

1 James C. Bastian, Jr. – Bar No. 175415
Mark Bradshaw – Bar No. 192540
2 **SHULMAN HODGES & BASTIAN LLP**
26632 Towne Centre Drive, Suite 300
3 Foothill Ranch, California 92610-2808
Telephone: (949) 340-3400
4 Facsimile: (949) 340-3000
Email: jbastian@shbllp.com; mbradshaw@shbllp.com

5 Proposed Bankruptcy Counsel for
6 Trade Union International, Inc. and
Duck House, Inc.

7
8
9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**

12 In re
13 **TRADE UNION INTERNATIONAL, INC., a**
California corporation,
14 Debtor.

Case No. 6:11-bk-13071-DS
Chapter 11
Motion for Joint Administration Pending
Case No. 6:11-bk-13072-DS

16 In re
17 **DUCK HOUSE, INC.,**
a California corporation,
18 Debtor.

**DEBTORS IN POSSESSIONS' JOINT
EMERGENCY MOTION FOR ORDER
AUTHORIZING INTERIM USE OF
CASH COLLATERAL; MEMORANDUM
OF POINTS AND AUTHORITIES AND
DECLARATION OF WEN PIN CHANG
IN SUPPORT**

Date: February 3, 2011
Time: 2:30 P.M.
Place: Courtroom 304
3420 Twelfth Street
Riverside, California

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF CONTENTS

	Page
I. INTRODUCTION	4
II. BACKGROUND INFORMATION	5
A. Case Commencement.....	5
B. Debtors' Background.....	6
C. Events Leading to the Chapter 11 Filing	6
D. Cause Exists to Grant the Motion	9
III. MEMORANDUM OF POINTS AND AUTHORITIES	10
IV. CONCLUSION.....	14
DECLARATION OF WEN PIN CHANG	15

TABLE OF AUTHORITIES

	Page
<u>CASES</u>	
<i>Hartigan v. Pine Lake Village Apartment Co. (In re Pine Lake Village Apartment Co.)</i> , 16 B.R. 750, 756-57 (Bankr. S.D.N.Y. 1982)	13
<i>In re Belco, Inc.</i> , 38 B.R. 525, 527 (Bankr. W.D. Ok. 1984)	11
<i>In re George Ruggiere Chrysler-Plymouth, Inc.</i> , 727 F.2d 1017, 1019 (11th Cir. 1984)	11
<i>In re MadCat Two, Inc.</i> , 120 B.R. 990 (Bankr E.D. Ark. 1990)	11
<i>In re Marion Street Partnership</i> , 108 B.R. 218, 227 (Bankr. D. Minn. 1989)	13
<i>In re McCombs Properties VI, Ltd.</i> , 88 B.R. 261, 266 (Bankr. C.D. Cal. 1988).....	11
<i>In re Orlando Trout Creek Ranch</i> , 80 B.R. 190, 192 (Bankr. N.D. Cal. 1987)	13
<i>Matter of Plaza Family Partnership</i> , 95 B.R. 166 (E.D. Cal. 1989).....	11
<i>Stein v. United States Farmers Home Adm. (In re Stein)</i> , 19 B.R. 458, 460 (Bankr. E.D. Pa. 1982)	13
<i>United Savings Association of Texas v. Timbers of Inwood Forest Associates</i> , 484 U.S. 365, 108 S.Ct. 626, 630 (1988).....	11
<u>STATUTES</u>	
Bankruptcy Code Section 1107	5, 15
Bankruptcy Code Section 1108	5, 15
Bankruptcy Code Section 363(a)	10
Bankruptcy Code Section 363(c)(1)	10
Bankruptcy Code Section 363(c)(3)	10
Bankruptcy Code Section 363(e)	11
<u>RULES</u>	
Federal Rule of Bankruptcy Procedure 4001	13

1 **TO THE HONORABLE DEBORAH J. SALTZMAN, UNITED STATES BANKRUPTCY**
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND OTHER PARTIES-**
3 **IN-INTEREST:**

4 Trade Union International, Inc., a California corporation (“Trade Union”) and Duck
5 House, Inc., a California corporation (“Duck House”), each a debtor and debtor-in-possession
6 (collectively the “Debtors”) are jointly bringing this Emergency Motion for Order Authorizing
7 Interim Use of Cash Collateral (“Motion”) and in support of the Motion submit the following:

8 **I. INTRODUCTION**

9 The Debtors’ businesses are located at #1 Topline Plaza, 4651 State Street, in Montclair,
10 California. Trade Union supplies top quality aftermarket aluminum alloy wheels and wheel and
11 truck accessories. Duck House supplies sports licensing products. The Debtors’ assets are
12 encumbered by liens in favor of a bank group consisting of Cathay Bank and China Trust Bank
13 (“Bank Group”).

14 Through the Cash Collateral Motion, the Debtors seek Court approval of the interim use
15 of cash collateral generated by the Debtors’ respective businesses which is subject to the liens in
16 favor of the Bank Group (the “Cash Collateral”) and requests that a final hearing on use of the
17 Cash Collateral be set in approximately thirty days. The Debtors assume that the Bank Group
18 will assert that all money which originates from the Debtors’ businesses is part of the Cash
19 Collateral.

20 The Debtors propose the following pertinent terms regarding the use of the Cash
21 Collateral: Cash Collateral will be used only to pay those expenses that are necessary and
22 reasonable to preserve the value of the Debtors’ businesses. Such expenses are set forth on the
23 proposed budget attached as **Exhibit 1** to the accompanying Declaration of Wen Pin Chang
24 (such expenses, the “Authorized Expenses,” and such budget, the “Proposed Budget”).¹ The

25
26
27 ¹ The Proposed Budget includes line items for professional fees (referred to as legal and consultant
28 fees). Such professional fees will be subject to the United State’s Trustee’s Guide to Applications
for Retainers, and Professional and Insider Compensation and further application and Court
approval in accordance with the requirements of Bankruptcy Code Sections 330 and 331.

1 Debtors have carefully evaluated which costs and expenses associated with operating their
2 respective businesses are necessary to preserve the ongoing value of their respective business
3 operations. Although payment of necessary operating expenses, insurance, and taxes, itself
4 protects the Bank Group by protecting its collateral, the Debtors have proposed additional
5 adequate protection to the Bank Group in the form of monthly adequate protection payments.
6 The monthly payments are set forth in the Proposed Budget.

7 The Bank Group is further protected in that during the period covered by the Proposed
8 Budget, and as reflected in the Proposed Budget, the Debtors will be collecting accounts
9 receivable and selling inventory in the ordinary course of business (as opposed to a forced
10 liquidation sale) which will actually increase the Bank Group's collateral position by over
11 \$600,000.

12 The Debtors require the immediate use of the Cash Collateral to operate their respective
13 businesses for the benefit of all creditors and parties in interest so that they can preserve the
14 value of their assets and maximize ongoing revenue. Without use of the Cash Collateral as
15 requested herein, the value of the Debtors' businesses will be detrimentally impacted because the
16 Debtors will not be able to meet the operational expectations of customers, vendors, employees,
17 and others thereby risking the immediate and long-term loss of customers and essential services.
18 For the reasons set forth herein, the Debtors request that this Motion be granted in its entirety.

19 **II. BACKGROUND INFORMATION**

20 **A. Case Commencement**

21 Trade Union filed a voluntary petition for relief under Chapter 11 of Title 11 of the
22 United States Code on January 31, 2011 ("Petition Date"). Trade Union is affiliated with Duck
23 House which also filed a Chapter 11 petition on January 31, 2011, Case No. 6:11-bk-13072-DS.

24 Trade Union and Duck House are each continuing in possession of their property, and
25 operating and managing their respective business, as debtors-in-possession pursuant to
26 Bankruptcy Code Sections 1107 and 1108.²

27 _____
28 ² Concurrent herewith, the Debtors are jointly filing an Emergency Motion for Order Directing
Joint Administration of Related Chapter 11 Cases.

1 **B. Debtors' Background**

2 Trade Union and Duck House are each owned one-half by Wen Pin Chang and one-half
3 by Mei Lien Chang (the "Changs"). The Changs immigrated to the United States from Taiwan
4 in 1981 to pursue their studies. Mr. Chang received an MBA from North Texas University in
5 1977. Mrs. Chang received a Master of Arts in Sociology, and later was granted a Fulbright
6 Scholarship to pursue her Ph. D at UCLA. The Changs moved to Los Angeles in 1981. Mr.
7 Chang formed Trade Union in 1981 and officially incorporated it in 1984 in order to supply top
8 quality aftermarket aluminum alloy wheels and wheel and truck accessories. Trade Union's
9 products are manufactured in Taiwan and China and are shipped to the United States for
10 distribution to wholesalers and retailers. Trade Union is known for product lines which include
11 Verde Custom Wheels, Black Ice Alloys, and Topline Products.

12 Duck House was established in 1981 and officially incorporated in 1986. Duck House
13 specializes in designing products for sports enthusiasts. In order to offer the most competitive
14 prices, the products are manufactured in factories in China and in Taiwan and then distributed by
15 Duck House in the United States.

16 The Debtors' corporate office is located in Montclair and this facility includes more than
17 100,000 square feet of warehouse space.

18 **C. Events Leading to the Chapter 11 Filing**

19 Cathay Bank is the agent for the Bank Group. The Bank Group has a secured loan
20 balance in the amount of approximately \$13 million and asserts a security interest over all the
21 assets of the Debtors. The loan is personally guaranteed by the Changs, the principals of the
22 Debtors. To preserve its collateral, the Bank Group maintained a lockbox account into which all
23 of the Debtors' receivables were placed.

24 In addition to the liens against the Debtors' assets, the Bank Group was provided with the
25 following additional collateral:

- 26 • A second priority deed of trust against the real property located at #1 Topline
27 Plaza, 4651 State Street, in Montclair, California ("State Street Property"). The State Street
28 Property is where the Debtors' businesses are located and is owned separately by the Changs

1 family trust. Based on recent purchase offers, the value of the State Street Property is believed to
2 be \$5.8 to \$6.2 million. Prior to the Petition Date, the State Street Property was in escrow to a
3 buyer whose offer was contingent on the Debtors entering into a long term lease of the State
4 Street Property, which would have required the Debtors to reach some restructuring of the debt
5 obligations to the Bank Group. The Bank Group was made aware of this but refused to provide
6 any assurance to the buyer of such an extension. As such, escrow was canceled and the buyer
7 was lost. A sale of the State Street Property was estimated to have netted the Bank Group in
8 excess of \$2 million toward the principal of its outstanding loan, which was lost when the buyer
9 withdrew its offer. The State Street Property is now listed for sale and is believed to be priced to
10 sell quickly for a value that will provide \$2 to \$3 million additional pay down to the Bank Group.

11 • A second priority deed of trust against the Changs' personal residence located
12 2819 Crystal Ridge Road, Diamond Bar, California ("Crystal Ridge Property"). The value of the
13 Crystal Ridge Property is believed to be in excess of \$3 million, which provides the Bank Group
14 with over \$2 million in collateral protection.

