EXHIBIT B

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF WEST VIRGINIA
MARTINSBURG

IN RE: Panthera Enterprises, LLC,
Case No. 2:19-BK-00787

MARTINSBURG, WEST VIRGINIA
FRIDAY, OCTOBER 18, 2019

COPY

PANTHERA ENTERPRISES, LLC
REPRESENTED BY JAMES PUNELLI

a witness called for oral examination pursuant to Notice of Meeting of Creditors Hearing, and pursuant to the Federal Rules of Civil Procedure by counsel located at the Old Historic Courthouse, 2nd Floor Courtroom, 100 West King Street, Martinsburg, West Virginia, 25401.

A P P E A R A N C E S

UNITED STATES BANKRUPTCY COURT:

Gary O. Kinder, Esquire
United State Bankruptcy Trustee
300 Virginia Street, East
Charleston, WV 25301

304.347.3400

Representing Debtor Panthera:

Mark A. Lindsay, Esquire
Bernstein & Berkley
707 Grant St., Suite 2200 Gulf Tower
Pittsburgh, PA 15219
412.456.8121
mlindsay@bernsteinlaw.com

Representing Creditor WVEDA:

Debra Lee Allen, Esquire
Spilman, Thomas & Battle, PLLC
48 Donley Street, Suite 800
Morgantown, WV 26501
304.291.7591
dallen@spillmanlaw.com

Representing the Creditor Panthera Training, LLC:

Douglas E. Kahle, Esquire
Basnight, Kinser, Leftwich & Nuckolls, P.C.
308 Cedar Lakes Drive
Chesapeake, VA 23322
757.382.4144
dkahle@basnightkinser.com

Representing the Creditors SMI and Bill Neff Enterprises:

William J. Leon, Esquire
1200 Dorsey Avenue
Morgantown, WV 26501
304.554.3880

Representing Unknown Creditor:

Wesley Queen, Esquire
Daniel's Law Firm, PLLC
BT&T Square
300 Summers Street, Suite 1270
Charleston, WV 25301
304.342.6666

Representing Howard Shockey & Sons, Inc., Creditor:

John Good, Jr.

ALSO PRESENT: Unknown Parties

STIPULATIONS: None

INDEX

EXAMINATION:

EXHIBITS:

None

P-R-O-C-E-E-D-I-N-G-S

10:00 A.M.

MR. KINDER:

Q. It is Friday, October 18th, we're in Martinsburg, West Virginia, in the case of Panthera Enterprises, LLC, Case No. 19-787. I believe the debtors representative is here, and his name is James Punelli. I'm looking at his drivers license, and it does appear to be him. Mr. Punelli, if you'll raise your right hand, I'll swear you in. Do you solemnly swear or affirm the testimony you're about to give is the truth, the whole truth and nothing but the truth?

A. I do.

WHEREUPON,

JAMES PUNELLI

having been first duly sworn, testified as follows:

DIRECT EXAMINATION:

BY MR. KINDER:

Q. Okay. Can you identify the -- the debtor, please? The name of the debtor?

A. Yes, Panthera Enterprises, LLC.

Q. Okay. And you are the debtor's representative?

A. Yes.

Q. Okay. Also, I believe we'll introduce the -- the creditors counsel as they ask question, if they ask

questions, but also Mark Lindsay is here representing the debtor. What's the debtor's address?

A. Its facility is at 2506 Fish Pond Road, Old Fields, West Virginia. Mailing address, 215 Depot Court, SE, Leesburg, Virginia, 20175.

Q. Okay. And I believe you have in front of you your schedules --

A. Yes.

Q. -- and the petition. Those are not the ones that contain your -- your signature where you handwrote your signature.

A. Right.

Q. I believe those are back at your counsel's office, we discussed that prior to going on the record. But do those -- are those -- do those accurately reflect the schedules and petition that you did sign?

A. Yes.

Q. Okay. And the one that was filed is the -- an accurate copy of the ones you -- you signed?

A. Yes.

Q. Okay. And the corporate resolution authorizing the debtor to file, you signed that, also?

A. Yes.

Q. Okay. Do you know the date that the debtor was incorporated?

A. It's October 2011. I don't remember the specific date.

Q. Okay. And was it Panthera Enterprises, LLC, at the time?

A. The name at the time was TENX Group, LLC.

Q. Okay. And when did it change its name to Panthera Enterprises, LLC?

A. 2016.

Q. Okay. Do you know about what month?

A. I don't recall exactly.

Q. Okay. And just to clarify certain things, I know that there are various entities with the name Panthera in it that are involved in this case, I'm gonna kinda go through that. The ones that are affiliated with a similar ownership group, which ones are those?

A. Panthera Worldwide, LLC, and Panthera Training Center, LLC.

Q. Okay. So those are affiliated with similar owners –

A. Right.

Q. -- to Panthera Enter --

A. That's correct.

Q. -- the debtor --

A. Yes.

Q. -- Panthera? Now there's another entity with a Panthera in its name involved in this case, also?

A. Yes, Panthera Training, LLC.

Q. Okay. And the difference would be that the one that's associated with the owner has Center in its name?

A. Correct.

Q. Okay. Is there any other Panthera named entities that are involved in this case?

A. No.

Q. Okay. So the -- the one Panthera that is currently unaffiliated with the debtor is Panthera Training, LLC?

A. Correct.

Q. Okay. Can you give a brief description of the nature of the business?

A. Yes, federal government contracting primarily in -- in the military special operations, kinda focused, and law -- federal law enforcement, and intelligence agencies. It's primarily tactical training.

Q. Okay. Does it operate that training, the actual training itself or does it subcontract that out?

A. Panthera Enterprises subcontracts it out.

Q. Okay. Who are the -- who does it subcontract it

out to?

A. Well, we -- we, in the past, have subcontracted it to Panthera Training Center, and -- and as of June 1 subcontracting to Panthera Training.

Q. Okay. Anybody else that it --

A. No.

Q. Okay. So just one subcontractor at a time that does the actual training?

A. Right. And well, I should -- I should add that, I mean, there are independent like 1099s, instructors and all that used in the past, and but those could be considered strictly speaking subcontractors, but --

Q. Mm-hmm.

A. -- but they've worked for like, for instance, for -- Panthera Training Center has employed them as instructors.

Q. Okay. So the debtor themselves hasn't employed any other subcontractors --

A. No. No.

Q. -- in the past year, say?

A. No.

Q. Okay. Are there any special licenses required to operate a facility like that?

A. No. I mean -- Well, there's, you know, the state

local zoning type -- type things, and you know, for some of the equipment for ammunition and munitions there's federal firearms with, you know, the federal firearms or explosive licenses that might be required, and if there's any, you know, international then there -- there could be a state department arms export regulations that -- that gets involved, but there hasn't been any of that for -- for a while.

Q. Okay. And who would get the license, the debtor or the subcontractor?

A. It could be either, I think it depends.

Q. Okay. Are you aware of any issues that might arise involving licensing that the debtor might be facing?

A. No. No, not that --

Q. You're not aware of any lapsed licenses or operations without license, or anything like that?

A. Well, from a license standpoint, I mean, the federal firearms has been through the subcontractor, so it's not -- not the debtor specifically. And the arms export control needs to be renewed, you know, but -- but that doesn't impact any -- anything happening right now.

Q. Okay. When do you expect to have to renew that?

A. Probably do that next month.

Q. Okay. All right. Who is the owner of the debtor?

A. It would be myself, James Punelli, and -- and Raymond Jones.
Q. Okay. And what percentage do you own?
A. 50 percent.
Q. And Raymond Jones?
A. 50.
Q. Who are the officers of the debtor?
A. Both Raymond Jones and -- and myself, James Punelli.
Q. Okay. Do you have specific titles?
A. Well, Raymond Jones has been, in -- in the past has been CEO and I've been president, but -- but most, I think normally we use managing directors as titles.
Q. Okay. And do you all have a formal breakdown of responsibilities between the two of you?
A. Not formal, but -- but informally, you know, Ray - - Raymond handles primarily business development, and -- and I do a lot of the operational aspects.
Q. Okay. In terms of obligating the debtor for any sort of debts, both of you would be -- have the authority to obligate the debtor --
A. Correct.
Q. -- for debts?
A. Correct.

Q. Okay. How long have you and Raymond Jones owned 50 percent each?
A. Since the inception, 2011.
Q. Okay. So since it was through TENX Group --
A. Right.
Q. -- LLC? Okay. Are there any other officers besides the two of you?
A. No.
Q. How many employees does the debtor have?
A. None.
Q. Okay. And do you pay yourself, and when I say you I mean the debtor, does the debtor pay you and Mr. Jones salaries or do you take draws from profits?
A. Well, yeah, it would be draws, but I mean at this time, you know, it hasn't -- there hasn't been any for some time.
Q. Okay. When's the last time you got paid?
A. I mean, from the debtor it's -- it's been over a year.
Q. Okay. I'll just -- just alert you two now, if you do decide that you need to get paid, either one of you, for the work you're doing --
A. Right.
Q. -- you need to contact your attorney, you'll need

court authorization --
A. Right.
Q. -- to do that.
A. Right, okay.
Q. But your attorney is experienced in -- in handling that. So before you take any draws, no matter how profitable you are --
A. Right. Right.
Q. -- as long as you're in bankruptcy speak to your attorney first and let them work through that process. So no employees. When's the last time the debtor had an employee?
A. I believe it was May of 2018.
Q. Okay. And how many employees did you have at that time?
A. At that time it would be three.
Q. And do you anticipate hiring any new employees?
A. No, I don't anticipate it.
Q. Okay. Normally I'd ask if there were any family members employed, but it sounds like with --
A. No.
Q. -- no employees, that's -- there aren't any. So since May of 2018 you haven't had any employees. And when the debtor is operating optimally, would you have employees?

A. I mean, it depends because it's mostly, you know, the debtor has the facility and -- and any work that it might have any contracts would be subcontracted out. So, you know, optimally, you know, if -- if the workload increased tremendously, yes, we might have some administrative people.
Q. Okay. But it can -- it can fully operate with just the two of you?
A. Right.
Q. Okay. Do you or Mr. Jones have other forms of employment other than the debtor?
A. At this time, no.
Q. Okay. How are you guys surviving in terms of your -- your, if you're not drawing a salary and not -- not taking any draws?
A. I mean, well, you know, we had some money coming from, you now, Panthera Training Center and -- and but in terms of jobs. Now we've had some other -- other activities going on outside of -- of Enterprises.
Q. Okay. So you all are drawing some income from the affiliating company?
A. Right.
Q. Okay. All right, let's go through the affiliating companies. Before I kind of focused on the ones with the

Panthera name before, but what other companies do you and Mr. Jones own?
A. Those are -- those are it, the Panthera Training Center and Panthera Worldwide.
Q. Okay. And those are the only ones?
A. Right.
Q. Okay.
A. And in the past we had a Panthera Mission Systems, but that's not operating anymore.
Q. Okay. What does Panthera Training do?
A. Panthera Training?
Q. Center. Panthera Training Center?
A. Panthera Training Center. Well --
Q. I fell on the same track I was worried about.
A. Right. Panthera Training Center primarily operated the training facility prior to June of last year, and -- and, you know, currently it has a couple outstanding contracts with the government, and in the past Panthera training has -- has performed on those.
Q. Okay. And that's where you're currently drawing your income from is, you personally --
A. Right.
Q. -- is Panthera Training Center?
A. Right.

Q. Okay. This Panthera Worldwide, what does it do?
A. Well, it has primarily one -- one larger government contract that -- the focus of Panthera Worldwide is, you know, activities outside of the country. So we have a large Department of Defense contract for training, but -- but right now there's no task orders performing on it.
Q. Okay. Is it generating income right now?
A. Not right now, no, there's no task orders performing.
Q. Okay. Do those two entities, do they utilize the facility that Panthera Enterprises owns?
A. Yes. I mean, for the -- the two contracts that are active right now. With Panthera Training Center it does utilize the facility.
Q. Okay.
A. And Panthera Worldwide does have the potential if there's any future task orders to perform. But at this point, I said since June of last year, Panthera Training has had work subcontracted to it since they had been leasing the facility.
Q. Okay. If Panthera Training Center and Panthera Worldwide are utilizing the facilities of Panthera Enterprises, LLC, is there a contract that's signed or is -- is that, like a written contract or is it just an

understanding since it has common ownership?
A. I mean, it -- it's -- it's been an understanding, you know, in -- in the past when we did utilize it, yes.
Q. Okay. And did -- does Panthera Training Center, LLC, and Panthera Worldwide, do they pay any sort of lease payments or rent to the debtor?
A. Well, they did in the past, but, and -- and again, we -- we had a lease in place since June 1 of last year with Panthera Training, and -- and they -- they had operated the facility and paid the rent.
Q. Okay. Are there any issues currently with any sort of withholdings that weren't made or any sort of tax issues relative to any sort of employee or -- or trust fund issues?
A. There are -- there's real estate taxes, and there are some state past due taxes from previous years.
Q. Income taxes?
A. Yes, state income taxes due. And for Panthera Enterprises I don't believe there's any trust fund --
Q. No, no Workers' Comp, no Unemployment, no -- none of those types of -- no withheld employee income taxes?
A. I believe -- I'm almost sure all that is caught up.
Q. Okay. So the tax issues are the property taxes

and potential income tax liability?
A. Correct.
Q. Okay. This year, year-to-date, what's the gross income of the debtor been?
A. Well, it, on here it's -- it's -- it's been, let's see I -- I believe we had 1.7 million when we filed, and there's been an addition $170,000.00.
Q. Okay.
A. So somewhere in the 1.8 million range.
Q. Any idea what the net income could've been?
A. Do I have that filed? I don't have the exact numbers, I don't wanna say if I don't recall the exact numbers so far.
Q. Is it your sense that it's been profitable --
A. Yeah.
Q. -- year-to-date or unprofitable?
A. Yes, it's been profitable.
Q. So you think the net income's been positive?
A. Yes.
Q. Okay. Looking at the taxes that you all provided, the 2018 and 2019 it looks like it was not profitable, those two years, is that correct?
A. That -- that's correct.
Q. Okay. Does the debtor derive any income other

than from its principal business?
A. No.
Q. Okay. Since you filed your petition do you think it's been -- there's since been a positive cash flow or a negative cash flow?
A. I would -- I would say it's positive, yeah.
Q. Okay. Have you been paying secured creditors since then?
A. West Virginia EDAs gotten payments.
Q. Okay. If you factored in the normal payments that you would make to secured creditors, would it be a positive cash flow then or has the positive cash flow resulted from not making --
A. Well --
Q. -- certain payments because of the bankruptcy protection?
A. Well, I mean, I guess it depends on a couple factors, it depends on the plan, you know --
Q. Mm-hmm.
A. -- that we wanna come forward with, which, you know, is still being worked on, and -- and I -- and -- and the --
Q. I don't think you have to anticipate, just --
A. Yeah.

