno Valley, CA 92551

S.O. No.	P.O. No.	Terms	Project
1246	mike	net 10	

Item	Description	Ordered	Prev. Invoic...	Invoiced	U/M	Rate	Amount	
44 DMTL	44 gauge clear untreated polyester film - 2.375" x 40,000' on 3" core 1672 rolls on 22 pallets	42,000	0	41,863		1.60	66,980.80	
				Total				\$66,980.80
				Payments/Credits				-\$66,980.80
				Balance Due				\$0 00

AD 003-631-6009

PLAINTIFF'S
EXHIBIT
125



EXHIBIT D

Eastern Film Solutions LLC

25 Woods Lake Rd.
Suite 307
Greenville, SC 29607
864 250 9898

Invoice

Date	Invoice #
9/10/2008	4566

Bill To	Ship To
Modular Metal Fabricators 2540 Nandina Ave. Moreno Valley, CA 92551	Modular Metal Fabricators 2540 Nandina Ave. Moreno Valley, CA 92551

S.O. No.	P.O. No.	Terms	Project
1247	mike	1.5% 10, net 30	

Item	Description	Ordered	Prev. Invoic...	Invoiced	U/M	Rate	Amount
44 DMTL	44 gauge clear untreated polyester film - 2.375" x 40,000' 1672 rolls on 22 pallets	42,000	0	41,489		1.60	66,382.40
				Total			\$66,382.40
				Payments/Credits			-\$66,382.40
				Balance Due			\$0.00