15 In May 2010, the Debtors began discussions with the Bank Group relating to a
16 forbearance agreement and restructuring of the loan. Through this period up until December
17 2010, the Debtors paid more than \$3.5 million of principal on the loan while also keeping current
18 on the interest payments. This enabled the reduction of the outstanding loan balance from \$16.5
19 million to \$13 million.

20 On October 27, 2010, in consideration of assurances by the Bank Group that it would
21 agree to a restructuring of the Bank Group loan, the Changs granted the Bank Group a deed of
22 trust on a previously unencumbered unimproved parcel zoned for residential real estate located at
23 22840 Ridgeline Road, Diamond Bar, CA ("Ridgeline Property"). Rather than agree to any
24 restructure, the Bank Group only extended the forbearance agreement four days (from October
25 27, 2010 to October 31, 2010). A sale of the Ridgeline Property closed on January 28, 2011 at
26 which time the Bank Group was paid in excess of \$1.1 million which was applied toward the
27 principal of the outstanding loan balance.

28

1 Negotiations between the Debtors and the Bank Group broke down in early January. On
2 January 4, 2011, the Bank Group terminated all discussions and terminated all Debtors' access to
3 their cash, yet made it clear to the Debtors that they were not enforcing its legal remedies. As a
4 direct result of the Bank Group's actions, the Debtors were unable to operate. The Debtors had
5 no access to funds with which to pay necessary operating expenses, including payroll. In
6 addition, the Debtors had almost \$300,000 in outstanding checks that bounced because of the
7 Bank Group's actions.

8 As a result of the Bank Group's actions, Debtors had no choice but to open a new bank
9 account and direct their customers to make payments to that bank account to try and cover issued
10 checks, payroll and other necessary expenses of the business. As such, on January 10, 2011, the
11 Debtors contacted their customers and directed them to forward any payments to a new account
12 at U.S. Bank. The Bank Group asserted that these actions were improper.

13 On January 10, 2011, the Bank Group notified the Debtors that the Bank Group applied
14 \$463,271 from the accounts maintained at Cathay Bank toward the Debtors' outstanding
15 revolving loans. This action caused forty-five checks to bounce for non-sufficient funds. The
16 Bank Group also shut down all on-line banking for both Trade Union and Duck House. The
17 Debtors were unable to access funds in their checking accounts and the lock box accounts and
18 there was no visibility regarding banking activities in the Debtors' accounts held at the Bank
19 Group. The Debtors are advised that the Bank Group has continued to sweep the Debtors'
20 lockbox accounts and applied the additional cash towards the principal of the Debtors'
21 outstanding loan balance. At this time, the Debtors have not received an updated accounting and
22 do not know the total amount by which the principal loan balance has been reduced on account
23 of the Bank Group's sweeping of the Debtors' accounts. Based on the sweeps the Debtors are
24 aware of and the payment from the sale of the Ridgeline Property, the current balance due to the
25 Bank Group is believed to be now under \$11.5 million.

26 On January 12, 2011, the Bank Group and the Debtors, along with their counsel, met to
27 discuss a possible resolution. The Bank Group informed the Debtors that it would be seeking the
28 appointment of a receiver to liquidate the Debtors. After further negotiations did not result in a

1 resolution, the Bank Group provided ex parte notice of its motion to have a receiver appointed
2 and scheduled a hearing in state court for the morning of January 28, 2011, which was continued
3 to January 31, 2011. As the Debtors' believed that the appointment of a receiver would be to the
4 detriment of the unsecured creditors and equity holders, and result in a possibly huge deficiency
5 claim to the Bank Group, the Debtors' filed their chapter 11 cases to control the orderly sale of
6 their assets and possibly preserve a going concern through a Bankruptcy Code Section 363 sale
7 or a plan of reorganization.

8 **D. Cause Exists to Grant the Motion**

9 The Debtors believe that in time a consensual use of Cash Collateral will be achieved.
10 Unfortunately, the Debtors cannot survive and operate without the immediate use of cash
11 pending the outcome of those discussions and pending a final hearing on use of Cash Collateral.
12 Rather than voluntarily cease paying the expenses necessary to operate its business, the present
13 Motion is required.

14 The Debtors' immediate use of the Cash Collateral is necessary to avoid an adverse
15 interruption of business operations. Such operations are the Debtors' primary source of income.
16 If the Debtors are not immediately authorized to use the Cash Collateral, the Debtors will be
17 unable to pay necessary operating expenses such as utilities, payroll, maintenance, repairs, and
18 other expenses identified on the Proposed Budget. Thus, the avoidance of such an interruption is
19 a significant benefit for all creditors and parties in interest. Indeed, such expenditures benefit the
20 Bank Group by preserving the value of its collateral.

21 The Debtors submit that all of the expenses they propose to pay from the Cash Collateral
22 in accordance with the Proposed Budget are necessary to carry the Debtors through the interim
23 period and will allow for the orderly and efficient continued operation of the Debtors' respective
24 business operations during the pendency of their Chapter 11 cases while the Debtors field offers
25 from potential purchasers and investor groups. The budget reflects a greatly reduced business
26 model that allows the Debtors to control the liquidation of their assets for the benefit of the Bank
27 Group and other creditors and leave the door open to a potential reorganization. During the first
28 thirty days of the cases, the Debtors will be working with potential buyers and investors to

1 determine if there is a viable Bankruptcy Code section 363 sale or possibly, a plan of
2 reorganization strategy that can be implemented.

3 In order to stabilize cash flow, the Debtors request that the Court order that the Debtors'
4 customers issue payment directly to the Debtors instead of any lockbox so that such funds may
5 be deposited into the Debtor in Possession Accounts established by the Debtors in compliance
6 with the requirements of the Office of the United States Trustee and only used in accordance
7 with the Proposed Budget.

8 If the Debtors do not maintain control of their businesses through the sale/plan investor
9 solicitation process and continue to operate under the reduced business model, the Debtors will
10 suffer immediate harm due to the ensuing loss of value to their assets which would occur. The
11 Debtors believe that the Bank Group is aware of the harm that could be caused to the Debtors
12 and their assets absent the reasonable use of Cash Collateral proposed herein. In order to prevent
13 immediate harm the Debtors requests they be authorized to use Cash Collateral pursuant to the
14 Proposed Budget.

15 **III. MEMORANDUM OF POINTS AND AUTHORITIES**

16 The Debtors' use of property of the estate is governed by Section 363 of the Bankruptcy
17 Code.³ Section 363(c)(1) permits a debtor to use, sell or lease property in the ordinary course of
18 business. However, Section 363(c)(3) imposes an absolute prohibition on the use, sale or lease
19 of cash collateral unless (1) the creditor with an interest in the collateral consents, or (2) the court
20 authorizes the use after notice and a hearing.

21 Cash collateral is defined in section 363(a) as "cash, negotiable instruments, documents
22 of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the
23 estate and an entity other than the estate have an interest" The Bank Group asserts an
24

25 ³ _____
Section 363(c) provides:

26 (1) If the business of the debtor is authorized to be operated under section . . . 1108 .
27 . . . of this title and unless the court orders otherwise, the trustee may enter into
28 transactions, including the sale or lease of property of the estate, in the ordinary course of
business, without notice or a hearing, and may use property of the estate in the ordinary
course of business without notice or a hearing.

1 interest in the Debtors' assets and in revenues generated by the operation of the Debtors'
2 respective businesses including cash on hand and post-petition income generated by the Debtors.

3 Absent the consent of the secured party, the use of cash collateral is authorized only to
4 the extent it is used to pay the actual and necessary expenses of operation. *Matter of Plaza*
5 *Family Partnership*, 95 B.R. 166 (E.D. Cal. 1989); *In re MadCat Two, Inc.*, 120 B.R. 990 (Bankr
6 E.D. Ark. 1990). The Debtors submit that all of the expenses that the Debtors propose to pay
7 from the Cash Collateral in accordance with the Proposed Budget are necessary to the operations
8 of their respective businesses because such expenditures will maximize the value for their
9 respective estates as well as the Bank Group by ensuring the continued operation of the Debtors'
10 businesses.

11 Pursuant to Section 363(e) of the Bankruptcy Code, the Court may condition the use of
12 property, including cash collateral, as necessary to provide adequate protection of an entity's
13 interest in such cash collateral. Adequate protection is intended to accommodate for the risk of
14 "decrease in the value of [the secured creditor's] interest in such property." A debtor has the
15 burden of proof with respect to establishing the sufficiency of adequate protection.

16 Generally, adequate protection is sought where the collateral is expected to depreciate
17 during the course of the bankruptcy, either through use or time. *In re George Ruggiere*
18 *Chrysler-Plymouth, Inc.*, 727 F.2d 1017, 1019 (11th Cir. 1984). The question of whether a
19 secured party's interest in collateral is adequately protected, by its nature, must be determined on
20 a case-by-case basis. *In re Belco, Inc.*, 38 B.R. 525, 527 (Bankr. W.D. Ok. 1984).

21 To determine whether a secured party's interest in cash collateral is adequately protected
22 the court must determine (1) the value of the cash collateral, and (2) whether the proposed use of
23 the cash collateral threatens such value. *George Ruggiere*, 727 F.2d at 1020; *see, also, United*
24 *Savings Association of Texas v. Timbers of Inwood Forest Associates*, 484 U.S. 365, 108 S.Ct.
25 626, 630 (1988). If the collateral in which the creditor has a security interest is worth less than
26 the amount owed to the creditor, the Debtor must only provide adequate compensation to the
27 extent that the value of the collateral is decreasing. *Timbers*, 108 S.Ct. at 629; *In re McCombs*
28 *Properties VI, Ltd.*, 88 B.R. 261, 266 (Bankr. C.D. Cal. 1988) (post-*Timbers* case; adequate

1 protection must be provided if the value of the collateral is likely to diminish during the time the
2 cash collateral is used).

3 The Bank Group's security interest purportedly extends to the Debtors' assets and the
4 income generated from the Debtors' business operations. The Debtors do not believe based on
5 their discussions with professionals and with their own familiarity with assets that the Bank
6 Group's collateral is declining in value. More importantly, the generation of post-petition
7 income is dependent on use of the Cash Collateral. If the Debtors are authorized to use Cash
8 Collateral and pay the Bank Group on the terms proposed in the Motion, the Debtors believe that
9 sales and income from operations can continue uninterrupted and the expenses necessary to
10 preserve the Bank Group's collateral can be paid. In other words, it is the use of Cash Collateral
11 that ensures the Bank Group is adequately protected. The budget reflects very modest expenses
12 for employees who remain on the Debtors' payroll and necessary expenses that are needed to be
13 paid. As the Debtors' contemplate an orderly liquidation of their business assets while they
14 pursue buyers for each business unit and possibly a plan partner with respect to Trade Union, the
15 Debtors firmly believe that authorizing use of Cash Collateral under the budget will provide a
16 greater recovery for the Bank Group and other creditors than would be the case if the businesses
17 were simply shut down. Further, many of the expenses found in the budget would have to be
18 paid by the Bank Group if they were to liquidate the assets themselves or through a receiver.