Q. -- I just asking, trying to get a sense of how, what the cash flow has been like since you filed. I know that there's some others. Do you think that you've been generating enough to pay all your --
A. I think it's -- I think it'd be adequate, yes.
Q. Okay. Is the business seasonal in nature in the sense that there are certain predictable seasons when business increases versus --
A. Well --
Q. -- decreases?
A. -- yeah. In -- in, you know, December/January it -- it -- it -- there's -- there's somewhat of a lull, and that -- but that all depends, but because of the training, you know, the holidays, and for the final fiscal quarter, government fiscal quarters leading up to the end of September there's -- there's often quite a bit of activity.
Q. So increase is --
A. Yeah.
Q. -- consistent with the -- the -- the government's --
A. The government, yes.
Q. Okay. For the past year, have you closed any part of the facility or shuttered it, or anything like that?
A. Well, it's -- it -- it's -- it has been leased by

Panthera Training, and -- and, you know, to my knowledge, it's all -- it's all operating.
Q. Okay. No -- no change where you've sectioned off a portion and -- and shut it down in order to make --
A. Not that I'm aware of, no.
Q. Okay. All right. Bank accounts, you had some pre-petition bank accounts. I believe those have been closed, correct?
A. Well -- well, there's -- there's two that are open that -- that, and I believe I, I don't know if it passed through the counsel or not, but we're waiting to make sure no -- no outstanding payments coming in, because --
Q. Right.
A. -- it's very hard to change, you know, government payments, and --
Q. Okay. So I should say inactive, correct?
A. They're inactive, but --
Q. Right.
A. -- just in case any of those payments come through we're waiting until probably at least the end of the month.
Q. Okay. And -- and who were those bank accounts through?
A. Atlantic Union Bank.
Q. Okay. And what were the nature of those accounts,

like checking accounts or --
A. They're both checking, yeah.
Q. Okay. So there were two checking accounts --
A. Right.
Q. -- with Atlantic Union?
A. Right.
Q. And you've deactivated those?
A. Deactivated, yes.
Q. And then you've opened new accounts, correct?
A. Yes.
Q. And I believe you've given us documentation to that effect?
A. Yes.
Q. And who is that with?
A. With SunTrust.
Q. Okay. And similarly, they're a checking account?
A. Yes.
Q. Just a checking account?
A. A checking account, yes.
Q. Okay. In the past two years, has all income that the debtors received been deposited into a checking account?
A. Yes.
Q. Okay. So any income that comes through the checking account and then is disbursed as needed from the

checking account?
A. Yes.
Q. Okay. Has the debtor ever received cash?
A. Well, let me -- let me --
Q. Okay.
A. -- let me clarify.
Q. Yeah, go --
A. There -- there have been the -- the, since we signed the lease with Panthera Training, the monthly payments to West Virginia EDA have been made directly by Training to them on our behalf.
Q. Okay.
A. So that -- that money has not gone into the checking account.
Q. Okay. So that money has not gone --
A. Right.
Q. -- through check --
A. Right.
Q. Even though it probably is --
A. Yeah.
Q. -- considered income?
A. It is most definitely income, yes.
Q. Okay. Is there anything else similar to that that have -- has not gone through the --

A. No.
Q. Okay. Any expense -- any payments from the debtor? When's the last time you took a draw, I should say, I'll start with that?
A. From -- from Enterprise, from the debtor, it -- it was several months ago. I believe it's in -- in the documents --
Q. Okay.
A. -- for those.
Q. And how do you designate that in -- would it just be a check to you?
A. Yes. Or -- or --
Q. Or to Mr. Jones?
A. Yeah. Yeah.
Q. And is that identifiable in the bank records that the payment's to you?
A. It should be, yes.
Q. Okay. Other than those payments to you or Mr. Jones, has funds of the debtor been used to pay any expenses of any other entity?
A. In -- in what time period?
Q. In the past year?
A. No.
Q. Okay. So all expenses have been expenses of the

debtor or draws to you or Mr. Jones?
A. As -- as far as I can recollect, yes.
Q. All right. Okay. Let's talk about the debtor's assets. I noticed on your schedules you have an accounts receivable of $777,700.00. Can you describe those accounts receivable?
A. Yes, it's -- it's money owed from Panthera Training, and I don't -- I don't have the schedule in front of me.
Q. And I noticed that it's --
A. I don't know what other -- other is in there.
MR. LINDSAY: I believe that's the bulk of it.
Q. Yeah.
A. Yeah, that's most of it.
Q. And it's -- it's designated as over 90 days old.
A. Right.
Q. Typically that indicates a collection issue if it's over 90 days old, but if it's all from one source, or the majority from one source, that might change that equation. Is that an accurate statement or is that --
A. Yes. Yes.
Q. Okay. And I'm aware that last evening a adversary proceeding was filed, and your attorney may wanna speak to this, does that adversary proceeding speak to these accounts

receivable?
MR. LINDSAY: It does not seek collection of those accounts receivable.
MR. KINDER: Okay. Maybe you could just describe that adversary proceeding briefly.
MR. LINDSAY: The adversary does relate to amounts due, and defaults under the operative contract documents between the debtor and Panthera Training. The adversary seeks turnover of the real property and other assets from Panthera Training.
MR. KINDER: Okay.
MR. LINDSAY: That's the -- that's the primary crux of the adversary.
MR. KINDER: Okay.
Q. Your attorney just gave a brief description of the adversary proceeding that was filed. Is that consistent with your understanding of the lawsuit?
A. Yes.
Q. Okay. So it sounds like it doesn't speak to some of the accounts receivable. Do you perceive those accounts receivable as being collectible?
A. I'm -- I'm not sure.
MR. LINDSAY: May I answer?
Q. Okay. You'll defer to counsel.

MR. LINDSAY: The collectible is a – is a judgment call, but I – I would say yes.
MR. KINDER: So this is a viable asset –
MR. LINDSAY: Yes.
MR. KINDER: – you believe? Okay.
Q. Now it shows that the debtor is an owner of Panthera Mission Systems, LLC.
A. **Correct.**
Q. What is that?
A. **Well, it's – it's – really, it's defunct. I mean, it's – so we're – we're – it's been closed down, but officially it's still there, but it's being closed down. And it was intended to – to do some aviation work which we never – never ended up doing.**
Q. Are any assets in –
A. **There's no assets, none, no.**
Q. Okay. And I've also seen where it says see continuation sheet under non-publically and traded stock. Does the debtor own other businesses?
A. **Not other than the three that – Panthera Training Center, Panthera – Panthera Worldwide, Panthera Mission Systems.**
Q. Okay. So Panthera Mission Systems the debtor owns, correct?

A. **Yes.**
Q. But Panthera Training Center, you and Mr. Jones own?
A. **No, the debtor owns.**
Q. Oh, the debtor owns, okay.
MR. LINDSAY: Is that –
A. **Oh, no.**
MR. LINDSAY: It's an 80 percent.
A. **Right.**
MR. LINDSAY: Is that correct?
A. **It's 80, right.**
MR. LINDSAY: Yeah, it'd be page, it's Page 11 of the – if you look at the top.
A. **Right. Right.**
Q. Okay. There we go, okay. All right. So the debtor owns 100 percent of Panthera Worldwide, LLC?
A. **Right.**
Q. And then Panthera Training Center, the debtor owns 80 percent?
Q. And then who owns the other 20 percent?
A. **A man by the name of Dave, David Dolan.**
Q. And who is David Dolan?
A. **We originally built the facility, and when we – we formed Panthera Training Center, and – and purchased the**

facility we – he had – he was given a 20 percent stake in it –
Q. Okay. Does he have –
A. **– for services.**
Q. – any management responsibility?
A. **No. No.**
Q. Okay. So his interest is purely financial?
A. **Yes.**
Q. Okay. And Panthera Worldwide, how much – what are the assets that it has?
A. **I mean, other – other than a currently non-performing contract there's no assets.**
Q. Okay. And Panthera Training Center, LLC, what assets does it have?
A. **Well, I mean, it has – has some contracts, and really that's – that's it. And there was – there's a – Do you care to speak to the personal property issue at all, or – for the training center?**
MR. LINDSAY: I don't know that those are assets–
A. **Okay.**
MR. LINDSAY: – of Panthera Training Center.
A. **Well, they're not. Yeah, yeah, they're not. So–**
Q. Okay. You mentioned that Panthera World – Worldwide's contracts were non-performing. Are the

contracts with Panthera Training Center, LLC, are they performing?
A. **There are two small contracts performing, yes.**
Q. Okay. So who are the managers of Panthera Worldwide, LLC?
A. **It would the same, Ray Jones and myself.**
Q. Okay. And then who are the managers of Panthera Training Center, LLC?
A. **Ray Jones and – and – and me.**
Q. Okay. And since it's owned by the debtor, I wanna get into a little bit more of that income. The Panthera Training Center, LLC, which is where you've received your income personally in the past year, is that correct?
A. **Well, yes, that's correct.**
Q. Okay. And Panthera Training Center, LLC, has been profitable?
A. **No, I don't believe it has been, no.**
Q. Okay. How have you documented your, the income you have received from Panthera Training Center?
A. **I mean, it's – it's recorded in – in a ledger in the – in the –**
Q. Okay.
A. **– in the books.**
MR. KINDER: I'm just going to ask your counsel if

you could provide us with the bank statements for -- for both of the two subsidiaries. I'd like to take a look at that.

MR. LINDSAY: Sure. We can do that.

MR. KINDER: We'll add that to --

MR. LINDSAY: How far back would you like us to go?

MR. KINDER: Last year.

MR. LINDSAY: Okay.

MS. ALLEN: Could we also receive a copy of those statements? Gary?

MR. KINDER: We can't share those without the --

MR. LINDSAY: No.

MR. KINDER: -- debtor's permission. You could ask the court for that.

MS. ALLEN: Okay.

MR. KINDER: If the debtor has --

MS. ALLEN: Okay.

MR. KINDER: -- gives us permission, we can pass those along, or you all can -- can communicate directly.

MS. ALLEN: Okay.

MR. KINDER: But --

MS. ALLEN: Okay.

MR. KINDER: -- any of those sorts of things we

can only share with permission. So I don't know if you all wanna speak to that afterwards or -- or what.

MS. ALLEN: Sure.

Q. All right. Other than the three LLCs we've discussed, does the debtor own any other stock in any other business?

A. No. No.

Q. Any sort of investment stock?

A. No.

Q. Okay. All right. The debtor does own real property, it's the facility at 2506 Fish Pond Road, Old Fields, West Virginia, is that the only real property the debtor owns?

A. That's correct. And it's two parcels --

Q. Yeah.

A. -- but it's the same address.

Q. It's two parcels that are operated as one facility?

A. Right. Right.

Q. Okay. And the appraised value is $15,050,000.00?

A. Yes.

Q. And does that -- is that accurate, to the best of your --

A. Yes.

Q. -- knowledge? Okay. All right. Debtor lists that it has machinery, equipment, vehicles of $900,000.00, is that correct?

A. Primarily the pre-fab buildings.

Q. Okay. And so, the pre-fab buildings sit on the property?

A. Correct.

Q. But they're not permanently attached?

A. No.

Q. So -- so a creditor, or whoever, could -- could attach those without attaching --

A. I --

Q. -- the real --

A. That's a question I can't --

Q. Okay.

A. -- can't answer.

Q. Do they sit on a foundation?

A. No.

Q. Okay. What are the pre-fab buildings used for?

A. Primarily office and classroom meetings, you know, classroom training facilities.

Q. Okay. Yeah, you -- they're listed as modular office buildings. Is there any other machinery or equipment that the debtor owns?

A. No.

Q. Okay. So it would be the -- the buildings themselves?

A. Correct.

Q. Okay. How about the -- like office furniture and sort of thing that is inside there, who -- who owns that?

A. Well, that -- the personal property was signed over to SMI at some point in the past, and it's being used at the facility now.

Q. Okay. And who's SMI?

A. They're one of the debtors. Or one -- one of the creditors, I'm sorry.

Q. All right. So you've signed it -- you've signed over title, or you signed over a security interest?

A. It was -- it was title.

Q. So --

A. Yeah.

Q. -- one of the creditors is SMI, and you've signed over title to all of the personal property?

A. Correct.

Q. When was that?

A. It was sometime last year, I -- I -- I don't recall the exact date.

Q. Sometime in 2018?

Page 34

A. Yes.
Q. Okay. And was that transaction documented?
A. Yes.
Q. Okay. I'll ask for a copy of that, the transaction papers for that, if you don't care. Is that something you think you guys can come up with?
MR. LINDSAY: I'll have to ask Jim about that.
A. Yes.
Q. Okay.
MR. LINDSAY: But I'm sure we can.
Q. All right. And why was it transferred to a creditor?
A. It was -- it was part of the agreement we made to them on -- on -- on, you know, on the payback of -- of the debt.
Q. And what debt did -- what debt is that?
A. Just a loan.
Q. Just a loan --
A. It was a loan.
Q. -- they gave you cash?
A. Secured with -- yeah, secured with personal property.
Q. Okay. And then you transferred that personal property but maintained possession of it?

Page 35

A. Correct.
Q. Okay. All right. Is there any assets of the debtor that we haven't talked about?
A. No.
Q. Okay. I'm gonna briefly kinda go through some of your creditors, the claims that you listed, particularly the especially large ones, and -- and just kinda ask you some general questions about those. One of the creditors, Howard Shockey & Sons, Inc.
A. Right.
Q. And it's for 1.7 million dollars?
A. Right.
Q. What is that?
A. Construction. It was done in, I think, 2014/'15.
Q. And that's secured by the debtor's facility?
A. Correct.
Q. The debtor's large -- There's one to John McCuskey, that's -- it has in his official capacity, that's a tax lien from 2017. Do you know, any idea what the amount of that claim is? A range possibly?
A. John McCuskey?
Q. It's a West Virginia State Tax, would be my impression from that.
A. West Virginia State Tax? Well, there's the -- I

Page 36

mean, we owe some real estate taxes to the state. That was taken by the state. I'm not sure. Is that -- is that was that is?
Q. Real estate tax is probably the Sheriff of Hardy County, would be my --
MR. LINDSAY: There's a belief that something may be due to the state, and but it's an amount that's not determined at least at this time. So it was identified, it may or may not be something that remains on Schedule D forever.
MR. KINDER: Okay.
Q. And I'm just asking you this for -- for information just to get a sense, so you may not know the answer, but is that tax, is it in the millions, is it something significantly less, any idea about the value?
A. It was part -- it's part of the $79,000.00 of the Sheriff of Hardy County, but the state had -- 2017 is owed to the state, so it's part of that -- that number, the seventy-nine.
Q. Okay. Okay.
A. Yeah.
Q. All right. Then the West Virginia Economic Development Authority, 6.433 million, that looks like it's a mortgage, is that correct?

Page 37

A. Correct, two -- two mortgages.
Q. Okay. West Virginia Paving, $640,000.00, is that part of a judgment lien?
A. Yes, it's money owed for -- we had agreed to pay -- they had built the -- did the paving work on the track facilities, and we agreed to pay them --
Q. And they --
A. -- when we acquired the facility.
Q. And they have received judgment on that?
A. Yes.
Q. Okay. All right. Moving on to your unsecured debt, there's a claim for $714,000.00 to A.L.L. Construction.
A. Yes.
Q. What type of construction was that?
A. They do mainly excavation work.
Q. Okay. When did they do that work?
A. Some of this was -- was in -- goes back to the construction of the facility previous to us, it was -- was owed to them, that we assumed the debt, and then some of that was in, I think, 2014.
Q. Okay. 1.58 million owed to Anthony McIntyre.
A. Right.
Q. What is that?

A. That's -- that's a loan.
Q. A loan of cash?
A. Yes.
Q. And when was that loan made?
A. That was over a period of, I think, 2015/'16. I believe.
Q. And who is Anthony McIntyre?
A. He's -- he's an acquaintance of ours.
Q. Okay. Is he in the business of making loans?
A. No, no, he's just a well off individual, and -- and he -- well, yeah, and so we -- we came to know him. He -- he did own the brokerage, insurance brokerage that we -- we used, but he's since sold that. He's just a well off individual.
Q. Okay. And so, he made the loan, but he didn't take any sort of management interest in the term?
A. No. No.
Q. It's purely a debt?
A. Yes.
Q. Okay. There's $174,000.00 loan to Arthur J. Gallagher & Co. What is that?
A. That's for insurance premiums.
Q. That are -- that were due and not paid?
A. Correct.

Q. What type of insurance?
A. Pretty much everything that the -- liability, Workers' Comp -- umbrella.
Q. Okay. There's one for $224,000.00 to Azadian Group. Do you know what that is?
A. Yeah, the -- that's a -- was a loan. They're a loan company. Short term loan company.
Q. Is that an Internet lender, one that you found on the Internet?
A. Well, someone introduced us to them, but --
Q. Okay.
A. -- yeah.
Q. Okay. What's the interest rate on that? Do you know?
A. I mean, it's -- it's extremely high. Actually, I don't know.
MR. LINDSAY: I don't know.
A. 20-something percent.
Q. Yeah, they're short term --
A. Yeah.
Q. -- tend to be.
A. Right. I mean, the principal on it's actually a very small part of that.
Q. Okay. Do they have access to your bank accounts,

or anything like that?
A. No. No longer.
Q. Okay. Bill Neff Enterprises --
A. Yeah.
Q. -- for $690,000.00.
A. Those are the modular buildings.
Q. Okay. The modular --
A. It's a lease/purchase agreement with them, yes.
Q. Okay. Do they -- do they have a security interest in those buildings? Or a --
A. Yeah, I -- I don't know if it's -- (indiscernible) --
MR. LINDSAY: We don't believe so. I mean, it's -- it's a legal question. We don't believe so.
MR. KINDER: Okay.
Q. All right. $379,000.00 to Duncan Development Group, LLC.
A. Yes.
Q. What's that?
A. It's a professional services that we'd contracted over time.
Q. What type of professional services?
A. Just he -- he assisted with a lot of the real estate, and -- and construction that we did, and -- and some

of the operational aspects of running the facility.
Q. Okay. Then you owe your -- owed James Punelli, the debtor owes James -- owes James Punelli $2,582,000.00 plus dollars. What is that for?
A. Well -- well, some of it is money -- money put into the company, and some of it's back, you know, any back payments that we, you know, paid -- that we had been paying ourselves previously to like 2016, '17 --
Q. Okay.
A. -- that we didn't receive.
Q. How much money did you put into the company personally?
A. Personally, I mean, cash I don't -- close to a million, and then -- and then, you know profits that were put back in that I never actually received, we just rolled it back in.
Q. Okay. Midtown Resources is $273,000.00.
A. That's a -- it's another loan company.
Q. Okay. Short term loan company?
A. Right. Right.
Q. Okay. Raymond Jones, $3.258 million dollars.
A. Right.
Q. Can you briefly describe that?
A. I mean, it's primarily, you know, cash that he put

WENDI L. WATSON, P. O. BOX 3355, SHEPHERDSTOWN, WV 25443 304.283.5375

in over time. Probably close to about 1.7/1.8 million, and profits rolled back in, and then some back pay.

Q. Okay. SMI, LLC.

A. That's a loan, loan and interest.

Q. Okay. The State of West Virginia State Tax Department for $170,000.00. Do you know what that is?

A. Yeah, it's -- there's -- some of the withholding, when we -- when we -- we did a previous company that -- that was operating the facility. Back in 2013, we did an asset purchase, we did not acquire the company, so a large -- about half of that is the withholding because the state, you know, deemed that we were still responsible for the, you know -- you know, we didn't acquire the company, and then there's a passthrough and -- and some sales tax.

Q. Okay. Are you personally, do you personally owe, do you have personal liability with respect to that?

A. No. No.

Q. Okay. Tim Miller for $151,000.00, do you know what that is?

A. It's, yeah, partially a loan and -- and it's disputed --

Q. Mm-hmm.

A. -- with the amount.

Q. And who is Tim Miller?

A. He's -- he's an individual.

Q. Okay. Did he, is he alleging that he owed -- loaned money to -- or did he do work?

A. No, he loaned money.

Q. Okay. All right. Executory Contracts and Expired Leases. One of those is with Panthera Training, LLC, correct?

A. Correct.

Q. And it's my impression that possibly that adversary proceeding that was filed relates to that contract, is that correct?

A. Correct.

Q. Okay.

MR. LINDSAY: If I could just --

MR. KINDER: Mm-hmm.

MR. LINDSAY: -- comment quick. It -- it really relates to the lease --

MR. KINDER: Okay.

MR. LINDSAY: -- and not as much to the subcontract.

MR. KINDER: Okay.

MR. LINDSAY: Just to be clear.

MR. KINDER: That's helpful, yeah. Thank you.

Q. And I guess, okay, with respect to the

subcontract, what's your intention with respect to it? If you've decided yet?

A. Well, I defer to you to --

MR. LINDSAY: Well, I don't know that -- we don't necessarily wanna defend it, overly state our intention at this -- this time, we have various options. Number one, it's -- it's, for the record, it probably makes sense to advise that, you know, the subcontract, although outstanding, gives the debtor the sole discretion as to assigning any new work under the subcontract. So essentially they don't have to give anymore work to Panthera Training at any time once the current work ends. They do that by virtue of issuing task orders, they have -- there are -- there's only one task order outstanding at this time. So there's actually little work that's currently assigned to Panthera Training, and at the debtor's discretion they could chose to not assign any further work. Subcontract also is executory contract clearly that we would -- we are in the process of determining whether or not it's necessary to reject or assume or --

MR. KINDER: Okay.

MR. LINDSAY: -- address in any one of those numerous ways.

MR. KINDER: Okay.

Q. Let me, and I maybe should've asked this at the beginning just to get a sense of how your business works, does the debtor obtain the government contracts and then subcontract out the services of a --

A. Yes.

Q. Is that correct?

A. Yes.

Q. Okay. So it's not that they're just leasing the facility and whoever is leasing the facility goes out and acquires the contract, the contracts come through the debtor, is that correct?

A. It could be both.

Q. Okay. So the -- the subcontractor/lease -- lessor may seek contracts with government entities independent of the debtor, is that correct? Correct me if I'm wrong.

MR. LINDSAY: I would say, and again, that -- that could be a legal issue, but I think technically speaking as long as they're not with the same government agencies that the debtor has contracts with.

MR. KINDER: Okay. Okay.

MR. LINDSAY: So, and -- and, as an example, the debtor has a contract with the I __ and it subcontracts that training work to Panthera Training to do on the facility that it also leases to Panthera Training, there could

Page 46

conceivably be another government entity that Panthera Training might have a relationship with that we don't know about.

MR. KINDER: Okay.

Q. So the – the debtor earns income not just from leasing the facility to another entity, they also acquire contracts and then, I guess, make a profit for the difference between what they pay a subcontractor versus what the contract pays, is that correct?

A. Correct.

Q. Okay. And currently that only – the only subcontractor that fits into that category is Panthera Training, LLC?

A. Yes.

Q. Okay. Timber agreement with SMI, LLC, what's that?

A. Well, the timber – timber rights agreement, I don't know if you wanna speak to it because it's –

MR. LINDSAY: Yeah, I mean, I don't want – we don't wanna try to characterize the entire agreement, but it is a – it's an agreement with SMI whereby some rights to take timber from the property where an agreement was made so they have some rights in that regard. We're still evaluating what to do with that agreement.

Page 47

MR. KINDER: Okay. So there's timber on the property?

MR. LINDSAY: Yes.

Q. And do you believe it has some value, that time?

A. Yes.

Q. Okay. And has that timber been timbered –

A. No.

Q. – has any of it been timbered?

A. No.

Q. So it's all still there?

A. Yes.

Q. Okay. So that is a potential income stream for the debtor, is the selling of the timber that's on the property?

A. Potentially. Not – as long as it doesn't interfere with the ability to train.

Q. Okay. And do you have any sense of the value of that timber?

A. No, I don't.

Q. Okay. As part of your reorganization, would you try to capitalize on that value?

A. That's – that's a potential, I think.

MR. LINDSAY: Certainly, if need be.

MR. KINDER: If – if that – if it exists.

Page 48

MR. LINDSAY: Yeah.

MR. KINDER: Okay.

Q. The contract with the Small Business Consortium, what's that?

A. We're a member of consortium with other businesses that have set aside, you know, government contracting. We - - we have a HUBzone, the debtor has HUBzone designation. There's companies in there that have, you know, Veteran, Disabled Veteran, woman owned, and – and other set-asides so to form the consortium to able to – to acquire contracts that – that are set aside for those various things. You know, there – there is a contract that the consortium has won under one of the members, and so any of the training work that happens under that contract would – would come to us as a – as a member of the consortium.

Q. Okay. You got a license agreement with Panthera Training. We won't get into that right now. The you've got a contract to perform training with them?

A. Yes.

Q. Real Estate Sales Agreement to Renick C. Williams and Betty P. Williams, what is that?

A. This is, it's where we purchased the land from, so there's an agreement with – with – I guess the main thing would be a first right of refusal in it.

Page 49

Q. So that's what that contract is –

A. Yes.

Q. – is a right of first refusal if you would sell the realty?

A. Yes, mainly, I think, yeah.

MR. LINDSAY: Yeah, and the – the agreement is the primary APA whereby the debtor purchased the property –

MR. KINDER: Mm-hmm.

MR. LINDSAY: – in, what year was that?

A. 2013.

MR. LINDSAY: It's – it's identified as executory because there are those types of items –

MR. KINDER: Okay.

MR. LINDSAY: – that potentially could be – could come into play.

MR. KINDER: Okay.

Q. So you – you're not under contract to sell the property –

A. No, no, no.

Q. – to anybody –

A. No, no.

Q. – or anything like that?

A. Absolutely not.

Q. Okay. The Bill Neff Enterprises, the Sales

Page 50

Contract Purchaser, what's that?
A. That's the modular buildings.
Q. Okay. Right, okay. South Branch Inn, what is that, Covenant & Agreement?
MR. LINDSAY: Do you want me to talk about that real quick?
A. Yeah, if -- if you can, yeah.
MR. LINDSAY: The Covenant & Agreement relates to if you go down two spots to the Joint Venture Agreement --
MR. KINDER: Mm-hmm.
MR. LINDSAY: -- this is related to hospitality services, and the covenant basically is the debtor's agreement to not, I believe, participate or allow the -- some other facility or company to provide those types of services within a certain I would say geographical range.
MR. KINDER: Okay.
Q. Does that relate to trainees at the facility?
A. Right. Correct.
Q. Okay. And -- and does the debtor get paid by the South Branch Inn for supplying of --
A. You know, South Branch Inn was related to the -- to the property owner we had purchased from. So we just -- there's like a covenant and agreement on, you know, competition, so we didn't go outside of the -- the realm of

Page 51

training when it comes to hospitality and -- and lodging. So we didn't go outside of the -- the student base, I guess. Is that -- that a correct characterization, I guess, from what you see?
MR. LINDSAY: Yeah, it's -- it's --
Q. Okay. So --
MR. LINDSAY: -- it's simplified, yes.
Q. So you got trainees coming in and you require the trainees to stay at the South Branch Inn or a facility operated by the -- the South Branch Inn?
A. No, no, it doesn't require that at all, just -- just that it's a covenant if any, you know, any outside -- I guess so we wouldn't be competing with them on the hospitality side --
Q. Okay. So --
A. -- outside of the training.
Q. So you wouldn't build your own hotel in order to - - to house trainees?
A. No, it doesn't restrict that, it just -- so that we don't build a hotel to compete with them otherwise outside of training. I believe --
Q. Okay.
A. -- is how to characterize it.
Q. Okay. Amira Security Systems, Inc., Joint Venture

Page 52

Agreement, what is that?
A. Some -- some work in the Middle East that we are pursuing, and it's really non-operative at this point.
Q. Okay. MRW, Inc., c/o Robert R. Williams, Covenant & Agreement, what is that?
A. It was -- it's a -- they were -- they were going to be leasing adjacent land on a -- on a shooting range, and -- and we agreed to compensate them for not doing that because it would interfere with our training.
Q. Okay. Okay, who is Iron Force Consulting, LLC?
A. They're a professional services consultant, and they did business development work for us.
Q. Okay. All right. Real quickly I'm gonna go over some of the legal actions. You filed an adversary proceeding yesterday. We've briefly talked about it. There's Azadian Group, LLC, v. TENX Group, LLC. Can you just briefly describe that?
A. It's one of the debtors that's pursuing a judgment.
Q. It's a creditor?
A. I'm sorry, creditor, yeah.
Q. Yeah, okay. West Virginia Paving, Inc., v. Panthera Enterprises formerly known as TENX Group, what is that?

Page 53

A. Again, one of the -- one of the creditors that got -- that was on the paving that got a judgment.
Q. Okay. Does the debtor have any potential lawsuits other than the one it already filed that it may --
A. Not --
Q. -- recover from? That you're aware of?
A. No. No.
MR. LINDSAY: Well, to clarify, I mean, potentially the receivables could be part of a separate lawsuit.
MR. KINDER: Right, okay. But they're, other than the receivables.
MR. LINDSAY: Yes.
MR. KINDER: But you're not aware of any cause of action that -- that may be available other than -- than through your --
MR. LEON: (Indiscernible) -- on the schedule?
MR. LINDSAY: Not currently.
MR. KINDER: That was just a question, that was not on the schedules, that was just me thinking of some -- I was looking at, in terms of the schedules, I'm actually on the Statement of Financial Affairs, Part 3, Legal Actions and Assignments, and that caused me to ask a question about potential assets.