19 The Debtors project that the Bank Group's collateral will be impacted through the
20 Proposed Budget period as follows:⁴

21

	Petition Date	Week Ending 2/25
A/R Balance	\$4,200,000	\$2,998,000
Inventory at Cost	\$4,100,000	\$3,620,000
Cash	\$584,000	\$2,900,000

22

23

24

25

26

27

28

⁴ These numbers are for illustration purposes only and are not intended to be an admission that the Bank Group is or is not over secured, fully secured or under secured pursuant to Bankruptcy Code Section 506(a) and whether the Bank Group is entitled to post-petition interest, fees and expenses pursuant to Section 506(b).

	Petition Date	Week Ending 2/25
Equipment at Estimated Going Concern Value	\$500,000	\$500,000
Equity in Real Estate (Based on Estimated Value)	\$4,000,000	\$4,000,000
Total	\$13,384,000	\$14,018,000
Net Increase in Collateral	\$634,000	

The Debtors' purpose for requesting the use of the Cash Collateral is the preservation of the respective estate's significant assets and the protection against any diminution in value. The right to use the Cash Collateral for this purpose is well-recognized. *See, e.g., In re Marion Street Partnership*, 108 B.R. 218, 227 (Bankr. D. Minn. 1989) (allowed the debtor to use the cash collateral to pay the ordinary expenses and management fees without requiring further adequate protection); *In re Orlando Trout Creek Ranch*, 80 B.R. 190, 192 (Bankr. N.D. Cal. 1987) (adequate protection exists when the debtor uses cash collateral for its ordinary and necessary operating expenses so long as the value of the underlying collateral is maintained); *Stein v. United States Farmers Home Adm. (In re Stein)*, 19 B.R. 458, 460 (Bankr. E.D. Pa. 1982) (use of cash collateral authorized despite creditor being undersecured when such use was necessary to the continued operations of the debtor); *Hartigan v. Pine Lake Village Apartment Co. (In re Pine Lake Village Apartment Co.)*, 16 B.R. 750, 756-57 (Bankr. S.D.N.Y. 1982) (debtor permitted to use cash collateral generated from rental income to enhance the value of real property which also secured creditor's claim).

The use of Cash Collateral pursuant to the terms set forth above is justified in these cases because, absent the use of the Cash Collateral, the Debtors' respective businesses will suffer immediate and irreparable harm and will not survive through the orderly liquidation and sale process, all to the injury of the estates' creditors, including the Bank Group.

Pursuant to Federal Rule of Bankruptcy Procedure 4001, the Court may grant the Debtors' request to use the Cash Collateral on an interim basis subject to a final hearing on the Motion. As noted, the Debtors will be unable to pay their respective operating expenses absent the use of the Cash Collateral. Accordingly, the Debtors believe that they will suffer irreparable

1 and immediate harm if the Motion is not granted quickly on an interim basis, subject to a final
2 hearing. The Debtors request that the Court set a final hearing on the Motion approximately
3 thirty days after the entry of a Court order approving the Debtors' interim use of the Cash
4 Collateral so that all parties will have ample notice and opportunity to respond to the Motion.

5 **IV. CONCLUSION**

6 **WHEREFORE**, based upon the foregoing, and any other evidence duly admitted at the
7 hearing on the Motion, the Debtors respectfully submit that good cause exists to grant this
8 Motion and requests that the Court enter an order as follows:

9 1. Authorizing the Debtors to use Cash Collateral consistent with the Proposed
10 Budget attached to the Declaration of Wen Pin Chang.

11 2. Authorizing the Debtors to make adequate protection payments to the Bank
12 Group as set forth in the Proposed Budget.

13 3. In order to stabilize cash flow, direct that the Debtors' customers issue payment
14 directly to the Debtors instead of any lockbox so that such funds may be deposited into the
15 Debtor in Possession Accounts established by the Debtors in compliance with the requirements
16 of the Office of the United States Trustee and only used in accordance with the Proposed Budget.

17 4. Setting a final hearing on use of Cash Collateral for approximately thirty days
18 from entry of the order granting the Motion.

19 5. Authorizing the Debtors to sign such documents and carry out such actions as are
20 consistent with the purpose of the Motion.

21 6. And for such other and further relief as the Court deems just and proper.

22
23 Respectfully submitted,

24 Dated: February 2, 2011

SHULMAN HODGES & BASTIAN LLP

/s/ James C. Bastian, Jr.

26 _____
James C. Bastian, Jr.

Mark Bradshaw

Proposed Counsel for Debtors in Possession

Trade Union International, Inc., a California corporation

Duck House, Inc., a California corporation

DECLARATION

DECLARATION OF WEN PIN CHANG

I, Wen Pin Chang, declare as follows:

1. I am the President of Trade Union International, Inc., a California corporation (“Trade Union”), and Duck House, Inc., a California corporation (“Duck House”), each a debtor and debtor in possession (collectively the “Debtors”), and am one of the persons responsible for the administration of the Debtors. I have personal knowledge of the facts set forth herein and could, if called as a witness, competently testify thereto. I am also personally familiar with, and am custodian of, the records of the Debtors as they pertain to the financial records set forth herein. The records of the Debtors are made by employees or agents of the Debtors who report to me and who have a business duty to enter the records of the Debtors accurately and at or near the time of the event which they record.

2. I make this Declaration in support of the Debtors’ Emergency Motion for Order Authorizing Interim Use of Cash Collateral (“Motion”). Unless otherwise noted, capitalized terms herein have the meaning as set forth in the Motion.

3. Trade Union filed a voluntary petition for relief under Chapter 11 of the United States Code on January 31, 2011 (“Petition Date”). Trade Union is affiliated with Duck House which also filed a Chapter 11 petition on January 31, 2011, Case No. 6:11-bk-13072-DS.

4. Trade Union and Duck House are each continuing in possession of their property, and operating and managing their respective business, as debtors-in-possession pursuant to Bankruptcy Code Sections 1107 and 1108.⁵

5. Trade Union and Duck House are each owned one-half by Mrs. Chang and one-half by me. Mrs. Chang and I immigrated to the United States from Taiwan in 1981 to pursue our studies. I received an MBA from North Texas University in 1977. Mrs. Chang received her Master of Arts in Sociology, and later was granted a Fulbright Scholarship to pursue her Ph. D at UCLA. We moved to Los Angeles in 1981. I formed Trade Union in 1981 and officially

⁵ Concurrent herewith, the Debtors are jointly filing an Emergency Motion for Order Directing Joint Administration of Related Chapter 11 Cases.

1 incorporated it in 1984 in order to supply top quality aftermarket aluminum alloy wheels and
2 wheel and truck accessories. Trade Union's products are manufactured in Taiwan and China and
3 are shipped to the United States for distribution to wholesalers and retailers. Trade Union is
4 known for product lines which include Verde Custom Wheels, Black Ice Alloys, and Topline
5 Products.

6 6. Duck House was established in 1981 and officially incorporated in 1986. Duck
7 House specializes in designing products for sports enthusiasts. In order to offer the most
8 competitive prices, the products are manufactured in factories in China and in Taiwan and then
9 distributed by Duck House in the United States.

10 7. The Debtors' corporate office is located in Montclair and this facility includes
11 more than 100,000 square feet of warehouse space.

12 8. Cathay Bank is the agent for the Bank Group. The Bank Group has a secured
13 loan balance in the amount of approximately \$13 million and asserts a security interest over all
14 the assets of the Debtors. The loan is personally guaranteed by Mrs. Chang and I, the principals
15 of the Debtors. To preserve its collateral, the Bank Group maintained a lockbox account into
16 which all of the Debtors' receivables were placed.

17 9. In addition to the liens against the Debtors' assets, the Bank Group was provided
18 with the following additional collateral:

19 • A second priority deed of trust against the real property located at #1 Topline
20 Plaza, 4651 State Street, in Montclair, California ("State Street Property"). The State Street
21 Property is where the Debtors' businesses are located and is owned separately by our family
22 trust. Based on recent purchase offers, the value of the State Street Property is believed to be
23 \$5.8 to \$6.2 million. Prior to the Petition Date, the State Street Property was in escrow to a
24 buyer whose offer was contingent on the Debtors entering into a long term lease of the State
25 Street Property, which would have required the Debtors to reach some restructuring of the debt
26 obligations to the Bank Group. The Bank Group was made aware of this but refused to provide
27 any assurance to the buyer of such an extension. As such, escrow was canceled and the buyer
28 was lost. A sale of the State Street Property was estimated to have netted the Bank Group in

1 excess of \$2 million toward the principal of its outstanding loan, which was lost when the buyer
2 withdrew its offer. The State Street Property is now listed for sale and is believed to be priced to
3 sell quickly for a value that will provide \$2 to \$3 million additional pay down to the Bank Group.

4 10. A second priority deed of trust against our personal residence located 2819
5 Crystal Ridge Road, Diamond Bar, California ("Crystal Ridge Property"). The value of the
6 Crystal Ridge Property is believed to be in excess of \$3 million, which provides the Bank Group
7 with over \$2 million in collateral protection.

8 11. In May 2010, the Debtors began discussions with the Bank Group relating to a
9 forbearance agreement and restructuring of the loan. Through this period up until December
10 2010, the Debtors paid more than \$3.5 million of principal on the loan while also keeping current
11 on the interest payments. This enabled the reduction of the outstanding loan balance from \$16.5
12 million to \$13 million.

13 12. On October 27, 2010, in consideration of assurances by the Bank Group that it
14 would agree to a restructuring of the Bank Group loan, Mrs. Chang and I granted the Bank
15 Group a deed of trust on a previously unencumbered unimproved parcel zoned for residential
16 real estate located at 22840 Ridgeline Road, Diamond Bar, CA ("Ridgeline Property"). Rather
17 than agree to any restructure, the Bank Group only extended the forbearance agreement four
18 days (from October 27, 2010 to October 31, 2010). A sale of the Ridgeline Property closed on
19 January 28, 2011 at which time the Bank Group was paid in excess of \$1.1 million which was
20 applied toward the principal balance of the outstanding loan balance.

21 13. Negotiations between the Debtors and the Bank Group broke down in early
22 January. On January 4, 2011, the Bank Group terminated all discussions and terminated all
23 Debtors' access to their cash, yet made it clear to the Debtors that they were not enforcing its
24 legal remedies. As a direct result of the Bank Group's actions, the Debtors were unable to
25 operate. The Debtors had no access to funds with which to pay necessary operating expenses,
26 including payroll. In addition, the Debtors had almost \$300,000 in outstanding checks that
27 bounced because of the Bank Group's actions.

28

1 14. As a result of the Bank Group's actions, Debtors had no choice but to open a new
2 bank account and direct their customers to make payments to that bank account to try and cover
3 issued checks, payroll and other necessary expenses of the business. As such, on
4 January 10, 2011, the Debtors contacted their customers and directed them to forward any
5 payments to a new account at U.S. Bank. The Bank Group asserted that these actions were
6 improper.