MR. LEON: Thank you.
Q. Okay. Other than what's listed on your schedules, and we've kind of talked through, does the debtor lease any property to any other party?
A. No.
Q. Okay. Does the debtor lease any property from any other party?
A. No.
Q. Okay. Is, I guess, all the personal property, and title is actually in, that the debtor possesses, is actually in a different entity that -- that you transferred that to, is it SMI, or something like that? Or am I misremembering?
A. That -- that's --
MR. LINDSAY: That's correct.
A. That's correct.
MR. LINDSAY: Other than the -- the modular buildings to the extent they're considered personal property, which we believe they are.
MR. KINDER: Okay.
Q. So any personal property that the debtor possesses belongs to SMI, is your understanding?
A. Yes.
Q. And then the real estate and the modular -- modular buildings that the debtor possesses belongs to the

debtor?
A. Correct.
Q. Okay. Is there any property that the debtor possesses other than those things that belongs to a different party?
A. No.
Q. Okay. Is there any property that anybody else possesses that belongs to the debtor other than cash and any bank account?
A. No. No.
Q. Okay. Does the debtor have any sort of inventory?
A. No.
Q. Okay. Does the debtor own or lease any motor vehicles?
A. No.
Q. We talked about those. Does the debtor own any credit cards?
A. No.
Q. So it hasn't use credit cards post petition?
A. No.
Q. Doesn't have any that are outstanding?
A. No.
Q. Okay. Have all federal and state tax returns been filed?

A. Yes.
Q. Okay. Who prepares the taxes for the debtor?
A. In the past we had a CPA who is actually one of the creditors. This past year I did them.
Q. Okay. Who do you, if -- if this case stays in bankruptcy, who do you anticipate preparing the tax returns in the future?
A. We'll have to contract somebody to do that. I don't have anybody in mind right now.
Q. Okay. Similar to -- to -- to other professional services before you contract anybody you'll need to talk to your attorney --
A. Correct.
Q. -- and -- and get them approved. The tax records, are they still in the possession of your previous accountant?
A. Yes, I believe he has records, and I think we have them all, too.
Q. All right.
A. You know, I possess them as well.
Q. Okay. Has the debtor ever been audited?
A. No.
Q. Okay. We talked briefly about insurance. We have not received any sort of insurance certificate. In a brief

conversation with your attorney's office, it sounds like it's not as simple as just providing us with an insurance certificate. Can you briefly describe the state of your insurance coverage?
A. Okay. You know, our insurance had -- had lapsed and I'm -- I'm exploring options, which is rather, given the kind of work we do, it's -- it's not as easy as it, you know, as a, you know an office type environment. So I'm -- I'm -- I'm pursuing that. And there's also some other issues that may be tied up in --
MR. LINDSAY: The debtor is pursuing potentially obtaining its own insurance as it had already done over the past year despite the fact that it believes it's -- Panthera Training is responsible for that obligation. We've, in an attempt to provide the U.S. Trustee's office with proof of insurance, we've requested that from Panthera Training, and are still waiting for that.
MR. KINDER: Okay.
Q. I'll -- I'll tell you, and your attorney already knows this, the United States Trustee requires particularly liability insurance, but all relevant insurance to be up-to-date and current, and certificates to be provided. Encourage you to work on that as quickly as possible.
A. Yes, sir.

Q. I wouldn't be surprised if you'll be seeing a motion from the United States Trustee with -- with that respect, but keep us in the loop on that, let us know, and but we still may be filing a motion.
A. Okay.
Q. All right.
MR. LINDSAY: Understood.
Q. Okay. Debtor's books and records for the past three years. Where have those been maintained?
A. Those have been in-house.
Q. And when you say in-house, specifically where are they located?
A. Well, our accounting system is the Cloud system, and -- and -- and virtually everything is there electronically.
Q. Okay.
A. Yeah.
Q. On the computers in your office?
A. Yes.
Q. Or the Cloud that --
A. Yes. Yes.
Q. Okay.
A. Yes.
Q. Do you anticipate continuing to maintain your

records like that?
A. Yes.
Q. Okay. And who's the responsible party with respect to maintaining the records?
A. I am.
Q. Okay. Does the debtor have income statements?
A. Yes.
Q. Balance sheets?
A. Yes.
Q. Cash flow reports?
A. Yes.
Q. And inventory records? To the extent there is inventory?
A. To the extent there is, yes.
Q. Okay. In the past year we've kind of gotten into this already, what's been the compensation level for your -- the officers of the business?
A. It's been -- well, from -- from the debtor virtually nothing. There isn't anything other than expenses, some expenses reimbursed.
Q. Okay. Have any dividends or bonuses been paid?
A. No.
Q. Has the debtor guaranteed any personal debts of the officers?

A. No.
Q. Has the debtor made payments on any personal loans of the officers?
A. No.
Q. Has the debtor made a loan to any party?
A. No.
Q. Okay. Other than what's been documented including your payment to your attorneys, has the debtor made any payments to any other professionals?
A. No.
Q. All right. Has the debtor gifted any property in the past year?
A. No.
Q. In the past three years?
A. No.
Q. Has the debtor sold any real property in the past three years?
A. No.
Q. Okay. Has there been -- Okay, we -- we know the transfer of the personal property as part of the loan with SMI, has there been any other bulk sales of personal property by the debtor in the past three years?
A. No.
Q. Okay. Has there been any payments to creditors

outside of the ordinary course of business in the past year?
A. No.
Q. Okay. Has any property been repossessed in the past year?
A. No.
Q. Past three years?
A. Yes, there was a tractor. Well, actually that was -- no, that wasn't the debtor's. Well --
Q. Was it a debt --
A. It was --
Q. -- that the debtor owed?
A. No, it was -- actually it was Panthera Training Center.
Q. Okay. Has any of the debtor's property been seized?
A. No.
Q. Has there been any involuntary attachments to any property in the past year?
MR. LINDSAY: I think there was -- there was a garnishment. If to the extent you include that in either of those categories, then it's --
MR. KINDER: Yeah.
MR. LINDSAY: -- identified on the sub --
MR. KINDER: Go ahead, yeah, anything in that

nature.
MR. LINDSAY: Yes, it's -- it's a garnishment by Iron Horse, I believe.
MR. KINDER: Okay. And I think that's --
A. That was in -- yeah, yes.
MR. KINDER: -- reflected in your --
MR. LINDSAY: Yeah, it's in Part 2, Section -- or No. 3.
MR. KINDER: Okay.
Q. And it does sound like that there is some variables that are out there, but do you expect to file a plan?
A. Yes.
Q. Do you have a sense on when you would expect to file a plan?
A. I think it depends on some of the actions. So I'm prepared when --
MR. LINDSAY: Yeah, our -- our -- our initial intent is to file it within the original exclusivity period, but that, obviously, if we need to seek an extension we will, but we'd like to move this case as quickly as possible.
MR. KINDER: What thing -- specific variables to you anticipate need to be resolved before you file a plan?

MR. LINDSAY: Primarily issues with Panthera Training.
MR. KINDER: Okay.
Q. All right. As we, your -- your counsel alluded to, there are deadlines that are out there, when your counsel contacts you about those deadlines, those are serious deadlines --
A. Yes.
Q. -- don't ignore your counsel, respond to them, get back with him, because those deadlines do have legal effect. Monthly operating reports are due, they're due by the 21st day following the month for which you're reporting. Those are something that -- that we will stay on you about. That's something else that will result in motions from our office. Quarterly fees are due. You'll be receiving a invoice from the United States Trustee. Similarly, we'll file motions in order to collect those if those aren't paid. So we would encourage you to respond to those and pay those fees to keep this case moving forward.
A. Understood.
Q. I believe that's all the questions I have. I'm now going to open this up to creditors. Is there anyone that would like to go first?
MS. ALLEN: I would like to go first.

MR. KINDER: Okay. Would you care to identify yourself and who you represent and then --
MS. ALLEN: Certainly.
MR. KINDER: -- ask your questions.
MS. ALLEN: I'm Debra Lee Allen, and I'm with the firm of Spilman, Thomas & Battle, and we represent the West Virginia Economic Development Authority.

EXAMINATION OF MR. PUNELLI

BY MS. ALLEN:
Q. Mr. Punelli, we met just recently out in the hallway.
A. Yes.
Q. I have a few questions to follow up on the questions from the U.S. Trustee's office. You had, there were some questions about property being transferred, your, the real estate in this issue, the 2--- -- in this case, I'm sorry, the 2017 tax liens were sold, or were auctioned by the West Virginia -- or by the -- I'm sorry -- Hardy County Sheriff's Office in 2018, correct?
A. Correct.
Q. And my understanding is the tax liens have been certified to the state auditor's office for disposition?
A. Correct.
Q. And they need to -- and the property will have to

be redeemed by August -- or April 1, 2020, is that your understanding?
A. That's my understanding, yes.
Q. Okay. Have there been any plans to redeem the property?
A. Defer to -- to his advise as when do we do that.
MR. LINDSAY: When? Clearly we have to address it before the deadline. So we're in the process of determining how to do that. We have no intention of relinquishing the property or allowing it to go to someone else, so we'll be addressing that.
MS. ALLEN: So at this point, I mean, the debtor really holds simply a right of redemption, doesn't really hold the property.
MR. LINDSAY: Well, debtor holds title.
Q. The -- there were some questions about bank accounts. There was listed in your schedules an Old Line Bank account?
A. Right.
Q. What -- what is that bank account?
A. It -- it was just, it had a small amount of cash, and it's been closed.
Q. It's closed, okay.
A. We hadn't really used it, no.

Q. All right. And you said there are no other bank accounts for the debtor, correct?
A. Other than what we discussed earlier, no.
Q. Okay. When -- when did the insurance lapse? You indicated that it had lapsed. When did it lapse?
A. In -- in August.
Q. Of this year?
A. Yes.
Q. And following up on questions related to the accounts receivable, there was listed a $777,000.00 account receivable. You indicated that's all Panthera Training?
A. The -- the majority of it, yes.
Q. What amount is not Panthera Training?
A. I would have -- have to look at it to give you details, I don't know the exact detail.
Q. Do you know who the other parties are that money is owed?
A. Panthera Training Center.
Q. And how much of it is Panthera Training Center?
A. I believe it's around $100,000.00.
Q. And the figures that are listed, the $777,000.00, where are those figures documented?
A. I mean, we have -- have them in our accounting, you know, documented. I'm not sure what specifically you're

-- you're asking, but --
Q. Well, I'm just curious how we came up with this figure. If it was all Panthera Training, then I was curious about how you came up with the figure. But now you're telling me some of it is other --
A. Right.
Q. -- parties.
A. Right. That's correct.
Q. Okay. You indicated that you and Raymond Jones share responsibilities for the debtor, and that he, Raymond Jones, does most of the business development and you are operational. Is that correct?
A. Yes.
Q. Okay. Now when you say operational, what is it that you do for Enterprises?
A. Well, you know, at this point, you know, we -- we have -- the property had been -- had been leased to Panthera Training, so there isn't as much in dealing, in terms of dealing with -- with the property or -- or training contracts, there wasn't as much activity to -- to do. But -- but primarily it's accounting, and I do -- do some business development as well.
Q. So?
A. Accounting, admin.

Q. Okay. Do you consider yourself an employee of the debtor?
A. I'm a -- I'm a member of the company, so --
Q. Okay. The appraisal that you rely on for the value of the property, that's a 2015 appraisal, correct?
A. I believe so, yes.
Q. Okay. And that was done per Access National Bank?
A. Yes.
Q. And it relied on, I think, a significant increase in income for the center, or for the facility, correct?
A. You know, I -- I'm not familiar with the methodology that they use. You know, I'm not an appraiser, so I can't get into that.
Q. But it also included furniture, fixtures, and other item -- and other personal property in that appraisal, is that your recollection?
A. I don't recall.
Q. Could you tell me, SMI, you've talked about SMI, and you have this timber agreement, and you also had a sale of personal property to SMI, is this one loan to SMI -- from SMI or is it two, or multiple?
A. There was two or three loans.
Q. Can you tell me the dates of the loans?
A. I -- I don't have that in front of me, no.

Q. What would you -- I mean, you have no idea? Is it within the last year?
A. No, it's further back than that.
Q. Is it 2014, 2015?
A. You know, I don't wanna say something I don't have the exact answer to, but it's -- it's, you know, previous to the past year. But, and -- and I believe it's in the -- in the -- in the area of 2016, but I -- I don't know the exact dates.
Q. And you say all -- were all three loans made in 2016?
A. I -- I don't recall exactly when, it was over a period of time.
Q. So how many loans were there?
A. I -- I told you, there was two or three, I believe.
Q. And what were those loans for?
A. They -- they loaned us cash.
Q. Now you indicated that the personal property from -- or the debtor's personal property was all sold to SMI, correct?
A. Yes, they took title to it.
Q. And you -- you didn't recall the date, but I have a copy of the commercial lease that you have with Panthera

Training, and it has attached it an appendix of almost 40 pages of personal property. So was the personal property sold after the lease or before the lease?
A. I believe at the time of the lease that became a point of contention because they had a, SMI had the right to the title of it, and -- and I don't recall the exact date that it was done, though.
Q. A point of contention with whom?
A. I mean, we -- we had the lease with Panthera Training which included personal property, which is in our possession. So, you know, SMI, you know, claim that, claim -- claim that. You know, again, to --
MR. LINDSAY: I don't think there's a question that Panthera Training uses the personal property right now, and that's why it's identified in the lease. Title is not gonna be identified therein, and it's certainly not dispositive from the lease. I think that's a legal issue that SMI would also probably have an opinion about. But the personal property is identified in the lease, and Panthera Training currently uses it.
MS. ALLEN: Okay.
Q. But Enterprises, the debtor, does not own the property, correct?
A. At this time, no.

MR. LINDSAY: I don't believe so.
Q. Was there ever an adjustment made to the lease, because it does include personal property?
A. There's no adjustment to the lease, no.
Q. You indicated that you get most of your income from Panthera Training Center. What is it exactly you do for Panthera -- Panthera Training Center?
A. Well, Panthera Training Center has a few contracts, and -- and they -- and any -- any work from Panthera Enterprises, it really flows through Panthera Training Center.
Q. Say that again, any work from --
A. We -- we manage -- Panthera Training Center has a few contracts, also basically manages the contract of Panthera Enterprises.
Q. And what does it do to manage the contract for Panthera Enterprises?
A. Well, Panthera, the subcontract that we had with -- with Panthera Training was a subcontract between all the -- all -- all of our entities, so Panthera Enterprises, Panthera Training Center, Panthera Worldwide, any subcontract, any task orders issued. So -- so just, you know, management of -- of those contracts, and of that -- of those operations.

Q. So it's just sending out invoices and --
A. Program management. It's program management, and so forth, yeah.
Q. Does Panthera Training Center have any employees?
A. At this time, no.
Q. So the only people doing anything with Panthera Training Center are you and Raymond Jones, again, correct?
A. Right. Correct.
Q. I did not see listed in your Schedule D a secured claim for Virginia Heritage Bank, which showed up in our title work. Was that debt paid off?
A. It's --
Q. Or is it listed as something else?
A. There's -- there's a debt to -- there's a debt to Access, I believe.
Q. Well, the title work that was done for the EDA showed that there was a Deed of Trust from 2014 in favor of Virginia Heritage Bank. So I'm curious why it doesn't show up?
A. Give me a moment here. That's on -- on the schedule, Page 2 of 9, 3.6, Atlantic Union Bank, is a successor.
Q. I'm sorry, can you tell me --
A. Atlantic Union Bank.

Q. -- what schedule it is?
A. This is, what is that, Part 2.
MR. LINDSAY: That's Schedule F.
MS. ALLEN: Schedule --
MR. LINDSAY: 3.6.
MS. ALLEN: Schedule F?
MR. LINDSAY: Correct.
MS. ALLEN: E/F. Why is it they are holding a Deed of Trust and listed as a non-secured creditor?
MR. LINDSAY: We'd have to get back to you on that, I'm sure some analysis was done.
Q. So which one is it, again?
A. 3.6, Atlantic Union Bank.
Q. Let me see. And it shows only owed $6,000.00 for bank fees?
A. Yes. And they're showing --
Q. I have a Deed of Trust showing for a $500,000.00 loan.
A. Oh, well, yeah, that -- that loan has been paid.
Q. I see. Well, that's what I was --
A. Yeah.
Q. -- asking.
A. Yeah.
Q. That's why. Yeah.

MS. ALLEN: There were some questions about West Virginia taxes. I don't know if the U.S. Trustee's office has known -- the West Virginia State Tax Department did file a Proof of Claim. You have that?

MR. KINDER: I imagine we do, but I have not looked at it personally.

MS. ALLEN: Okay. All right.

MR. KINDER: But that, that should answer most of my questions.

MS. ALLEN: Yes, it -- yeah, it does.

Q. On your list of unsecured creditors, I know that from reading the file in 2013 when you acquired the property there were certain unsecured debts that were assumed by the debtor.

A. Right.

Q. How many of these unsecured debts are debts that are -- that were assumed by the debtor?

A. On -- on here, the only thing on here would be the West Virginia withholding taxes. And -- and also, part of the A.L.L. Construction, which is 3.1. And let's see -- Well, I -- well, the unsecured. And secured, we did assume also the West Virginia Paving, that's secured. Just making sure there's nothing else that -- That's, yeah, that's all.

Q. So all the rest of the debts then are ones that

have been incurred since 2013 then?

A. Yes.

Q. And you said none of them have been incurred in the last year?

A. No. No.

Q. There were questions about licenses. I understand that for the contracts that you have with the government there's some sort of a security clearance that you may need, or other designation, is that correct?

A. It's for Panthera Worldwide.

Q. For Panthera Worldwide?

A. Yes.

Q. But Panthera Worldwide is not operational, correct?

A. No, it's -- No, Panthera Worldwide is, we have a DOD contract. It has not task orders performing at this time, and that -- that requires a security clearance.

Q. Okay. But not for the contract with the

A. No.

Q. Or the

A. No.

Q. Okay. What's the most number of contracts this debtor has ever had at one time?

A. Well, the -- most of the contracts we have are -- are not long term, they're -- they're more ad hoc, and most of them perform under Panthera Training Center. So Panthera Enterprises has had maybe two or three at any given time.

Q. And how much income does the generate?

A. It's in the neighborhood of about 1.7 million.

Q. That's the revenue?

A. Yes.

Q. And do you have a figure for what the net profit is on that?

A. Well, I mean, that's gonna depend on going forward on what happens with some of our actions. So --

Q. And there are no other contracts other than the and the two contracts right now, correct?

A. Correct. Well, I mean, those are the -- those are long term contracts. There's -- there's other things that the training center -- commercial -- commercial contracts and -- and other government training that happens, but it's, as I said, it's -- it's more ad hoc, and it's relatively significant, but -- but not long term contracts. A lot of the training that's done is done, you know, is done for -- for short term requirements, deployments, and so forth.

Q. On the executory contracts, you had listed a

license agreement with Panthera Training, and I don't wanna take this away from Mr. Kahle if was gonna ask it, but I'm curious, what is this license agreement, what are you referring to?

A. You wanna characterize that?

MR. LINDSAY: It's really just related to certain, I would say, I believe like domain names, and use of, I mean, I think it includes email addresses and things of that nature. So, in other words there are --

A. Advertising.

MR. LINDSAY: Yeah. They're able to use those.

MS. ALLEN: So I -- I have read in a -- an agreement, and I -- I call it an agreement of assignment where everything was assigned to Panthera Training. Is that what you're referring to, is that the agreement?

MR. LINDSAY: No. Well, actually is that the --

A. No. No.

MR. LINDSAY: Let me see.

MS. ALLEN: Is there something else documented?

MR. LINDSAY: That is, I believe that is the agreement. And what that agreement covers, more than just the items that we considered to have been licensed to Panthera Training, that I just mentioned, it includes -- it -- it purports to be an assignment of contracts which the

government thereafter told the debtor it could not do, so that portion is essentially null and void, but we would, I guess, agree that the portions that involve things that we could have assigned, like the domain names and things of that nature, it's probably still effective. So I believe that is the agreement that -- that you're looking at.
Q. And the subcontract, I know we talked about that for just a few minutes with Panthera Training, that contemplates doing the training on the facility, correct?
A. Yes.
Q. Okay. The timber agreement, what date was -- Well, actually I have a copy of that, I take that back. The timber agreement, I understood that was an agreement that was given for payment of a debt to SMI, is that correct?
A. Mark, can you characterize that, I mean --
MR. LINDSAY: I don't -- Actually, I can't answer that. I don't know that it was given to satisfy a debt. I'm happy to follow up and provide a better answer, but I don't -- I don't know at this time if that's true.
Q. Well, the agreement recites that it's given for $100,000.00 consideration. Did you -- did you or the did the debtor receive $100,000.00 for that agreement?
A. No, it was -- that may have been -- that may have been referring to a previous loan.

MR. LINDSAY: In which case, maybe that is.
Q. So there was no cash given for the agreement when it was signed?
A. No. No.
MR. LINDSAY: It sounds like the answer to your question is likely yes, but we can confirm that. Your original question with regard to whether or not it satisfied a debt.
Q. Okay. Go to Schedule H. Schedule H is a request for co-debtors, and co-debtors is to include guarantors. And I'm curious why the guarantors on the West Virginia EDA loan are not listed? And I'm also wondering if there are not guarantors on some of these other loans?
MR. LINDSAY: So what's your question?
Q. Why is Global Matrix not listed as a co-debtor on Schedule H?
MR. LINDSAY: Do you believe them to be a co-debtor?
A. When we originally signed that mortgage, they -- they're -- yeah, they were on there as a guarantor, I believe.
MR. LINDSAY: Okay.
Q. And could you tell us who is Global Matrix?
A. That's -- that's Ray Jones.

Q. He is the sole owner, do you know?
A. I -- I don't know, I believe so.
Q. And what does it do?
A. It's just like a professional services company of his.
Q. Does it provide any services to the debtor?
A. No. I mean, originally it was contemplated that it was holding the -- the ownership.
Q. But it doesn't hold any ownership now?
A. No.
Q. Okay. And you said it does not provide any services to the debtor?
A. No. No.
Q. Okay. There's also a company called Pons Milvius?
A. Yes, and that was -- that was my person services company, if you will. But again, that was -- well, conceived, I guess to be similar to Global Matrix to be a co- -- you know, be the owner, but does not own -- doesn't own stock now, but yes, just, I guess just a vestige of --
MR. LINDSAY: What is it a guarantor of?
A. Well, of the mortgage. I --
Q. Does it provide any services to the debtor?
A. No.
Q. And you are the sole member?

A. Yes.
Q. And then both you and Mr. Jones personally are guarantors on the EDA loan, and you're not listed either.
A. Okay.
Q. Are you guarantors on any of the other debt that's been listed in the -- in the schedules?
A. For Azadian and Midtown.
Q. Are you a guarantor of any of the SMI loans?
A. I -- I do not believe so.
Q. Are you a co-obligor -- I mean, are you a borrow with SMI on the SMI loan?
A. I -- I would have to look at the documents, but I don't --
MR. LINDSAY: We'll file an Amended Schedule H. Clearly.
Q. What is the status of the litigation with Azadian Group?
A. It's -- it's been taken off the docket.
Q. Because of the bankruptcy?
MR. LINDSAY: It's stayed.
A. It's stayed, yeah.
Q. Okay. And you indicated all the books and records are with, of the debtor, are with -- are on the Cloud, and that you and --

A. Right.
Q. – Raymond Jones control those, is that correct?
A. Yes. Yes.
Q. And no one else has reviewed those within the past couple of years?
A. That's – that's correct.
Q. Okay. I think I may not have anything else, just a second.
MS. ALLEN: Okay. I don't have anything else right now. Thanks.
MR. KINDER: Okay. You want – you wanna go next?
MR. LEON: I would, yeah. Mind if I swap seats with you?
MS. ALLEN: Yes, that's fine. I mean, I don't mind.
MR. LEON: If you wanna do that. Thank you.
MR. KAHLE: I'll go next.
MR. KINDER: You – you'd rather. Well –
MR. KAHLE: Is it -- let me go ahead, if you don't mind.
MR. LEON: Sure. I'm sorry.
MR. KAHLE: But have a seat.
MR. KINDER: Would you identify yourself and who you represent?

MR. KAHLE: Sure. Douglas Kahle, law firm, Basnight, Kinser, present Panthera Training, LLC.

EXAMINATION OF MR. PUNELLI

BY MR. KAHLE:

Q. I wanna follow up first on a few questions Ms. Allen asked you. Panthera Training Center, LLC, you testified that it manages contracts for Enterprises, is that right?
A. That – that's what it's done in the past, yes.
Q. So let's talk about since June 1 of 2018. What has Panthera Training Center done to manage contracts for Enterprises?
A. Well, you know, we have three longer term contracts, and there's been other business development work that we've done. So I don't know that I wanna get into any great detail at this point with, you know, discussing that.
Q. Well –
MR. LINDSAY: I think that's –
Q. – you testified that – that it manages contracts for Enterprises. I think it's fair to know what it does to manage contracts starting from June 1 of last year.
MR. LINDSAY: But that's to oversee the contracts. I think that's what he says, they are a party to the contract, they -- they oversee them.

Q. So what do – what has Panthera Training Center done to oversee its contracts since June 1 of last year, it's done nothing, has it?
A. You know, given the –
MR. LINDSAY: What's the relevance of that question?
MR. KAHLE: Well, his testimony was to justify what Panthera Training's earning were. I think it got to how he and Mr. Jones have received income from Panthera Training Center. I'm trying to understand how it fits in the picture. What – what does it do to manage contracts or to service contracts which in turn justifies money coming out to Mr. Jones and Mr. Punelli. I think it's a fair question. I'm following up on his testimony to clarify what it does to manage contracts since June 1 of last year to generate it getting money.
MR. LINDSAY: It's – it's a party to those contracts.
MR. KAHLE: But – but he –
MR. LINDSAY: I think that's what he testified to.
MR. KAHLE: Well, no, he testified that it manages the contracts, you testified that he – it services the contracts. I'm just asking what does that consist of. Let me be specific.

Q. Has Panthera Training Center made phone calls to clients to help manage contracts performed at the facility since June 1 of last year?
A. I know that Ray Jones has been involved, and – and worked with Panthera training people on not only business development but on contract issues. I can't speak for him what was done.
Q. So –
A. He – he's done a lot of that in the past.
Q. Okay. So – so he as opposed to you would be the person who could answer that question?
A. He – he's mainly the one who's – who's done that work, yes.
Q. Okay. Do you, Jim Punelli, have any knowledge as to actual services provided or management services provided by Panthera Training Center in connection with contracts since June 1 of 2018?
A. As I said, Ray was the one who's been working with Panthera Training, and with, you know, with any customer as well as a lot of the business development. So I – I can't speak to it directly right now, no.
Q. Okay. You -- you -- you testified in response to questions from Ms. Allen, talked about the ___ contract, and I believe you testified that for 2019 there'd been 1.7

million dollars of revenue --
A. No.
Q. -- approximately --
A. No.
Q. -- from that contract?
A. No, that's not what I said. She asked what --
Q. Okay. What's you say?
A. She asked what the expected annual revenue would be, and I said it would in the range of about 1.7 million.
Q. Okay. Looking back at the schedule, I believe you reported, approximately, 1.7 million dollars of revenue for 2019, year-to-date.
A. Yes.
Q. Okay. And that was from the contract, right?
A. And -- and rents money. Rent, contract and rent, yes.
Q. From the facility?
A. Right.
Q. Okay. Now you testified that -- that either Enterprises or the contract was profitable. Do you recall that testimony?
A. I said I believe Enterprises would be profitable this year.
Q. All right. Now is that -- is that year-to-date

profitable or are you projecting into the future?
A. For this year. For --
Q. Okay.
A. So it would be profitable this year.
Q. Let's talk about not going forward, year-to-date, has -- has contract generated profit to Enterprises?
A. Well, okay, given that what the question was Panthera Enterprises, the debtor, okay --
Q. Okay.
A. -- and I said yes, there -- there would be a profit.
Q. Okay. Out of the contract?
A. You know, I didn't -- I did not -- You asked me what I spoke to, I did not speak to the specific contracts, I talked about the -- the Enterprise as a whole, and that's kind of where I'm gonna go right now because I haven't, you know, I haven't put together the plan, we're working on that, and -- and that's all a part of that.
Q. Okay. Well, I may have misunderstood, but there was testimony about the contract. To be clear, a hundred percent of your revenue that comes in on the contract pursuant to the subcontract is to be paid immediately over to Panthera Training, correct?
MR. LINDSAY: Well, you're asking -- I'm just

gonna instruct him not to answer. These are contractual interpretation issues.
MR. KAHLE: They're -- they're related --
MR. LINDSAY: They have nothing to do with the schedules.
MR. KAHLE: Well, it has to do with the questions he's testified --
MR. LINDSAY: I've already told him that he's not -- he doesn't have to answer that.
MR. KAHLE: So you --
MR. LINDSAY: So you --
MR. KAHLE: To -- to --
MR. LINDSAY: -- can seek an answer to that somewhere else.
MR. KAHLE: -- to -- to what extent? So are you directing him not to testify about any questions about the contract?
MR. LINDSAY: I don't know, you'd have to ask him first.
MR. KAHLE: Okay.
Q. The you're familiar with the contract?
A. Yes.
Q. And are you familiar with the subcontract whereby Panthera Training performs all the services for the

contract?
MR. LINDSAY: He's not gonna answer any questions about the subcontract --
MR. KAHLE: Okay.
MR. LINDSAY: -- put it that way.
MR. KAHLE: Okay.
Q. You testified in response to Ms. Allen's questions about the $777,000.00 of accounts receivable, I believe you said about $100,000.00 of that was from some -- well, it was from Panthera Training Center, correct?
A. That's what I told her, yes.
Q. And am I right that Panthera Training is an 80 percent subsidiary of -- of Enterprises?
A. That's correct.
Q. And -- and operationally you and Ray Jones basically run both companies yourselves?
A. That's correct.
Q. Is there any operational independence between the two companies?
A. Well, yes, there's contract independence and operational independence, yes.
Q. Okay. The six hundred and some odd thousand dollars left over of the accounts receivables that you say Panthera Training owes, did you personally calculate that

number?
A. Yes.
Q. And what's the number comprised of?
A. Well, I don't know that I really wanna get into at this time because it involves some other things that are ongoing.
Q. Well, it's in the schedule.
A. Well, I understand that.
Q. Do you -- do you --
A. I mean, it's -- it's comprised of money -- monies owed, I mean, rents and --
MR. LINDSAY: Your client has a -- has an itemized list of those amounts owed.
MR. KAHLE: I understand, but he's under oath today.
Q. So -- so that six hundred and some thousand --
MR. LINDSAY: I don't think he has it in front of him.
Q. But do you know what that six hundred and some thousand dollars is comprised of, Mr. Punelli?
A. I, again, I don't have the exact breakdown in front of me.
Q. Have you got the approximate breakdown in your mind?