7 15. On January 10, 2011, the Bank Group notified the Debtors that the Bank Group
8 applied \$463,271 from the accounts maintained at Cathay Bank toward the Debtors' outstanding
9 revolving loans. This action caused forty-five checks to bounce for non-sufficient funds. The
10 Bank Group also shut down all on-line banking for both Trade Union and Duck House. The
11 Debtors were unable to access funds in their checking accounts and the lock box accounts and
12 there was no visibility regarding banking activities in the Debtors' accounts held at the Bank
13 Group. The Debtors are advised that the Bank Group has continued to sweep the Debtors'
14 lockbox accounts and applied the additional cash towards the principal of the Debtors'
15 outstanding loan balance. At this time, the Debtors have not received an updated accounting and
16 do not know the total amount by which the principal loan balance has been reduced on account
17 of the Bank Group's sweeping of the Debtors' accounts. Based on the sweeps the Debtors are
18 aware of and the payment from the sale of the Ridgeline Property, the current balance due to the
19 Bank Group is believed to be now under \$11.5 million.

20 16. On January 12, 2011, the Bank Group and the Debtors, along with their counsel,
21 met to discuss a possible resolution. The Bank Group informed the Debtors that it would be
22 seeking the appointment of a receiver to liquidate the Debtors. After further negotiations did not
23 result in a resolution, the Bank Group provided ex parte notice of its motion to have a receiver
24 appointed and scheduled a hearing in state court for the morning of January 28, 2011, which was
25 continued to January 31, 2010. As the Debtors' believed that the appointment of a receiver
26 would be to the detriment of the unsecured creditors and equity holders, and result in a possibly
27 huge deficiency claim to the Bank Group, the Debtors' filed their chapter 11 cases to control the
28

1 orderly sale of their assets and possibly preserve a going concern through a Bankruptcy Code
2 Section 363 sale or a plan of reorganization.

3 17. The Debtors believe that in time a consensual use of Cash Collateral will be
4 achieved. Unfortunately, the Debtors cannot survive and operate without the immediate use of
5 cash pending the outcome of those discussions and pending a final hearing on use of Cash
6 Collateral. Rather than voluntarily cease paying the expenses necessary to operate their
7 respective businesses, the present Motion is required.

8 18. Cash Collateral will be used only to pay those expenses that are necessary and
9 reasonable to preserve the value of the Debtors' respective businesses. Such expenses are set
10 forth on the proposed budget attached hereto as **Exhibit 1** (such expenses, the "Authorized
11 Expenses," and such budget, the "Proposed Budget"). The Debtors have carefully evaluated
12 which costs and expenses associated with operating their business are necessary to preserve the
13 ongoing value of their respective businesses. Although payment of necessary operating
14 expenses, insurance, and taxes, itself protects the Bank Group by protecting its collateral, the
15 Debtors have proposed additional adequate protection to the Bank Group in the form of monthly
16 adequate protection payments. The monthly payments are set forth in the Proposed Budget.

17 19. The Debtors' immediate use of the Cash Collateral is necessary to avoid an
18 adverse interruption of their respective business operations. Such operations are the Debtors'
19 primary source of income. If the Debtors are not immediately authorized to use the Cash
20 Collateral, the Debtors will be unable to pay necessary operating expenses such as utilities,
21 payroll, maintenance, repairs, and other expenses identified on the Proposed Budget. Thus, the
22 avoidance of such an interruption is a significant benefit for all creditors and parties in interest.
23 Indeed, such expenditures benefit the Bank Group by preserving the value of its collateral.

24 20. The Debtors submit that all of the expenses they propose to pay from the Cash
25 Collateral in accordance with the Proposed Budget are necessary to carry the Debtors through the
26 interim period and will allow for the orderly and efficient continued operation of the Debtors'
27 respective business operations during the pendency of their Chapter 11 cases while the Debtors
28 field offers from potential purchasers and investor groups. The budget reflects a greatly reduced

1 business model that allows the Debtors to control the liquidation of their assets for the benefit of
2 the Bank Group and other creditors and leave the door open to a potential reorganization.
3 During the first thirty days of the cases, the Debtors will be working with potential buyers and
4 investors to determine if there is a viable Bankruptcy Code section 363 sale or possibly, a plan of
5 reorganization strategy that can be implemented.

6 21. In order to stabilize cash flow, the Debtors request that the Court order that the
7 Debtors' customers issue payment directly to the Debtors instead of any lockbox so that such
8 funds may be deposited into the Debtor in Possession Accounts established by the Debtors in
9 compliance with the requirements of the Office of the United States Trustee and only used in
10 accordance with the Proposed Budget.

11 22. If the Debtors do not maintain control of their businesses through the sale/plan
12 investor solicitation process and continue to operate under the reduced business model, the
13 Debtors will suffer immediate harm due to the ensuing loss of value to their assets which would
14 occur. The Debtors believe that the Bank Group is aware of the harm that could be caused to the
15 Debtors and their assets absent the reasonable use of Cash Collateral proposed herein. In order
16 to prevent immediate harm the Debtors requests they be authorized to use Cash Collateral
17 pursuant to the Proposed Budget.

18 I declare under penalty of perjury under the laws of the United States of America that the
19 foregoing is true and correct.

20 Executed on February 2, 2011, at Montclair, California.

21
22
23 
24
25
26
27
28

EXHIBIT 1

4 Weeks Cash Collection & Disbursement

Trade Union International and Duck House Combined

Jan-31-2011

Go To:

4 weeks Cash Flow

Accounts Receivable & Inventory

Salary -50%

On-water Purchase, Freight, & Duty

Insurance

EXHIBIT 1

4 WEEK CASH FLOW PROJECTION

	note	2/4/2011	2/11/2011	2/18/2011	2/25/2011	TOTAL
BEGINNING BANK BALANCE		\$ 584,780	\$ 948,223	\$ 1,169,595	\$ 2,032,963	\$ 584,780
		-	-	-	-	-
ADJUSTED BEGINNING CASH BANK BALANCE		584,780	948,223	1,169,595	2,032,963	584,780
		-	-	-	-	-
NON-AR RECEIPTS		-	-	-	-	-
		-	-	-	-	-
CASH COLLECTIONS		-	-	-	-	-
Accounts Receivables	a	402,290	421,623	856,813	875,321	2,556,048
Adjustment to On-water Shipment Sales	a	-	27,850	68,005	65,918	161,773
Inventory		-	-	60,496	60,496	120,992
		-	-	-	-	-
Total Estimated Cash Collections		402,290	449,473	985,314	1,001,735	2,838,812
		-	-	-	-	-
		-	-	-	-	-
TRADE DISBURSEMENTS		-	-	-	-	-
VENDOR DISBURSEMENTS	b	-	167,396	48,591	-	215,987
		-	-	-	-	-
SELLING EXPENSE		-	-	-	-	-
SUBTOTAL SELLING EXPENSE		-	-	-	-	-
		-	-	-	-	-
INBOUND & OUTBOUND FRT. DUTY		-	-	-	-	-
INBOUND FRT, DUTY, OTHERS	c	-	37,995	2,000	-	39,995
OUTBOUND FRT		5,040	10,080	15,120	20,160	50,400
PACKAGING SUPPLY		-	-	-	-	-
OTHERS		-	-	-	-	-
		-	-	-	-	-
SUBTOTAL SELLING EXPENSE		5,040	48,075	17,120	20,160	90,395
		-	-	-	-	-
		-	-	-	-	-
PAYROLL		-	-	-	-	-
SALARY, WAGES, PAYROLL TAX RELATED	d	-	-	41,129	-	41,129
EMPLOYEE STAY INCENTIVE (pay at the last week)		-	-	-	-	-
NON-RECURRING SEVERANCE		-	-	-	-	-
		-	-	-	-	-
SUBTOTAL PAYROLL		-	-	41,129	-	41,129
		-	-	-	-	-
INSURANCE (General Liabty; Credit Ins; skeleton team;)	e	27,557	-	8,856	-	36,413
		-	-	-	-	-
AUTO LOAN & TRAVEL RELATED		-	-	-	-	-
		-	-	-	-	-
RENT		-	-	-	37,000	37,000
		-	-	-	-	-
OFFICE		-	-	-	-	-
UTILITIES		-	2,255	-	-	2,255
TELEPHONE		-	4,125	-	-	4,125
		-	-	-	-	-
SUBTOTAL OFFICE EXPENSE		-	6,380	-	-	6,380
		-	-	-	-	-
EQUIPMENT		-	-	-	-	-
SUBTOTAL EQUIPMENT EXPENSE		-	-	-	-	-
		-	-	-	-	-
DEBT SERVICE		-	-	-	-	-
SUBTOTAL DEBT SERVICE		-	-	-	68,899	68,899
		-	-	-	-	-
LEGAL & CONSULTANT FEE		-	-	-	-	-
XROSS ROADS		2,500	2,500	2,500	2,500	10,000
SHULMAN HODGES & BASTIAN LLP		3,750	3,750	3,750	3,750	15,000
LEGAL		-	-	-	-	-
		-	-	-	-	-
SUBTOTAL RE-ORGANIZATION EXPENSE		6,250	6,250	6,250	6,250	25,000
		-	-	-	-	-
OTHERS EXPENSES		-	-	-	-	-
		-	-	-	-	-
SUB-TOTAL OF TOTAL DISBURSEMENT		38,847	228,101	121,946	132,309	521,203
SUB-TOTAL OF EXPENSE		38,847	60,705	73,355	132,309	305,216
SUB-TOTAL OF TRADE PAYABLE DISBURSEMENT		-	167,396	48,591	-	215,987

EXHIBIT 1

4 WEEK CASH FLOW STATEMENT	Case 6:11-bk-13071-DS Doc 7	Filed 02/02/11	Entered 02/02/11 15:08:04	Desc	TOTAL
	Main Document	Page 25 of 51	-	-	-
ENDING CASH BANK BALANCE (Before R/E Sales)	\$ 948,223	\$ 1,169,595	\$ 2,032,963	\$ 2,902,389	\$ 2,902,389

Loan balance:	12,542,657
Ridgeline Land Sold Estimated (to be closed Jan-28-2010)	(1,138,666)
Loan balance	<u>11,403,991</u>

- Note "a":** [ACCOUNTS RECEIVABLE & INVENTORY](#) Click to connect
- Note "b":** [ON-WATER SHIPMENT VENDOR PAYMENT](#) Click to connect
- Note "c":** [INBOUND DUTY & FREIGHT](#) Click to connect
- Note "d":** [SALARY & WAGES](#) Click to connect
- Note "e":** [INSURANCE](#) Click to connect