A. I'm not gonna speak to approximate things. Especially since, you know, you have the information anyway. So --
Q. So do you have the categories that comprise that number?
A. Well, there's -- there's taxes, rents, insurance.
Q. What kind of rents?
A. There's additional rents that are under the lease.
Q. And again, did you calculate that number?
A. I did.
Q. Okay. Ray Jones didn't?
A. Well, he -- he was involved with going through it with me, yes.
Q. You gave an address for Panthera Enterprises being Fish Pond Road. When's the last time Enterprises had any employees located there?
A. It would be last year.
Q. Say again?
A. Last year.
Q. Say June 1 of 2018?
A. Yeah, right.
Q. When's the last time Enterprises had any representatives located there? Same date?
A. It'd be at the same time, yes, the facility --

Q. So --
A. -- has been leased to Panthera Training.
Q. -- when's the last time that Enterprises or Panthera Training Center performed any functions in Fish Pond Road in Hardy County, same date?
A. No. I mean, we have contracts that we hold.
Q. There are no --
A. There were subcontract -- the --
Q. Well, when's the last time that Panthera Training Center or Panthera Enterprises itself performed any functions?
MR. LINDSAY: Can I ask you a question quick?
MR. KAHLE: Sure.
MR. LINDSAY: If I were to look at the schedules and his statement of financial affairs, what would these questions relate to?
MR. KAHLE: Well, it relates to why he's telling the court, or the Trustee, that it has an address at Fish Pond Road. I'm trying to find out what its connection with is there other than ownership.
MR. LINDSAY: I don't think there is -- that's -- that is a -- the address of a piece of property they own. Is that what you're asking?
MR. KAHLE: Okay.

Q. So you don't perform any -- any business there?
A. Yes, we do.
Q. Okay. What -- what business does Enterprises perform there?
A. We have contracts that are performed there.
Q. But not by you?
A. They're subcontract --
MR. LINDSAY: By Mr. Punelli himself?
MR. KAHLE: By Enterprises.
MR. LINDSAY: Oh.
Q. Enterprises doesn't perform any contracts at that location and hasn't since June 1 of last year, correct?
A. Well -- well, I don't know. I mean, I guess --
MR. LINDSAY: That's --
A. -- it depends how you wanna --
MR. LINDSAY: Yeah, you don't have to answer that. It's -- it's -- you're asking a legal question, whether or not a primary contractor performs a contract by a subcontract contracting it, what's your answer to that question?
Q. And you think that's a legal question, Mr. Patelli?
A. I'm not a lawyer.
MR. LINDSAY: Yes, it is.

MR. KAHLE: Okay.
Q. You -- you testified, this is back to questions the Trustee asked you, that -- that you and Mr. Jones were drawing income from Panthera Training Center. How much?
A. I don't have the figures right in front of me.
Q. Approximately?
A. Again, I don't have the numbers right in front of me, and -- and I don't how that relates to the schedule.
Q. Well -- well, you testified in response to the Trustee's questions when he asked you about it, where your income is coming from, you testified it came from Panthera Training Center. I think it's a fair question, how much, $1.00, $100,000.00? I just want -- I think the creditors are entitled to know how much money you and Mr. Jones are pulling out of the 80 percent subsidiary of Enterprises, and you don't -- Do you have an approximate number? In the last 12 months?
A. The last 12 months, maybe seventy, around $70,000.00 each, somewhere in that neighborhood.
Q. How -- how much, seven or seventy?
A. Seventy. $70,000.00.
Q. And -- and --
A. Somewhere in that neighborhood.
Q. And what services were provided by you or Mr.

Jones for that money?
A. Well, business development and -- and so forth, and you know, I was -- I was overseas for most of last year. So, you know -- so, you know, I'm not -- I don't know.
MR. LINDSAY: Well, I mean, he -- I think he's answered the question.
MR. KAHLE: He did.
MR. LINDSAY: They're -- they're members of the LLC and they perform services.
MR. KAHLE: Okay.
Q. And that, did that money come to you or Mr. Jones out of the Panthera Training Center bank account or out of Enterprises bank account?
A. I -- I don't have that, I don't have that in front of me.
Q. How -- how did you and Mr. Jones receive that $70,000.00 each?
A. I -- I don't have the exact details in front of me, which account it came out of or --
Q. Did --
A. And I don't know -- I don't know where --
Q. Are you saying you don't know the source of $70,000.00 that you and Mr. Jones each received over the past 12 months?

MR. LINDSAY: I think what he's saying is he can't testify to it with having the exact information in front of him. He's not going to say something that might possibly be incorrect. So --
Q. To -- to pick in the time frame, you were testifying you believe that you and Mr. Jones each received $70,000.00 compensation from Panthera Training Center, what would be the time frame during which each of you received about $70,000.00?
A. Well, you asked me over the past year.
Q. So to be clear, the past 12 months from --
A. And --
Q. -- October?
A. And again -- Yeah. And again, I'm -- I'm -- I don't have the information in front of me. You know, I'm under oath, I'm not -- it's in that neighborhood, I can't tell you the exact amount.
MR. KINDER: Let me -- there may be a more efficient way to do this. I do think that it's relevant to under -- for creditors to understand --
A. Right.
MR. KINDER: -- how much insiders receive. I'm going to ask for various things. This is one thing that I think it would be good, if you -- if you could clarify the

amount of monies received and the source of those, of -- of -- of the two owners of the business, from either Panthera or their majority owned subsidiaries that -- that we can share with creditors that --
MR. LINDSAY: Yeah, and going back, I believe the U.S. Trustee's Office has asked for those bank statements --
MR. KINDER: Yeah.
MR. LINDSAY: -- and we've agreed to provide them.
MR. KINDER: Yeah. Now I -- I don't know that -- that we can share the -- we --
MR. LINDSAY: I -- I understand that you --
MR. KINDER: -- can push for you to share the full bank statement --
MR. LINDSAY: -- can't share them without our -- our consent.
MR. KINDER: But -- but if you're willing to consent for us to share the bank statements, we're happy to do that, but I think that at the very least we would ask that we be able to share the amount of money the insiders received with all -- with any creditors that --
MR. KAHLE: And the source of the payments? If not, you can -- you can white out the bank detail information, but to know where'd the money come from.
MR. KINDER: Well, I think even a summary that

they prepare that just shows that they -- that they verify that shows the source of the payments and the amount of payments to -- to insiders from either the debtor or subsidiaries of the -- of the debtor.

MR. LINDSAY: Well, if I could ask this, once I see them and -- and you see them, and you could confer --

MR. KINDER: Yeah.

MR. LINDSAY: -- and decide how -- how -- what's fair to how to present them.

MR. KINDER: Right.

MR. LINDSAY: Okay.

MR. KINDER: That -- that'd be fine. I'm -- I do expect -- was expecting to do this anyway. I'm leaving the -- the record open on this Meeting of Creditors so that if that would inspire questions by creditors we may have to reconvene if -- if that doesn't answer it. Now the scope of the --

MR. LINDSAY: Mm-hmm.

MR. KINDER: -- would be limited to -- to the new information, but it may answer the question, we wouldn't need to, but I'm not gonna officially close the -- the record on this until we see those. Is that fair? Does that short circuit some that questioning?

MR. KAHLE: Yes, sir. Do you have a time frame on

that?

MR. KINDER: How soon do you think you can do it?

A. Relatively soon I can get that to him --

MR. LINDSAY: We'll get them in the next 10 days.

MR. KINDER: Ten days, okay, that sounds good.

Q. To follow up some questions further that I believe the Trustee and Ms. Allen asked about. The personal property, Mr. -- Mr. Punelli, I think you'll recall some dates when I refresh your recollection, do you recall the commercial lease for the property was signed back as of June 1 of 2018?

A. Yes.

Q. And I believe you testified that there were some schedules, acknowledged some scheduled that referenced personal property, and it wasn't until June 18 of 2018 when Enterprise assigned a Bill of Sale selling all the personal property to this SMI Group, correct?

A. And to the extent that -- yeah, that -- that date may be correct, I don't have it in front of me, but -- but it goes back to some previous agreements with SMI, so I'm not gonna characterize that because it's a legal issue and I -- I can't answer it.

Q. But -- but do you recall the sequence of events that the lease was signed first and then -- then within a --

A. That --

Q. -- couple weeks after that a Bill of Sale was signed --

A. I believe --

Q. -- as to the personal property?

A. I believe that is correct, yes.

Q. And to understand, how -- how did Enterprise anticipate that Panthera Training was gonna conduct business if it sold all the personal property located on the equipment to a third party?

A. Well, again, that transaction is -- is tied up with other previous agreements and previous to the lease of which, you know, Panthera Training was -- was made aware of before the least was signed. So, I mean, it was -- it was a matter that was discussed.

Q. With who?

A. With Panthera Training, and -- and also, you know, the fact that the -- the property is still located at the facility, still being used for -- for training. I think it speaks to that.

MR. LINDSAY: I know you possibly won't be happy about this, but to the extent you're gonna ask questions regarding the lease, and which is clearly subject of dispute, he's not gonna answer those questions either today.

MR. KAHLE: You haven't left --

MR. LINDSAY: Because that's -- that's --

MR. KAHLE: You haven't left much, have you?

Q. Give me one more minute here. Oh, in your list of unsecured creditors, I see that you don't have Panthera Training listed. Are you familiar with the -- the garnishment back in June when $103,000.00 that came into Enterprises was not forwarded to Panthera Training?

A. Well, that -- that -- that amount -- well, we were paying that through -- through Training Center, but it was paid, you know, subsequently in August. In the August training that was done, I believe that was short paid. So yeah, Panthera -- Panthera Training Center I believe paid that in August, yeah.

Q. So -- so your testimony is the $103,000.00 that was grabbed by garnishment was later paid by Enterprises to Training?

A. And isn't it --

MR. LINDSAY: We're not aware of a $103,000.00 garnishment. I believe we're aware of a $97,000.00 -- $97,782.00 by Iron Horse, is that what you're referring to?

MR. KAHLE: Yeah, let's call it, approximately, $100,000.00 to make it easy.

Q. So -- so there was about $100,000.00 grabbed in a

garnishment in June of 2019, correct?
A. That's correct.
Q. Okay. And that, whatever that dollar amount is, approximately, $100,000.00, that was payable to Training back at the time by Enterprises, correct?
A. Not by -- yeah, by -- by Panthera Training Center, yeah.
Q. Okay. But that wasn't done, was it?
A. I said it was subsequently paid in August.
Q. Oh, I'm sorry. So --
A. And --
Q. Yeah, you did say that, I misunderstood. So your testimony then is in August of 2019 Panthera Enterprises or Panthera Training Center paid that $100,000.00 down to Panthera Training?
A. From June, right. And then there was a payable -- there was a payable in August then that was not paid on time. So we -- we -- we paid the old payable, and there was a new payable.
Q. But the payable in August, that was for a separate course, correct?
A. Well, okay.
MR. LINDSAY: Are you -- are you asking about amounts that potentially could be due under the subcontract?

MR. KAHLE: I'm just trying to track down that garnished money as to find out what happened with it.
MR. LINDSAY: Well, the money -- money that was garnished, it went to Iron Horse.
MR. KAHLE: All right. And so, that note --
MR. LINDSAY: So that, there's no way that particular money could be paid to anyone, it was taken by Iron Horse, correct.
Q. And that money that was grabbed by Iron Horse, the equivalent of that money, $100,000.00 that -- that was taken by Iron Horse, that amount was, and no later amount replacing that was ever forwarded on to Panthera Training, correct?
MR. LINDSAY: And all I'm saying is to the extent that we have disputes as to what is owned and what is not owed under the subcontract, as I've said on the record, we're not gonna answer those questions. Obviously, any creditor is free to file a Proof of Claim if they don't agree with the schedules.
Q. Duncan Development Group, Rob Duncan is at least a part owner of that company?
A. Yes.
Q. And does Rob Duncan, he at one time had options to buy into Panthera Enterprises, correct?

A. Yes.
Q. Are those options still outstanding?
A. That's -- that's a question that we have to look at the agreement, and I -- I don't know.
MR. LINDSAY: I'm not sure that he can answer that. I'm not trying to be obstinate, that's truly a -- I don't know that he can answer that question yes or no at this point. That's a contractual issue.
Q. Whatever options Mr. Duncan has or had, have you, I mean, do you have possession of documents that memorialize that agreement?
A. Yes.
Q. Under the Executory Contracts heading, are you familiar with a Novem -- I'm sorry -- with a December of 2018 novation agreement that was signed by Panthera Enterprises?
A. Yeah, there was an agreement that was rejected by the government.
Q. In writing?
A. Yes.
Q. Who told you that?
A. Do we have a reference?
MR. LINDSAY: It's a -- it's a -- it's a correspondence from the government.

MR. KAHLE: Okay.
MR. LINDSAY: So I guess the government told him that.
MR. KAHLE: Okay.
MR. LINDSAY: I assume you're talking -- you -- you -- you referenced, just so we're clear on the record, you -- you called it a novation agreement?
MR. KAHLE: Correct.
MR. LINDSAY: That's not the title of the agreement, is it? If -- I wanna make sure we're talking about the same agreement.
MR. KAHLE: I believe it is called that.
MR. KINDER: Let me clarify, ask a clarifying -- when you say the government, is that the government as a customer or is that the government as a regulating entity.
A. As a customer.
MR. KINDER: As a customer, okay.
A. Contracting office, yeah.
MR. KINDER: Okay.
MR. LINDSAY: What was -- what was the date of the agreement that you referenced?
MR. KAHLE: I think it was dated a couple different times, the -- the latest version may have been dated May of 2019.

MR. LINDSAY: And you believe it's called a novation agreement?
MR. KAHLE: I seem to recall that.
MR. LINDSAY: Okay.
Q. So -- so it is your testimony, Mr. Punelli, that that, assuming it was dated May 2019, I believe it's titled a novation agreement, you believe you have correspondence from the government that officially rejected that novation agreement?
A. Yes.
Q. Okay.
MR. KAHLE: No more questions.
MR. KINDER: Okay.
EXAMINATION OF MR. PUNELLI
BY MR. LEON:
Q. Mr. Punelli, we met briefly earlier. My name is Jay Leon, and I represent SMI and Bill Neff Enterprises. I'm gonna ask you a few questions just to orient myself here. I know you've covered most of this --
A. Sure.
Q. -- earlier. You and Mr. Jones own the debtor, correct?
A. Yes.
Q. And that's Panthera Enterprises, LLC?

A. Correct.
Q. You're -- you're the only two members of that LLC?
A. That's correct.
Q. Is it a member managed LLC?
A. Yes.
Q. Okay. Do you have a written operating agreement?
A. Yes.
Q. Okay. And your current address is listed in, I'm gonna say Virginia?
A. Right.
Q. Is that a residence address that I see in these schedules?
A. That's the -- that's an office address, mailing address.
Q. Okay. Where do you live?
A. Live in Virginia.
Q. Okay. What's your physical address in Virginia?
MR. LINDSAY: You don't have to answer that.
MR. LEON: Okay.
Q. How about Mr. Jones, where does he live?
A. He lives in Virginia.
Q. Okay. And Panthera Training, LLC, who owns that?
A. I -- I believe it's Bob Star, Robert Star.
MR. LINDSAY: You -- he -- I mean, you don't have

to answer that either, that's not a related entity, that's a tenant.
MR. LEON: Well, you're suing them.
MR. LINDSAY: Right.
MR. LEON: Okay.
Q. And you don't have, you personally do not have an ownership interest in Panthera Training?
A. That is correct.
Q. Nor does Mr. Jones?
A. That's correct.
Q. Does Panthera Enterprises have an interest in Panthera Training?
A. No.
Q. Okay. So it just shares a name?
A. Correct.
Q. Okay. And -- Okay, that clarifies that. All right. You indicated that apparently in 2008, or thereabouts, the debtor transferred essentially all of its personal property to SMI.
A. 2018.
Q. Right.
A. Right.
Q. I'm sorry. And that included, from what I can see, a whole bunch of firearms --

A. Correct.
Q. -- ammunition, trucks, do you agree with that?
A. Right, correct.
Q. Okay. And Panthera Training is using all that stuff to run their business? Yes?
A. That -- that's correct.
Q. Okay. Is SMI getting paid for the use of its equipment?
A. That's something I don't -- I'm not aware of?
Q. Well, are you -- is --
A. We are not --
Q. -- the debtor paying it?
A. We are not paying, no, we are not paying that.
Q. So is it your position that -- that Panthera Training has some right to use this equipment? Or that's between Panthera --
MR. LINDSAY: You're not --
Q. -- Panthera Training and my client?
MR. LINDSAY: The last thing that he said.
A. Yeah, that's -- the latter.
Q. Okay. Let's talk about the schedules a little bit. Specifically on Page 19 you listed yourself as an unsecured creditor, or the debtor has listed you as an unsecured creditor being owed 2.58 million dollars.

A. Right.
Q. I wasn't clear what the basis of that claim was, is that unpaid compensation?
A. Some of it is. Some of it's cash loans, you know, or -- or profits that were loaned back to the company is -- is the majority of it.
Q. Okay. So the majority of it is -- is loans that you made back to the company?
A. Right.
Q. Okay. Walk me through that, are you saying that as a, first off, as -- as a member of the LLC, did you receive K-1 distributions?
A. We're going back a few years. Yeah, there was K-1 income.
Q. Okay. Were you a W-2 employee, did you receive a salary from the debtor?
A. No.
Q. Okay. So the only money that you got -- one more -- back up one more. Did the debtor ever loan you money?
A. No.
Q. Okay. So any money you got out of the debtor was in the form of a K -- K-1 distribution as a member of the LLC, is that a fair statement?
A. Or -- or draws that --

Q. What's the difference between a draw and a distribution?
A. Well, I mean, you know, it -- yeah, it's the same, yeah.
Q. Okay. So, and on some occasions you apparently took that money that you'd received in the form of K-1 distributions and lent it back to the debtor?
A. That's correct.
Q. What sort of documentation exists to show those loans?
A. It -- it's -- it's reflected in the general ledger.
Q. Who maintains the general ledger?
A. At that point we had a -- had a CPA and CFO, but at this point I do. But since -- since I've been doing it the last year there's -- there's been none of those transactions.
Q. Okay. Before you became the keeper of the ledger, who -- who was in charge of the ledger?
A. Our -- our CFO.
Q. Who was that?
A. Raymond Barbic.
Q. Spell the last name, please?
A. Ray -- B-A-R-B-I-C.

Q. Okay.
A. B-A-R-B-I-C.
Q. And where does he hail from?
A. He's in Virginia.
Q. Okay. Was he fired or did he quit?
A. Well, I guess you would say lay off, yeah.
Q. Okay. So are we talking about a physical ledger here or is this -- is this a digital QuickBooks ledger --
A. It's --
Q. -- or what form is this information?
A. Well, it's -- it's a digital accounting system.
Q. Okay. Is there a note, a physical note whereby Panthera, the debtor, acknowledged it owed you money because you'd loaned it money?
A. I mean, yeah, the -- the general ledger entries are -- are typically documented that way -- (indiscernible) --
Q. Okay. What are the terms of the loan?
A. We -- we don't have loan documents.
Q. Okay. Well, are you entitled to receive interest?
A. Entitled versus, you know --
Q. Okay. Well, I'm not -- I'm not trying to parse words with you.
A. No. I mean, we -- we -- we don't -- we're not

trying to -- that does not include any interest --
Q. Okay.
A. -- if that's what you're asking.
Q. Does it have repayment terms?
A. No. As I said, it's -- it's in the general ledger notations, so there's no repayment terms noted in there, right.
Q. All right. As you understand this -- I mean, first off, I assume you're on both sides of this transaction, you're the -- the managing member of the LLC borrowing money from yourself?
A. Right.
Q. Okay. So it seems to me if anybody knows the terms, it's you. Is it a demand note?
A. Basically, yeah, as the -- as money is available we -- we would pay ourselves. But we stove to pay back any debtors, you know, that we could before ourselves. You know, we're -- we see our -- saw ourselves as -- as being last in line to be paid.
Q. That's -- that's the reality of anybody that owns a small business, I guess. So but the question I have is have -- has the debtor ever, in fact, paid you anything on those notes? Or those loans?
A. No.

Q. Okay. And over what period of time did you make these loans to the debtor?
A. Really since the beginning of the -- of the company.
Q. Which is when?
A. 2011.
Q. Okay. How did you capitalize the company, did you make an investment as opposed to a loan?
A. Most of it was a loan, I think.
Q. Okay. Well, of the 2.58 million dollars you're claiming as an unsecured creditor, how much of that was contributed -- contributions to capital as opposed to loans?
A. Well, initially we had virtually no contributions to capital because we didn't have any -- any infrastructure, we were going out and -- and bidding on contracts.
Q. Okay. So, I mean, that's a pretty precise number, $2,582,637.31. Where in the books of the debtor can I find that number? Where do I need to go to look for that?
A. It's -- it's in the general ledger.
Q. Okay. And it's gonna be, best you recall, since you're now the keeper of the general ledger, what I'm gonna see is notations that say loan from member?
A. Something to that effect, yeah. It's --
Q. Well, what other effect could it be?

A. Well, I mean, it's --
Q. No, I'm -- I'm not parsing words with you --
A. Sure.
Q. -- I wanna know how you booked the transaction.
A. I don't have the exact words on each ledger entry.
Q. Okay.
A. But it's gonna say something similar to that, yes.
Q. Okay. Well, let's drop down to Page 21. Raymond Jones has an unsecured claim of $3,258,323.18.
A. Okay.
Q. That's like a million more than yours.
A. Right.
Q. What's that made up of?
A. Again, it's -- it's mostly loans into the company.
Q. Okay.
A. And --
Q. You're 50/50 owners?
A. Right.
Q. In my experience when you have 50/50 owners the discussion goes something like this, hey, the company needs a hundred grand, I'm putting in fifty, you gotta put in fifty. How was it that Mr. Jones contributed hundreds of thousands of dollars more in loans than you did?
A. It was -- it was an agreement between he and I

that, you know, that he had the ability to -- to loan money in times where I didn't, and -- and that's -- that's what happened.
Q. Okay. So is that agreement in writing?
A. It's -- it's in the general ledger. I mean --
Q. Okay. So is it your belief and understanding that that 3.258 million dollars is a loan from a member?
A. Yes.
Q. Okay. Were there any contributions to capital made by either of you as opposed to loans?
A. I -- I believe initially there may have been some contributions to capital, I don't recall --
Q. Okay.
A. -- but I think it's mostly loans.
Q. Is it a fair statement to say that in large part this bankruptcy was precipitated by Panthera Training stopping paying its rent, cutting off your ability to service the debt owed to the State of West Virginia over here?
MR. KAHLE: You mean, Panthera Training Center?
MR. LEON: Yeah.
Q. Whoever you're suing in the AP.
MR. LINDSAY: I think he means Panthera Training, not Panthera Training Center. If you wanna ask the question

again just so we're --
MR. LEON: Okay. Let me make sure I understand the players because I get lost in all these, everybody's named the same thing.
MR. LINDSAY: Training Center is a -- is a debtor subsidiary, or partial --
Q. Panthera, LLC, the defendant in the adversary proceeding, am I correct that it is leasing the realty that the debtor owns on which this training facility is located?
A. That's correct.
Q. Okay. And is it also correct that at present the biggest source of income for the debtor are the rent payments from Panthera Training, LLC?
A. That's correct.
Q. Okay. And for lack of a better term, they quit paying you, apparently?
A. Well, it's in two parts, so --
MR. LINDSAY: I -- it's a little more -- there's -- there's different rent aspects under the lease.
MR. LEON: Right.
MR. LINDSAY: We believe, I will -- will say conservatively that, believe they continued paying a portion of it, but there are other portions that it's our position that they have not paid.

MR. LEON: They owe a $52,000.00 a month base rent, right?
MR. LINDSAY: Correct.
MR. LEON: Okay.
Q. Are they paying that?
A. Yes.
Q. Okay. So that's $600,000.00 a year income from that. So the fuss with them is over this additional rent that's based on some profitability calculation?
MR. LINDSAY: That's a portion of the fuss.
MR. LEON: Okay.
Q. And is the $500,000.00 you're getting insufficient to serve as the debt due the State of West Virginia over here?
A. No, it's not insufficient. It is sufficient.
Q. It is insufficient?
A. It is sufficient.
Q. Okay.
A. Yeah.
Q. Are you paying the State of West Virginia on this note?
A. They've been paid.
Q. Okay. And so, as you understand it, why did they, the state, give notice that is was gonna foreclose on this

property if you were making the note payments?
A. Well, I mean, there were other arrearages and other -- other issues that they had. So do you wanna --
Q. Okay. One of which is this unpaid property tax, I guess?
A. That's one, yes.
Q. Okay. Okay. Couple of questions about Mr. Neff. I think there are, as I understand it, these are sort of modular office units --
A. Correct.
Q. -- that are on wheels, or at least can be transported on a undercarriage of some sort, right?
A. Correct.
Q. And I think you've got, what, 37, or so, of them out there?
A. It's 37, 38, yeah.
Q. And -- and they can be lashed together to make larger units, right?
A. Correct.
Q. Okay. And how many of those, I don't know what you call that, a pod or a -- those lashed together things, how many of those unit assemblages are out there on your property?
A. Let's see --

Q. Three? Four?
A. -- there's five, I think.
Q. Five, okay. How many of them are you actually using?
A. They're all -- they're all --
Q. You, the debtor?
A. We -- we, as the debtor, right now they're leased. So they're leased.
Q. Okay. How many are the lessee using?
A. I believe all of them.
Q. For what?
A. Office space and training, classroom training space.
Q. Okay. And I think your counsel indicated that to his mind there is some issue about whether -- who holds title to those properties, is that a fair statement, those -- those units?
MR. LINDSAY: I -- if I -- I don't believe I said that. We identified them as -- as -- as assets of the estate.
MR. LEON: Okay.
Q. They weren't, those units were not part of the personalty that you sold to or transferred to SMI, is that correct?

A. That's correct.
Q. Okay. Again, just sort of for my edification, who or what was TENX?
A. TENX was the original, the name of Panthera Enterprises, the original name, and we changed it in 2016.
Q. Okay. So it was an LLC as well?
A. Yes.
Q. Was there a merger or was it just a change of names?
A. Just a name change.
Q. Okay. As far as you know, and I may have asked this and probably forgotten the answer, is Panthera Training, LLC, using the guns and the trucks and all the other personal property that Panthera Enterprises transferred to SMI?
A. I believe so.
Q. Okay. Am I correct that part of the use of these vehicles is they eventually get shot up, they're used for target practice?
A. Well, I mean, the majority of the vehicles are used for -- as training vehicles.
Q. Right.
A. They're -- they're vehicles that are bought as junk, you know, as junkers and used in that way, yeah.