EXHIBIT 1

TOP

4 WEEK CASH FLOW PROJECTION		<u>2/4/2011</u>	<u>2/11/2011</u>	<u>2/18/2011</u>	<u>2/25/2011</u>	<u>TOTAL</u>
BEGINNING BANK BALANCE		\$ 475,414	\$ 764,290	\$ 947,498	\$ 1,702,299	\$ 475,414
ADJUSTED BEGINNING CASH BANK BALANCE		475,414	764,290	947,498	1,702,299	475,414
NON-AR RECEIPTS						-
Liquidation Sales						-
Accounts Receivables		326,322	326,663	761,851	761,368	2,176,204
Adjustment to On-water Shipment Sales		-	-	21,589	28,785	-
Inventory		-	-	38,516	38,516	77,032
Total Estimated Liquidation Value		326,322	326,663	821,956	828,670	2,303,610
TRADE DISBURSEMENTS						-
VENDOR DISBURSEMENTS		-	115,344	-	-	115,344
SELLING EXPENSE						-
COMMISSION		-	-	-	-	-
ROYALTY		-	-	-	-	-
ADV & PROM		-	-	-	-	-
OTHERS (show expense; collateral material)		-	-	-	-	-
SUBTOTAL SELLING EXPENSE		-	-	-	-	-
INBOUND & OUTBOUND FRT. DUTY						-
INBOUND FRT, DUTY, OTHERS		-	8,200	-	-	8,200
OUTBOUND FRT		3,640	7,280	10,920	14,560	36,400
PACKAGING SUPPLY		-	-	-	-	-
OTHERS		-	-	-	-	-
SUBTOTAL SELLING EXPENSE		3,640	15,480	10,920	14,560	44,600
PAYROLL						-
SALARY, PAYROLL TAX RELATED		-	-	41,129	-	41,129
EMPLOYEE STAY INCENTIVE (pay at the last week)		-	-	-	-	-
NON-RECURRING SEVERANCE		-	-	-	-	-
SUBTOTAL PAYROLL		-	-	41,129	-	41,129
INSURANC (General Liabty; Credit Ins; skeleton team;)						-
		27,557	-	8,856	-	36,413
AUTO LOAN & TRAVEL RELATED						-
RENT						-
		-	-	-	37,000	37,000
OFFICE						-
UTILITIES		-	2,255	-	-	2,255
TELEPHONE		-	4,125	-	-	4,125
PROFESSIONAL - LEGAL		-	-	-	-	-
PROFESSIONAL - ACCOUNTING & OTHERS		-	-	-	-	-
PROFESSIONAL - WHEEL DESIGN		-	-	-	-	-
OFFICE SUPPLY		-	-	-	-	-
OTHERS (postage / dues / subscription)		-	-	-	-	-
SUBTOTAL OFFICE EXPENSE		-	6,380	-	-	6,380
EQUIPMENT						-
LEASE		-	-	-	-	-

EXHIBIT 1

SUBTOTAL EQUIPMENT EXPENSE					-	-	-	-	-
DEBT SERVICE									
PRINCIPAL									
INTEREST								68,899	68,899
OTHERS									
SUBTOTAL DEBT SERVICE					-	-	-	68,899	68,899
LEGAL & CONSULTANT FEE									
XROSS ROADS					2,500	2,500	2,500	2,500	10,000
SHULMAN HULGES & BESTIAN LLP					3,750	3,750	3,750	3,750	15,000
LEGAL									
SUBTOTAL RE-ORGANIZATION EXPENSE					6,250	6,250	6,250	6,250	25,000
OTHERS EXPENSES & NONEXPENSE CASH ITEM									
SUB-TOTAL OF TOTAL DISBURSEMENT					37,447	143,454	67,155	126,709	374,765
SUB-TOTAL OF EXPENSE & PAYABLE item					37,447	28,110	67,155	126,709	259,421
SUB-TOTAL OF TRADE PAYMENT					-	115,344	-	-	115,344
ENDING CASH BANK BALANCE (Before R/E Sales)					764,290	947,498	1,702,299	2,404,259	2,404,259

EXHIBIT 1

4 WEEK CASH FLOW PROJECTION	<u>2/4/2011</u>	<u>2/11/2011</u>	<u>2/18/2011</u>	<u>2/25/2011</u>	<u>TOTAL</u>
BEGINNING BANK BALANCE	\$ 109,365	\$ 183,933	\$ 222,097	\$ 330,664	\$ 109,365
ADD BACK VOIDED CHECKS ISSUED IN PRIOR PERIOD/DEDUCT PAYROLL CHECKS CLEARED					-
ADJUSTED BEGINNING CASH BANKK BALANCE	109,365	183,933	222,097	330,664	109,365
NON-AR RECEIPTS (R/E Liquidation Sales Proceeds)					-
Liquidation Sales					-
Accounts Receivable	75,968	94,961	94,962	113,953	379,844
Adjustment to On-water Shipment Sales	-	27,850	46,416	37,133	111,398
Inventory	-	-	21,980	21,980	43,960
Total Estimated Liquidation Value	75,968	122,811	163,358	173,065	535,202
TRADE DISBURSEMENTS					-
VENDOR DISBURSEMENTS - BASED ON BILLINGS AND COLLECTIONS IN PRIOR WEEK	-	52,052	48,591	-	100,643
SELLING EXPENSE					-
SUBTOTAL SELLING EXPENSE	-	-	-	-	-
INBOUND & OUTBOUND FRT. DUTY					-
INBOUND FRT, DUTY, OTHERS	-	29,795	2,000	-	31,795
OUTBOUND FRT	1,400	2,800	4,200	5,600	14,000
PACKAGING SUPPLY					-
OTHERS					-
SUBTOTAL SELLING EXPENSE	1,400	32,595	6,200	5,600	45,795
PAYROLL					-
SUBTOTAL PAYROLL	-	-	-	-	-
INSURANCE (General Liability; Credit Ins; skeleton team;)					-
AUTO LOAN & TRAVEL RELATED					-
RENT					-
OFFICE					-
SUBTOTAL OFFICE EXPENSE	-	-	-	-	-
EQUIPMENT					-
SUBTOTAL EQUIPMENT EXPENSE	-	-	-	-	-
DEBT SERVICE					-
LEGAL & CONSULTANT FEE					-
SUBTOTAL RE-ORGANIZATION EXPENSE	-	-	-	-	-
OTHERS EXPENSES & NONEXPENSE CASH ITEM					-
	-				-
SUB-TOTAL OF TOTAL DISBURSEMENT	1,400	84,647	54,791	5,600	146,438
SUB-TOTAL OF EXPENSE	1,400	32,595	6,200	5,600	45,795
SUB-TOTAL OF TRADE PAYMENT	-	52,052	48,591	-	100,643
ENDING CASH BANK BALANCE (Before R/E Sales)	183,933	222,097	330,664	498,130	498,130

EXHIBIT 1

	2/4/2011	2/11/2011	2/18/2011	2/28/2011	Total
TUI					
Accounts Receivable Cash Collection	\$ 326,322	\$ 326,663	\$ 761,851	\$ 761,368	\$ 2,176,204
Inventory -Cash Sales			38,516	38,516	\$ 77,032
Total Estimated	\$ 1,103,578	\$ 672,365	\$ 356,670	\$ 664,827	\$ 2,253,236
DH					
Accounts Receivable	\$ 75,968	\$ 94,961	\$ 94,962	\$ 113,953	\$ 379,844
Inventory -Cash Sales			21,980	21,980	\$ 43,960
Total Estimated	\$ 153,662	\$ 152,819	\$ 87,613	\$ 120,160	\$ 423,804
Grand total Tui & DH (AR & Inventory):	\$ 1,257,240	\$ 825,184	\$ 444,283	\$ 784,988	\$ 2,677,040

AJUSTMENTS

TUI Adjustment for the on-water shipment (1) sales

Shipment #110101 \$ 143,926	\$	-	\$ 21,589	\$ 28,785
-----------------------------	----	---	-----------	-----------

DH Adjustment for the on-water shipment (2) sales

Shipment#110101 \$ 101,088		15,163	25,272	20,218
Shipment#110101 \$ 84,576		12,686.40	21,144.00	16,915.20
Sub-total \$ 185,664	\$	27,850	\$ 46,416	\$ 37,133

On-Water Shipment Sales Schedule

31-Jan-11

On-Water Shipment Sales Schedule

		2/4/2011	2/11/2011	2/18/2011	2/28/2011	3/4/2011	3/11/2011	3/18/2011	3/25/2011	4/1/2011	4/8/2011	Total
<i>TUI</i>	Adjustment for the on-water shipment (1) sales											
	Shipment #110101 \$		\$ -	\$ 21,589	\$ 28,785	\$ 28,785	\$ 21,589	\$ 14,393	\$ 14,393	\$ 7,196	\$ 7,196	\$ 143,926
<i>DH</i>	Adjustment for the on-water shipment (2) sales											
	Shipment#110101 \$		15,163	25,272	20,218	20,218	15,163	5,054	-	-	-	101,088
	Shipment#110101 \$		12,686	21,144	16,915	16,915	12,686	4,229	-	-	-	84,576
	Sub-total \$		\$ 27,850	\$ 46,416	\$ 37,133	\$ 37,133	\$ 27,850	\$ 9,283	\$ -	\$ -	\$ -	\$ 185,664

EXHIBIT 1

ON-WATER SHIPMENT SCHEDULE

31-Jan-11 04:30pm

(3 Shipments on the water, post petition Received)

TUI	ref#	2/4/2011	2/11/2011	2/18/2011	2/25/2011	3/4/2011	3/11/2011	3/18/2011	3/25/2011	4/1/2011	4/8/2011	Total
Shanghai BonVyoage (Purch Cst)	110101		\$ 115,344			\$ -				\$ -		\$ 115,344
Kodai (Frt-in / Duty)	25903		2,750									\$ 2,750
Kodai (Frt-in / Duty Prvious)	25808, 25902		5,450									\$ 5,450
Sub-Total		-	123,544	-	-	-	-	-	-	-	-	\$ 123,544
DH												
TUI Taiwan (Purch Cst)	1101002		52,052									\$ 52,052
Quarts (Frt-in / Duty)	57252											\$ -
Quarts (Frt-in / Duty Prvious)	25728;25729;25730;25		29,795									\$ 29,795
TUI Taiwan (Purch Cst)	1101004			48,591								\$ 48,591
Quarts (Frt-in / Duty)	NA, Est			2,000								\$ 2,000
Sub-Total		-	81,847	50,591	-	-	-	-	-	-	-	132,438
		\$ -	\$ 205,391	\$ 50,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,982