Q. Okay. Okay. Just out of curiosity, what --
what's your educational background?
A. I have a bachelor of science in -- in ocean engineering from the U.S. Naval Academy, and I have a masters degree in business.
Q. Okay. How old are you, sir?
A. I'm 57.
Q. 57?
A. Yes.
Q. Okay. That's all the questions I have for you, I appreciate your patience.
A. Sure.
MR. KINDER: Do you all have questions back there, come on up. Did you have questions?
MR. QUEEN: No, sir.
MR. KINDER: If you wanna have a seat here, identify yourself. Then I'll have some, if this is the last questioning, I'll have a few housekeeping things at the end, and then we'll wrap up. If you can identify yourself, who you represent, and then you can go ahead now.
MR. GOOD: I'm John P. Good, Jr. I'm treasurer of Howard Shockey & Sons, Inc., and we're a trust holder on the real estate, second trust holder on one of the parcels, and third trust, I believe, after the paving company in the

State of West Virginia on the other parcel.
EXAMINATION OF MR. PUNELLI
BY MR. GOOD:
Q. Some of these are real quick, Jim.
A. How are you doing, John?
Q. Would you agree that you and Ray Jones are guarantors of the Howard Shockey & Sons debt?
A. Yes.
Q. Okay. I did, I apologize, I didn't hear your answer to that --
A. Yeah.
Q. -- question earlier to Ms. Allen. In earlier work with you and Jim -- and pardon me -- Ray, you mentioned you had a business in North Carolina, do you still have that?
A. No.
Q. Okay. Did it have any relationship, either cash coming or going with the debtor?
A. Yeah, there were some -- there were some loans that were -- that were co-signed by them, if you will, that have been paid previously. Several --
Q. Loans to the debtor?
A. Well, yes. But --
Q. So -- so the debtor paid those loans because they were co-signed by the --

A. No, no --
Q. -- North Carolina business?
A. No, no, they -- they're very separate in any -- any, you know, as far as any payment made. I mean, there were -- But because we had an ownership interest in them, they -- let's see, how do I -- We had an ownership interest in them at one time, so we borrowed money, so -- so the debtor had borrowed money and they were guarantors.
Q. They were --
A. But --
Q. -- guarantors of that debt?
A. Right, but -- but any -- any money that was, you know, any -- any debt that debtor had the debtor paid, did not pay any debt of that North Carolina company.
Q. But it eliminated that guaranty.
A. Well, the debt was paid off. We -- the debtor paid off the -- the bank loan.
Q. When was that debt created?
A. That was, I think, 2012.
Q. 2012.
A. Yeah.
Q. When was it paid off?
A. 2015, maybe, '16.
Q. Okay. You understand my reason for -- for that --

that --
A. Right.
Q. -- line of questioning. Let's go back to this timber situation. I spoke with Ray Jones, I believe, about that after a title search turned up that the -- an interest in the timber somehow was transferred. This SMI, I don't recall. There was a person's name associated with that that had loaned you money. Do you recall that -- that name?
A. I believe it's the -- the member of SMI is -- is Terry Migliore.
Q. Okay. All right. And it, would it seem consistent to you that my conversation with Ray included, when I asked about, you know, we -- we do have a -- an interest in the real estate --
A. Right.
Q. -- the West Virginia Economic Development Authority has an interest in the real estate, and the timber is rooted and grows on the real estate, we were concerned about that --
A. Right.
Q. -- Ray said, and -- and I assuming, I think you said earlier today it has not been harvested, is that correct?
A. That's correct.

Q. All right. What's the trigger for harvesting?
A. **I don't know that I can answer that. Do -- I --**
MR. LINDSAY: I think -- I don't know if there's--
Q. Is that the --
MR. LINDSAY: -- trigger other than SMI has the rights to use the --
Q. Or -- or is it your understanding, is it being stayed by the action now or -- And -- and let me wrap that up.
MR. LINDSAY: Without giving you a legal opinion, I -- I -- I, let's just say, I -- we can't answer that.
MR. GOOD: Okay.
Q. And -- and -- and final question related to that is is it consistent, Ray told me that, when I asked about this, I did not understand it at all from him, that it was a sale of timber, but that it was, these aren't his exact words, but the impression I got was it was to make the person who loaned the money some time ago to the debtor feel more secure, is that -- is that -- that's your take on it, too?
A. **I think that's -- I mean, Ray is the one who worked on it, but that's -- that's --**
Q. But it was to help give security to somebody who had made a loan at some earlier date?

A. **Well, that's -- that's an accurate characterization, I think is how Ray looked at it, yeah.**
Q. Okay. At the potential expense of the first and second, and -- and in our case, and some cases, third trust holder ultimately if that timber would be harvested by that creditor?
A. **Yeah, I suppose so, yes.**
Q. Okay. Greg Farland of our company, and I, met with you, roughly, February of 2018. Do you remember we met you up at the --
A. **Yeah.**
Q. -- trailers there --
A. **Yeah.**
Q. -- and you gave us some information that we had requested, including three years worth of tax returns and some internal financial statements. Do you have any problem if I share one page of one of those tax returns with you to -- as the basis of a question, with your counsel, so they can see what I'm talking about --
A. **Okay.**
Q. -- and with the representative of the United States Trustee's Office, problem with one page? I don't give out other people's tax information.
MR. LINDSAY: Understood, and I think I would have

to look at it. If it's gonna become part of the record, I would like to -- I need to review it.
MR. KINDER: We don't attach exhibits to these, so it would not be an exhibit, but -- but --
MR. LINDSAY: But to the extent there's information from it that is gonna be -- become --
MR. GOOD: Verbalized?
MR. LINDSAY: -- part of the record --
MR. KINDER: Yeah.
MR. LINDSAY: -- I don't know that we'll --
Q. Turn to the second page, because it's attached. And here's a copy for you, too. This came out of the 2016 return.
MR. LINDSAY: Can I ask you what -- what -- what information are you going to ask about?
MR. GOOD: The question is on the other page.
Q. As background, when you shared the -- and gave us copies of the tax returns, it was just in the same meeting, I flipped through the returns and I had questions about the equity section of the balance sheet, that if the beginning equity at the beginning of the three-year period was one number, and if I subtracted the losses recognized on that tax return, the three tax returns, I would get one equity number, but the equity number actually reflected at the end

of the last tax year presented was substantially lower. I couldn't understand that. Do you remember me being confused about that?
A. **And -- and I'm not a -- I'm not a tax expert, I can't speak to this.**
MR. LINDSAY: I mean, if you -- if -- if you'd like to ask questions, I don't know that -- This is, just this one page, I'm not comfortable, frankly, just referring to without everything else that -- that went into the creation of -- of this tax return. But certainly you can ask questions.
MR. GOOD: Well, I'll ask my question.
MR. LINDSAY: Okay.
MR. GOOD: And --
MR. LINDSAY: If he can answer it, he -- he certainly will.
MR. GOOD: -- I won't share the copy of the part of the tax return then, but I'll ask my question.
Q. The 2016 Form 1065 Federal Tax Return for TENX Group, LLC, now Panthera Enterprises, LLC, Schedule M-2, shows a property distribution of $6,507,664.00. This distribution caused partners capital accounts to show a negative balance on the tax return of $2,871,626.00. Similarly, the member equity shown on the consolidated

Page 130

balance sheet of TENX Group, LLC, this is the prepared financial statements outside of the tax return you gave me, shows a negative balance of $3,729,892.00. This property distribution rendered the company insolvent. Key question, what made up the distribution and who received it?
A. Okay. Again, I'm not a tax expert, and I -- and I'm -- I'm certainly not, you know, a gap, you know, accounting expert, but I will tell you that I think there were some adjustments made, some -- it was just adjustments because Ray Jones nor I received any large distributions, we never really received any distributions. So, you know, so, I mean, your question's comprised like, well, who received this distribution, and there was none. There was no -- there was no cash distribution or property distribution.
Q. But six and a half million dollars --
A. I -- I don't know why the adjustment --
Q. -- is -- is not memorable? It's -- it's --
A. I don't know why the adjustment was made, and well --
Q. It wasn't shown as an adjustment, it was shown as a distribution.
A. Okay. Again, I don't know why that's -- What I'm telling you is we never -- we never received any large distribution, never received any distribution --

Page 131

MR. LINDSAY: Did you --
A. -- from the company.
MR. LINDSAY: You didn't prepare these tax returns?
A. We -- I don't remember, what year was that?
MR. LINDSAY: This is 2015.
A. No.
Q. 2016 --
A. Yeah.
Q. -- tax return.
A. Yes.
MR. LINDSAY: That's -- Maybe it is, it's -- it says 2015 at the top. But I'll -- I'll take your word for it, but either way you didn't --
A. No.
MR. LINDSAY: -- prepare either one of these?
A. Hmm-mm.
MR. LINDSAY: I don't know that he can really testify as to what this form says.
Q. But what, you understand why? And I see where, the same thing you're saying, 2015's at the top.
MR. LINDSAY: Okay.
Q. I -- I maybe have to stand corrected, maybe it was a 2015 return filed in 2016. I may -- I will correct the

Page 132

basis of my question because that -- that could be. I just discovered this this morning in preparing to come over here. So I didn't have a lot of time to -- to double check, but it was shown as a distribution not as an adjustment. There are plenty of places for adjustments to be shown.
MR. LINDSAY: Understood. And -- and again, I just have to assert -- (indiscernible) -- he didn't prepare it, and -- and --
MR. GOOD: And the impact on the equity took it from a positive equity to a negative equity.
Q. You can understand why -- (indiscernible) -- would be asking this question?
A. I understand, and -- and it has -- it has something to do, I think, who knows, it could be the adjustments with Panthera Training Center, which has a separate tax return, I'm not sure. All I -- all I know is I can tell you that we never received any distributions. So, you know, we were --
Q. But is there another entity that might've been --
A. No.
Q. -- heaved off, and that -- that that entity needs to be brought back into this?
A. I -- I don't -- I don't think so, no. No. I -- I can't answer the -- the numbers there.

Page 133

Q. Okay. All right. Well, that's the -- all I have. Thank you very much.
MR. KINDER: Any other questions?
MS. ALLEN: I have two clarifying questions.
MR. KINDER: Okay.
MS. ALLEN: Just what Mr. Leon, and I didn't catch his name.
RE-EXAMINATION OF MR. PUNELLI
BY MS. ALLEN:
Q. Your attorney at the first scheduling conference we had with the court, with the judge, indicated that you had filed the bankruptcy because of the foreclosure that had been initiated by the WVEDA, do you recall?
A. Yes.
Q. You were on that call. Okay. Because Mr. Leon made a statement that he thought the bankruptcy filing was prompted by Panthera Training's failure to pay rent, and that's not correct?
A. No, that -- that's not correct, no.
Q. Okay.
A. I -- I don't know that I answered that it was, I said --
Q. Okay. I just wanted to make sure it was clear.
A. Okay.

Q. Okay. And then there was reference from the last gentleman of a Terry Migliore in SMI.
A. Yes.
Q. Was there a separate loan made by Terry Migliore?
A. It's -- it's all through SMI as -- as far as I -- I can recall. But she's the -- the member, the owner of SMI.
Q. I see. I see.
A. That's what he asked me, who the name was.
Q. And was that loan to you or to the debtor?
A. To -- to the debtor.
Q. Okay. And -- and then the last thing is has the debtor done anything to maintain the property in the last three/four years?
A. There isn't a lot of -- I mean, there's been -- we've done work on, you know, erosion control and -- and try to maintain that, and --
Q. Did the debtor pay for that?
A. Well, yes. I mean, in -- in, you know, maintenance of the property, yes.
Q. And when was that done?
A. I mean, it's kind of a constant ongoing thing. I mean, we're in the mountains, yes.
Q. Did they hire a contractor for that?

A. Some -- some was, and some was just done ourselves.
Q. And who did they retain?
A. I'm -- I'm sorry, I don't understand?
Q. Who did they -- who did they hire? Who was the contractor they hired?
A. I don't recall.
MS. ALLEN: I have nothing else.
MR. KINDER: Okay. No other questions? Okay, there's a couple things I've already asked for, but I'm gonna ask for a few other things that I haven't asked for, then I'll give a summary of everything I'm asking for. If you can provide us with a copy of the timber agreement, I don't know if that was a sale or a security interest, or whatever, but the -- the agreement related to the timber. I think that we would like a list of, and this kind of goes to the next thing, which is an Amended Schedule H, which you already indicated you intend to file, but Amended --
MR. LINDSAY: Yes.
MR. KINDER: -- Schedule H to reflect all the -- the guarantors and co-debtors. But also a list of all non-publically traded ownership interest in companies that either James Punelli or Raymond James has. So a list because there was a company that came up that would have not

appeared anywhere else on Schedule -- on -- with respect to this request for a new Schedule H, so which there may not be any that you own, but there's at least one that Raymond James owned.
A. That's present tense?
MR. KINDER: Yes, that'd be -- Well, okay, let's say within, presently or within the past year.
A. Okay.
MR. KINDER: Then I'd also like to see a breakdown of the accounts receivable as to who owes the debtor what under the accounts receivable. And then we also discussed this, and this may be separate from the bank statements we already discussed, but a summary of payments made by either the debtor or subsidiaries of the debtor to insiders, and that's something that I would intend to share with creditors if they ask for it.
A. Okay.
MR. KINDER: So just to summarize a total list, a list of bank statements for the past year of the subsidiaries, the -- a copy of the documents related to the personal property transfer that occurred, the insurance is an ongoing --
A. Right.
MR. KINDER: -- request, a copy of the timber

agreement, a list of the non-publically traded -- traded ownership interest in businesses or companies that James Punelli and Raymond James has, the amendment to Schedule H, a breakdown of the accounts receivable, and the summary of payments to insiders that -- that would be shared. And I'm going, like I mentioned before, we're gonna keep the record open. If any of those documents would inspire additional questions, so that we don't have to move for a 2004 examination, I'll keep the record open, but if our questions are satisfied by the provision of those documents, then we'll close the Meeting of Creditors at that time.
Is there anything else anybody would like to put on the record?
MS. ALLEN: Is there a time by which they're gonna provide this information?
MR. KINDER: Definitely the summary of payments to insiders was 10 days. Do you have a time frame you all would like to suggest on -- The insurance, I know is -- is currently due, so that's as soon as possible. Do you wanna suggest a --
MR. LINDSAY: If you just -- if -- if we could have 14 days?
MR. KINDER: Two weeks, okay. Two weeks for the other stuff. And again, other than the payment to insiders,

we would check with the debtor before we'd share any information with anyone else, and get permission before we'd do that. So unless anything, anybody else had anything to add, we'll turn off the recording and -- and close testimony for the day. Thank you.

MR. LINDSAY: Thank you.

(Proceeding went off the record at 12:33 p.m.)

CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF JEFFERSON, to-wit:

I, Wendi L. Watson, a Notary Public for the State of West Virginia, do here certify that the aforegoing transcript was recorded by mechanical sound means on the day and date as stated on the title page of this transcript and reported to the best of my ability. Indiscernible when questions or answers are muffled or parties are speaking over one another. Inaudible when there is no verbal response.

I further certify that I am not related to any of the parties, nor am I an employee of any of the parties, nor am I related to any of the attorneys representing any of the parties, and I have no financial interest in the outcome of this matter.

Given under my hand and seal this 28th day of October, 2019.

My Commission Expires:
November 25, 2022

Wendi L. Watson