EXHIBIT 1

SEQ	Sktn	Type	First Name	Last Name	V	Business	Depart-	Rate	Annual	pay	Each pay	Status	skeleton	time
1	1	office	Mei Lien	Chang		DH	ownr	3,744.6	97,360	26	3,745		1,872	
2		office				DH	sls suprt	15.0	33,801	26	1,300	Terminated		
3	1	wh			V	DH	wh mgr	2,800.0	72,800	26	2,800		2,800	
4		wh				DH	wh	11.4	25,576	26	984	Terminated		
5	1	wh			V	DH	wh	13.0	29,294	26	1,127		1,127	
6		wh				DH	wh	10.8	24,224	26	932	Terminated		
7		wh				DH	wh	13.0	29,294	26	1,127	Terminated		
8		wh				DH	wh	12.8	28,731	26	1,105	Terminated		
9	1	wh			V	DH	wh	13.0	29,294	26	1,127	Terminated		
10	1	wh			V	DH	wh	15.5	34,815	26	1,339		1,339	
11		wh				DH	wh	11.7	26,252	26	1,010	Terminated		
12	1	wh			V	DH	wh	13.0	29,294	26	1,127	Terminated	-	T TH
13		wh				DH	wh	10.8	24,224	26	932	Terminated		7,138
14	1	office			V	MIX	ACCT	1,817.3	47,250	26	1,817		1,817	
15	1	office			V	MIX	ACCT	1,970.0	51,220	26	1,970		1,970	
16	1	office			V	MIX	ACCT	3,591.0	93,366	26	3,591		2,873	M T W TH
17	1	office			V	MIX	AR	14.8	33,238	26	1,278		511	M Th
18	1	office			V	MIX	IT	2,760.0	71,760	26	2,760		1,380	1/2 day
19		wh				MIX	P/T	8.5	19,154	26	737	Terminated		
21	1	office			V	MIX	sls suprt	17.5	39,435	26	1,517		1,517	2,897
22	1	office			V	TUI	In-house s	2,307.7	60,000	26	2,308		1,385	M T TH
23		office				TUI	In-house s	18.6	41,801	26	1,608	Terminated		
24	1	office			V	TUI	In-house s	2,115.4	55,000	26	2,115		2,115	
25	1	office	Gary	Chang	V	TUI	mktg	2,000.0	52,000	26	2,000		2,000	
26	1	office	Howard	Chang	V	TUI	mktg	1,200.0	31,200	26	1,200		1,200	
27	1	office	Wen Pin	Chang		TUI	ownr	8,589.6	223,330	26	8,589.6		4,295	
28	1	office			V	TUI	PURCH	2,242.3	58,300	26	2,242		448	2day
29	1	office				MIX	PURCH	1,211.5	31,500	26	1,212		242	1day
30	1	office			V	TUI	sls suprt	2,009.6	52,250	26	2,010		2,010	13,695
31	1	wh			V	TUI	wh	1,696.0	44,096	26	1,696		1,696	
32		wh				TUI	wh	12.1	27,266	26	1,049	Terminated		
33		wh				TUI	wh	11.9	26,703	26	1,027	Terminated		
34	1	wh			V	TUI	wh	15.5	34,996	26	1,346		1,346	
35	1	wh			V	TUI	wh	1,775.0	46,150	26	1,775		1,775	
36		wh				TUI	wh	11.7	26,252	26	1,010	Terminated		
37	1	wh			V	TUI	wh	12.4	27,942	26	1,075		215	1day
38		wh				TUI	wh	11.4	25,576	26	984		984	
39		wh				TUI	wh	11.9	26,703	26	1,027	Terminated		
40		wh				TUI	wh	11.1	24,900	26	958	Terminated		
41		wh				TUI	wh	12.3	27,604	26	1,062	Terminated		
42	1	wh			V	TUI	wh	14.4	29,520	26	1,135		1,135	
43	1	wh			V	TUI	wh	15.8	35,491	26	1,365	Terminated		
44		wh				TUI	wh	11.5	25,914	26	997	Terminated		
45		wh				TUI	wh	13.0	29,294	26	1,127	Terminated		
46		wh				TUI	wh	12.3	27,604	26	1,062	Terminated		
47	1	Sls				TUI	Liquidation Sls			26	8,546		1,923	
48	1	Sls				TUI	Liquidation Sls			26	2,500		1,154	10,228
								1,931,781	85,345		41,129		41,129	
										Each pay period	Each pay period			
skeleton	28													
Terminated	20													

EXHIBIT 1

INSURANCE

31-Jan-11 04:30pm

TUI & DH	<u>2/4/2011</u>	<u>2/11/2011</u>	<u>2/18/2011</u>	<u>2/25/2011</u>	<u>3/4/2011</u>	<u>3/11/2011</u>	<u>3/18/2011</u>	<u>3/25/2011</u>	<u>4/1/2011</u>	<u>4/8/2011</u>	<u>Total</u>
Skeleton Team Med Ins	\$ 10,222				\$ 10,222				\$ 10,222		\$ 30,665
General Liability	17,335				17,335						\$ 34,670
Euler Hermes (credit ins)			8,856							8,856	\$ 17,712
	<u>\$ 27,557</u>	<u>\$ -</u>	<u>\$ 8,856</u>	<u>\$ -</u>	<u>\$ 27,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,222</u>	<u>\$ 8,856</u>	<u>\$ 83,047</u>

EXHIBIT 1

Estimate Interest Expense

Loan Bal as of Jan-31	\$	11,403,991
Bank interest charge		7.25%
Interest charge		826,789
per month	12	<u>\$ 68,899</u>

EXHIBIT 1

Outbound Freight through 2/28/11

	Due Week	Due Week	Due Week	Due Week	
Sales	2/4/2011	2/11/2011	2/18/2011	2/28/2011	Total
TUI	91,000	182,000	273,000	364,000	910,000
DH	35,000	70,000	105,000	140,000	350,000
Total:					<u>1,260,000</u>

Out Bound Frt Est

TUI	4%	3,640	7,280	10,920	14,560	36,400
DH	4%	1,400	2,800	4,200	5,600	14,000

Sales through 2/28/11

	Due Week	Due Week	Due Week	Due Week	
	2/4/2011	2/11/2011	2/18/2011	2/28/2011	Total
Sales					
TUI	91,000	182,000	273,000	364,000	910,000
DH	35,000	70,000	105,000	140,000	350,000
Total:					<u>1,260,000</u>

Inventory through 2/28/11

	Due Week	Due Week	Due Week	Due Week	
	2/4/2011	2/11/2011	2/18/2011	2/28/2011	Total
TUI					
Inventory Bal.					
Beginning Bal	31-Jan \$ 4,141,583	\$ 4,077,883	\$ 4,065,827	\$ 3,874,727	\$ 4,141,583
Sales (Cogs)	(63,700)	(127,400)	(191,100)	(254,800)	(637,000)
Purchase	-	115,344	-	-	115,344
Ending Bal	\$ 4,077,883	\$ 4,065,827	\$ 3,874,727	\$ 3,619,927	\$ 3,619,927

	Due Week	Due Week	Due Week	Due Week	
	2/4/2011	2/11/2011	2/18/2011	2/28/2011	Total
DH					
Inventory Bal.					
Beginning Bal	31-Jan \$ 1,089,613	\$ 1,074,213	\$ 1,095,465	\$ 1,097,856	\$ 1,089,613
Sales (Cogs)	(15,400)	(30,800)	(46,200)	(61,600)	(154,000)
Purchase	-	52,052	48,591	-	100,643
Ending Bal	\$ 1,074,213	\$ 1,095,465	\$ 1,097,856	\$ 1,036,256	\$ 1,036,256

Total Inventory End Bal. \$ 4,656,183

EXHIBIT 1

A/R Due through 2/28/11

Collection	Ref to	Due Week	Due Week	Due Week	Due Week	Total
		2/4/2011	2/11/2011	2/18/2011	2/28/2011	
TUI	Tui AR	326,322	326,663	761,851	761,368	2,176,204
DH	Dh AR	75,968	94,961	94,962	113,953	379,844
Total:						<u>2,556,048</u>

TUI		Due Week	Due Week	Due Week	Due Week	Total
AR Balance Est.		2/4/2011	2/11/2011	2/18/2011	2/28/2011	
Beginning Bal	31-Jan	\$ 4,264,691	\$ 4,029,369	\$ 3,884,706	\$ 3,395,856	\$ 4,264,691
Cash Receipts		(326,322)	(326,663)	(761,851)	(761,368)	(2,176,204)
Sales Est.		91,000	182,000	273,000	364,000	910,000
Ending Bal		\$ 4,029,369	\$ 3,884,706	\$ 3,395,856	\$ 2,998,487	\$ 2,998,487

DH		Due Week	Due Week	Due Week	Due Week	Total
AR Balance Est.		2/4/2011	2/11/2011	2/18/2011	2/28/2011	
Beginning Bal	31-Jan	\$ 630,310	\$ 589,342	\$ 564,381	\$ 574,418	\$ 630,310
Cash Receipts		(75,968)	(94,961)	(94,962)	(113,953)	(379,844)
Sales Est.		35,000	70,000	105,000	140,000	350,000
Ending Bal		\$ 589,342	\$ 564,381	\$ 574,418	\$ 600,466	\$ 600,466
Total AR End Bal.		\$ 4,618,711	\$ 4,449,087	\$ 3,970,274	\$ 3,598,953	\$ 3,598,953

EXHIBIT 1

		FEB-2011 AGING		2/4/2011	2/11/2011	2/18/2011	2/28/2011
#	Customer Code	Customer Name	Total	WK1	WK2	WK3	WK4
112	C3035	PDK WHEEL & AUTO ACCESSORIES - HOBART	1,057,262	268,545	376,808	1,178	410,731
39	C0616	WHEEL PROS INC - HEADQUARTERS	552,086	360,344	65,902	123,898	1,941
42	C0676	FASTCO - 168406 CANADA INC	277,934	277,296		638	
16	C0276	PACCAR PARTS	158,261	54,074	2,484	18,340	83,363
84	C1380	DIABLO RACING WHEELS	142,697	136,420	6,085		193
104	C1680	THE BRAZILIAN COMPANY LTDA	99,591	99,591			
87	C1394	FACTORY REPRODUCTIONS INC	80,746	13,141	43,140		24,465
123	C3353	TIRE RACK WHOLESAL	50,925	857	23,794	7,838	18,436
80	C1300	GOOD ROADS - FT. LAUDERDALE	42,365	35,497	4,620	1,779	469
124	C3361	TIRE KINGDOM/ TBC CORP.	38,613	24,245		8,663	5,705
2	C0104	CAPITAL TIRE INC - FARMINGTON	32,525		979	30,162	1,384
154	C7627	EAST COAST TIRE	32,128	3,722	16,950	277	11,178
3	C0107	DISCOUNT TIRE-HQT 93	29,591	(2,207)	9,285	12,045	10,468
151	C7559	AMERICAN TIRE DISTRIBUTORS	24,897	11,174	5,375	2,998	5,350
106	C1695	PERFORMANCE PLUS	23,323	11,035	3,157	4,071	5,060
49	C0755	WHEELS INCORPORATED	21,278	21,278			
120	C3289	WHEEL WORLD INC	21,175	7,126	6,501	588	6,959
40	C0618	CUSTOM WHEELS MARKET	18,595	10,740	3,030	1,096	3,729
125	C3362	WHEEL WORLD OF UTAH	17,083	13,377	2,102	1,166	437
115	C3088	TRANS-DAPT PERFORMANCE	16,653	5,599	8,960	2,094	
152	C7577	WHEEL TRENDZ	15,612			15,138	474
33	C0512	AUTO ACCESSORIES OF AMERICA	15,536				15,536
26	C0395	VOGUE TYRE AND RUBBER COMPANY	9,831	1,299	8,532		
94	C1501	ATLANTA WHEEL & ACCESSORIES	9,404	25,587		(16,183)	
30	C0488	TURN 5, INC.	7,750	7,750			
12	C0183	BONNETT ENTERPRISES INC	7,746	8	7,737		
77	C1157	AMERICAN WHEEL & TIRE #2	7,548	2,792	722	3,414	620
136	C7368	AUTOMOTRING WEST INC.	7,488		922		6,566
90	C1442	PRESTIGE INTERNATIONAL	7,151	2,406	2,864	425	1,456
56	C0917	COMPETITION WHEEL - NY	6,405	6,405			
81	C1342	RENT A WHEEL	6,230	2,101	2,177		1,951
98	C1577	CHRIS JOHNSON	5,464		5,464		
10	C0150	4 WHEEL PARTS HQT - COMPTON, CA	5,463	1,301	4,144		19
116	C3122	CAPITAL TIRE INC - GRAND RAPIDS	5,032	2,469			2,562
103	C1665	COMPETITION WHEEL - TX	4,874	2,360	1,213	440	861
93	C1473	L.A. TIRE & CHROME	4,785	4,785			
34	C0523	LEON INTERNATIONAL CORP	4,586	2,910	1,677		
5	C0114	TIRE DISTRIBUTORS INC.	4,185			4,185	
111	C3004	LES SCHWAB TIRE CENTER - HTQ	4,035	(424)	4,460		

EXHIBIT 1

FEB-2011 AGING			2/4/2011	2/11/2011	2/18/2011	2/28/2011	
#	Customer Code	Customer Name	Total	WK1	WK2	WK3	WK4
59	C0929	VICTORIA TIRE CO.	3,769	2,753	1,016		
146	C7515	BEST VALUE WHEEL	3,663	3,663			
76	C1135	CUSTOM WHEEL DISTRIBUTING INC.	3,604	3,604			
47	C0745	STARR WHEEL GROUP	3,374		3,374		
161	C7762	MOTOSTAR TIRE & AUTO	3,028	3,028			
83	C1369	WHEEL AND TIRE DESIGNS	3,023	3,023			
73	C1113	T-N-T WHOLESALE TIRE & WHEEL	2,998	882	1,954	162	
96	C1552	NEWSTALGIA WHEEL	2,937				2,937
32	C0511	WHEEL WORKZ - WHOLESALE	2,851	2,851			
75	C1125	STEVENSON WHEEL LTD.	2,706		2,706		
4	C0109	TRADE UNION INT L INC.	2,684	2,684			
155	C7640	STALEY'S TIRE & AUTOMOTIVE, INC.	2,579		1,426		1,153
118	C3200	WHOLESALE DIRECT TIRE & WHEELS WAREHOUSE	2,483	304	1,442		736
60	C0949	MIKE'S AUTO PARTS	2,400				2,400
133	C7359	WILD HORSES	1,748		1,657	91	
108	C2556	INTERSTATE TIRE DIST. INC	1,695	928			767
149	C7521	EZ WHEEL USA	1,500	35			1,464
100	C1631	HTW AUTO CENTER	1,493	(529)	1,284		738
68	C1082	MUSTANGS UNLIMITED	1,440	24	430	253	733
113	C3040	PLAZA TIRE SERVICE INC.	1,382	409	973		
7	C0122	WHEEL ACCESSORY OF GEORGIA	1,272	1,272			
158	C7678	WHEEL TRENDZ - KC	1,254	554	701		
45	C0709	WHOLESALE WHEEL WAREHOUSE	1,236	1,236			
117	C3145	DRIVE-IN AUTOSOUND	1,219			208	1,011
15	C0270	ACCESSORY EXPRESS	1,174		656		518
13	C0211	DEALER SUPPLY & WHEEL	1,032	997	35		
109	C2558	INTERSTATE TIRE DIST. INC	1,016	20	91		905
163	C7777	WHEEL RESOURCE - AR	907	894			13
88	C1408	TIRE RAMA-NAPA AUTO PARTS NA905	859		54	784	21
91	C1456	UNIVERSAL PROJECTS INC.	828		828		
131	C7352	UNIWEALTH METALS AND MINERALS CORP.	810	810			
44	C0702	EPPIE'S TIRE SERVICE	740				740
25	C0394	TIRES PLUS WHEELS	726				726
52	C0797	BOSLEY TIRE	714	(540)	309	528	417
114	C3052	RAMIREZ TIRE CENTER	689	689			
50	C0775	MOTORSPORT TECHNOLOGY	659	659			
8	C0130	PRIMAX WHEEL CORPORATION	653		653		
160	C7709	CADILLAC CAR AUDIO	555	555			
54	C0842	TOPS TIRE & WHEEL	542	155	196	119	72

EXHIBIT 1

FEB-2011 AGING			2/4/2011	2/11/2011	2/18/2011	2/28/2011	
#	Customer Code	Customer Name	Total	WK1	WK2	WK3	WK4
22	C0332	FASHION WHEEL	524				524
38	C0605	GOMEZ CUSTOM WHEELS & TIRES	515	515			
18	C0300	ULTIMATE TRUCK ACCESSORIES	471				471
55	C0847	GREAT LAKES PARTS INC	420		210		210
127	C4408	AMERICAN TIRE DEPOT	409	409			
165	C7782	DISCOUNT TIRE CO. - TXC 12	396				396
31	C0504	ANDY WURM TIRE & WHEEL CO.	383		299		84
150	C7546	COYS EQUIPPED LLC	354	354			
97	C1557	NEW CENTURY TIRE	337	337			
71	C1101	LISAC'S TIRE SUPPLY	318	196	122		
129	C6360	PRECISION TIRE SERVICE	316	316			
166	C7784	DISCOUNT TIRE CO. - AZP 51	312				312
19	C0302	WEST COAST ACCESSORIES	288	(532)	702	11	107
14	C0242	WESTERN MOTORSPORTS INC.	238	238			
107	C1810	CAPITAL TIRE INC - TOLEDO C05	236		177	59	
21	C0309	Z DOCTOR	216	216			
145	C7500	JBM TIRE AND WHEEL	207	(18)		225	
37	C0547	AL-KO KOBER CORP.	200			200	
69	C1094	BHY TIRES AND WHEEL DISTRIBUTORS, INC.	193	193			
46	C0731	RONNIES ELECTRONICS AUTO LAND	180	(0)		22	158
66	C1043	WHEEL SERVICE	180	180			
157	C7658	ROULETTE AUTO WHEEL OUTLET	160	160			
29	C0464	OSCAR'S TIRE CENTER	154		154		
23	C0356	BULLOCK S CUSTOM MOTORSPORTS	151	151			
20	C0305	ROUGH RIDER SPEED CENTER	121	121			
63	C0982	5ZIGEN USA INC.	108				108
51	C0789	FASTCO	99	64			34
65	C1039	PACIFIC TIRE & WHEEL	94	94			
110	C2559	INTERSTATE TIRE DIST. INC	89	89			
137	C7397	ACCOMPLISH AUTO DESIGN	83	83			
128	C5432	ACCESSORY HOUSE	83	83			
79	C1200	INFINITE MOTORSPORTS	83				83
142	C7447	WILSON BROS TIRE SUPPLY	81			81	
164	C7781	PT MAXI SYSTEM INC	77	77			
86	C1393	AUTO ACCESSORY WAREHOUSE	74	74			
78	C1196	MC MOTORSPORTS	66				66
48	C0751	E & I PAINT & BODY	64	64			
105	C1683	JAMES TIRE SALES	47			47	
6	C0118	COMPETITION SALES	45		45		

EXHIBIT 1

		FEB-2011 AGING					
#	Customer Code	Customer Name	Total	2/4/2011 WK1	2/11/2011 WK2	2/18/2011 WK3	2/28/2011 WK4
121	C3312	ANOUTI WHEELS - GERMANY	43	43			
62	C0974	KAR PLUS PERFORMANCE	40	40			
148	C7520	TIRE WORKS	37				37
53	C0807	TIRE WORLD IINC	36	36			
102	C1649	TALEB TYRES	25	25			
57	C0924	NORTHWEST TIRE FACTORY	24			24	
99	C1626	AUTO DYNAMICS INC.	22	22			
162	C7771	LES SCHWAB TIRE CENTER	20		20		
119	C3210	KX WHEELS	16	16			
159	C7683	IWAG DISTRIBUTION AG ZENTRALLAGER	15	15			
24	C0364	ALLOY TECHNOLOGIES LLC/ DBA: 3G WHEEL	12	12			
61	C0960	MOTORWELL INC	4	4			
140	C7408	TOPRICH GROUP - PORTLAND	(4)	(4)			
143	C7451	CUSTOM WHITEWALLS	(12)	(12)			
147	C7517	RENT N ROLL - LAS VEGAS, NV	(12)	(12)			
28	C0447	THE THREE AMIGOS	(14)	(14)			
134	C7360	PLAZA TIRE SERVICE	(14)	(14)			
82	C1357	SAN FERNANDO TIRES & WHEELS	(15)	(15)			
144	C7484	WHEELS PLUS - BOISE	(20)	(20)			
74	C1118	TEXAS MUSTANG PARTS	(29)	(29)			
132	C7353	TULIP CITY WHEELS	(37)	(37)			
72	C1102	PERRIS TIRES & WHEELS	(40)	(40)			
92	C1465	JEFF WHITE'S AUTO	(48)	(48)			
89	C1436	OMAR'S WHEELS & TIRES	(49)	(49)			
58	C0925	EAST BAY Z CUSTOM RIM & TIRE	(65)	(65)			
130	C7330	HYPER RUEDAS	(68)	(68)			
126	C3372	RENT N GO CUSTOM WHEEL & TIRE	(83)	(83)			
135	C7362	AUTOWORKS TINT & ACCESSORIE	(90)	(90)			
64	C1008	NU IMAGE MOTORSPORTS - WAHIAWA	(100)	(100)			
85	C1387	WAYNE'S WHEELS 2000	(120)	(120)			
138	C7404	TOPRICH GROUP - SALT LAKE CITY	(133)	(133)			
139	C7407	WHEELS DIRECT LLC	(143)	(143)			
41	C0620	PRO CUSTOM	(177)	(177)			
11	C0182	EZ RIMS 4 RENT	(261)	(261)			
1	C0102	RABEN TIRE	(284)	(284)			
95	C1544	GEARWORKS MANUFACTURING	(341)	(341)			
17	C0280	NATIONAL PARTS WHOLESAL	(382)	(382)			
122	C3334	PRESTIGE DIRECT INC/ DBA:BIG BRAND WHEELS	(403)	(403)			
141	C7422	COMPTOIRDUTUNING.FR	(437)	(437)			

EXHIBIT 1

		FEB-2011 AGING					
#	Customer Code	Customer Name	Total	2/4/2011 WK1	2/11/2011 WK2	2/18/2011 WK3	2/28/2011 WK4
101	C1645	THE ULTIMATE TINT & WHEEL	(492)	(492)			
36	C0537	ZOE DESIGNS	(535)	(535)			
156	C7657	AUTO CENTER BUHRER AG	(715)	(715)			
153	C7580	USA DISCOUNTERS, LTD	(920)	(920)			
9	C0136	EVERGREEN TIRE	(1,027)	(1,027)			
43	C0699	ZEMAN TIRE DBA WHEELS BE US	(1,334)	(1,334)			
27	C0417	WEST COAST METRIC INC.	(1,626)	(1,626)			
67	C1079	GULF COAST WHEELS & ACCESSORY	(2,550)	(2,550)			
70	C1096	KEYSTONE AUTOMOTIVE HQT - PA	(11,806)	(19,288)	7,396		86
35	C0534	CARROLL SHELBY WHEEL COMPANY	(27,771)	(27,771)			
		4 weeks AR aging	2,901,604	1,388,605	647,992	227,066	637,942
		Carry over amount from last weeks			1,062,283	1,383,612	848,827
		Total balance to be collected			1,710,275	1,610,678	1,486,769
		Collectable %	75%	24%	19%	47%	51%
		Collectable \$	2,176,203	326,322	326,663	761,851	761,368
							2,176,204

EXHIBIT 1

FEB-2011 AGING

#	Customer Code	Customer Name	Total	2/4/2011	2/11/2011	2/18/2011	2/28/2011
86	C07251	ACADEMY, LTD	35,280	21,521	12,215	1,544	
211	C14645	BIG APPLE CARD CO.	29,091	14,763	4,524		9,805
114	C08915	WAL-MART STORES, INC.	28,215	14,149	6,850	432	6,785
178	C12804	RETAIL SALES SOLUTIONS LLC	23,220	18,720	4,500		
148	C10967	SPORTS FAN-ATTIC	22,523	21,233			1,290
129	C09470	CHOI TRADING	22,070	240	13,790	8,040	
155	C11637	GRAFFIX INC. DBA WALL OF FAME	20,899	15,753	5,146		
7	C02473	CASEY'S DISTRIBUTING	20,488	9,340			11,148
119	C09156	NOVELTY MANIA, INC.	20,341	9,192		11,148	
21	C03713	KW TEXTILE INC.	18,840		18,840		
41	C04945	J. MARCUS WHOLESALERS, INC.	16,495	8,842			7,654
19	C03648	MODELL'S	15,921	2,583	2,268		11,071
134	C09585	ECLIPSE SPECIALTIES, INC	12,672	5,598	4,692	2,383	
197	C14278	JACO, LLC	12,348		12,348		
166	C12213	SPORTS LINE	10,900	(1,642)		4,230	8,311
103	C08347	INTERSTATE PROMOTIONS, INC.	8,570	(718)	3,144	4,344	1,800
76	C06666	IPARTY RETAIL STORES CORP.	7,827		7,827		
115	C08989	SPORTS VENTURE	6,452	6,250		203	
106	C08411	SHOPKO STORES INC. C06	5,914	2,934	1,032	1,949	
34	C04404	LANCASTER BINGO/ DBA LBC CO. INC.	5,687	3,272	2,415		
90	C07548	UTAH JAZZ RETAIL DIVISION	5,347	5,347			
173	C12629	CARDIAC SPORTS INC.	4,601	4,601			
138	C09867	HKI TRADING dba PRO SPT OUTLET	4,405	4,405			
12	C03019	BB&B PROCUREMENT, C/O BED BATH & BEYOND DEPT C	4,194	2,244			1,950
189	C13590	ART FUTURES INC.	3,840				3,840
235	C15171	SPORTS COLLECT-A-MANIA	3,600	3,600			
32	C04234	RAMSON'S IMPORTS, INC.	3,485	3,485			
38	C04512	ON DECK	3,473		3,473		
216	C14827	GLOBAL SPORTS	3,469			2,055	1,414
116	C09121	GLASS CAGE SPORTS INC.	3,461			672	2,790
122	C09266	PRO BASE	3,073	3,073			
55	C05738	COLLEGE STATION SPORTS	2,686	2,686			
102	C08324	ALL-STAR SPORTS AND MORE, LLC	2,448	1,102	558	192	595
146	C10901	ALL SPORTS U.S.A. INC.	2,367	2,367			
232	C15134	INTERNATIONAL WHOLESALE SUPPLY, INC.	2,221	2,221			
128	C09446	RIVAS SPORTS, INC.	2,187	1,421		110	657
15	C03184	UNIFORM SPORTS	2,148	2,148			

EXHIBIT 1

FEB-2011 AGING

#	Customer Code	Customer Name	Total	2/4/2011	2/11/2011	2/18/2011	2/28/2011
88	C07365	GULF COAST SALES & MARKETING	2,120	1,627	359	134	
169	C12294	JC COLLINS, INC.	2,000		1,070	311	620
53	C05628	TOMLINSON SALES CO.	1,877	(5)			1,882
104	C08354	SOMETHING DIFFERENT	1,809			1,809	
117	C09145	DSA ENT. dba SPORTS FEVER	1,785		1,785		
137	C09833	SKM PICTURES & SPORTS, INC.	1,758	1,758			
87	C07254	SPORT XPLOSION	1,695		328		1,368
105	C08370	WISCONSIN ACTIVE SPORTSWEAR	1,674				1,674
61	C06064	ANNE'S HALLMARK	1,497	1,497			
133	C09581	SPORTS STATION	1,493			1,194	299
14	C03139	FRONT ROW SPORTS	1,491				1,491
132	C09553	PRO IMAGE #242	1,478		91		1,387
81	C06871	D.J. LIQUIDATORS	1,303	1,303			
226	C14982	FAY'S COMPANY	1,279	1,279			
80	C06815	THE SPORTS PAGE	1,277	675			602
100	C08262	NAPOLEON'S TAILOR LIMITED	1,260			1,260	
96	C08019	JAS SPORTS INC.	1,248		1,248		
49	C05428	BOB'S SPORTS OF LANCASTER	1,241				1,241
17	C03286	YASTRZEMSKI SPORTS	1,227	1,227			
35	C04412	STREAMERS, INC.	1,217	1,217			
18	C03641	TEMP GADGETS INC.	1,178			1,178	
54	C05653	CPS SPORTS, INC. PRO IMAGE #324	1,153				1,153
120	C09169	AEG MERCHANDISE	1,102	1,102			
99	C08255	HOLIDAY WHOLESALE	1,056	1,056			
221	C14877	THE JAYHAWK STORE	1,053			1,053	
183	C13220	APPLETON SCHEELS	924		255		669
231	C15119	THE FOLAND GROUP	900	300	600		
177	C12717	ST. CROIX RETAIL, INC.	891	591			300
94	C07862	SEATTLE SEAHAWKS PRO SHOP	854		854		
47	C05377	VALUE DRUG	843		843		
26	C04054	PRO FOOTBALL HALL OF FAME	828				828
2	C01713	GOOD TIMES, INC.	819	686			133
29	C04106	FAN'S 1ST CHOICE	807		807		
126	C09412	PRO IMAGE # 55	795	795			
85	C07135	SDJ, LLC.	772	772			
44	C05231	NADENE'S TRADING POST II	737			737	
16	C03186	SIDELINE SPORTS	719	(300)			1,019

EXHIBIT 1

		FEB-2011 AGING					
#	Customer Code	Customer Name	Total	2/4/2011	2/11/2011	2/18/2011	2/28/2011
144	C10849	DANIEL & STEVE ASSOCIATES	682			682	
40	C04912	MATUS ENTERPRISES, INC	630				630
11	C02870	JENKINSON'S SOUTH ARCADE	625			625	
170	C12434	SUNSET FOODS	611	611			
258	C15490	MAPLES CORNER GIFT SHOP	591			591	
225	C14961	CLEVELAND CAVALIERS	572	572			
198	C14387	DETROIT PISTONS	570	570			
93	C07789	NEW CONCEPT GIFT CO.	558				558
59	C06007	PURDUE UNIVERSITY SPIRIT	543	543			
255	C15447	SARAH BUSH LINCOLN HEALTH CENTER	528				528
214	C14764	REA SIOUX SHOP	510		510		
42	C05035	COUNTRY KETTLE	499		499		
184	C13224	EAU CLAIRE SCHEELS	490				490
201	C14446	THREE BEARS GIFT SHOP	483	483			
268	C15541	TRIGS	468				468
48	C05397	R.A. COSTANTINO ASSOCIATES	461				461
123	C09298	THE RAIDER IMAGE, LLC.	459	459			
52	C05565	DOBBINS ENTERPRISES, LLC	459	459			
39	C04750	THE DUCK STORE / U OF O BOOKSTORE	431				431
13	C03088	KRYSTALS NFL SHOPPE	425		425		
69	C06486	PARTY CITY OF NEW ORLEANS	420		420		
66	C06291	JOCK'S NITCH SPORTING GOODS	419			419	
136	C09705	FMI ACCOUNTING C06	413	413			
27	C04059	FINE ART FRAMING & GIFTS	403			219	184
77	C06713	COLLECTABLES & CARDS	392	392			
1	C01257	SEASON PASS	382			382	
273	C15554	ST. VINCENT MERCY HOSPITAL GIFT SHOP	373				373
78	C06724	ONE DOLLAR MARKET	349	349			
244	C15298	WATSON'S GARDEN CENTER	344	344			
33	C04389	IRWIN'S HALLMARK	333	333			
181	C13212	CAMPUS COLORS	332				332
253	C15423	PARTY CITY METARIE	315	315			
167	C12277	HY-VEE # 1416	306				306
234	C15147	PIGGLY WIGGLY - MUSKEGO	306				306
270	C15544	TRIGS FOOD & DRUG	306				306
269	C15542	TRIGS FOOD #0384	306				306
158	C11731	HY-VEE # 1022	303	170	134		

EXHIBIT 1

FEB-2011 AGING

#	Customer Code	Customer Name	Total	2/4/2011	2/11/2011	2/18/2011	2/28/2011
185	C13225	SOUTHERN HILL SCHEEL	301				301
256	C15466	SUNNY'S FOOD MART	296	296			
6	C02384	THE SPORTS SHOPPE	294	294			
62	C06100	ESSENHAUS GIFTS #2	292				292
83	C06967	JOHN HOOPER, ENT.	292	292			
73	C06656	PELLEY'S SPORTS	289			289	
145	C10852	DREAMS RETAIL CORP.	285	285			
153	C11448	HOME TEAM SPORTS	284				284
159	C11744	HY-VEE # 7025	281			281	
8	C02527	SPORTS STOP	279			279	
171	C12568	ASHBY'S CARDS & GIFTS	262			262	
5	C02316	KIRKWOOD SCHEELS SPORTS	255	255			
82	C06941	BASES LOADED	228				228
127	C09425	ALL AMERICAN SPORTS FAN, INC.	225	225			
56	C05895	TWO SISTERS BIRD NEST	224		224		
23	C03983	BUEHLER'S FLORAL SHOPS	224	224			
160	C11753	HY-VEE # 1890	221		221		
205	C14574	PHARMACY STATION	220				220
271	C15548	ST. JUDE CHILDRENS HOSPITAL GIFT SHOP	217				217
31	C04203	THE BUCKEYE CORNER	216			216	
251	C15384	SIMPLY YOURS	212	(13)			224
228	C15064	PARTY BAZAAR, INC.	211				211
139	C09967	SFG SPORTS	208	208			
248	C15366	BAX MEDICAL	207		207		
108	C08729	ST. ELIZABETH MEDICAL CENTER GIFT SHOP	206				206
4	C02262	HANESBRANDS DIRECT, LLC	202	202			
79	C06740	MEADOW FARMS	200	200			
266	C15535	TAYLOR-FOSTER	190				190
260	C15496	WALGREENS #9914	189		189		
257	C15482	FAYETTE PHARMACY	181		181		
157	C11689	HY-VEE # 1437	180				180
25	C04027	LAIR'S HALLMARK CENTER	177				177
163	C12002	PRO JERSEY SPORTS	177			177	
84	C06968	DUGOUT ZONE	176	176			
156	C11640	HY-VEE # 7020	175			175	
261	C15500	WALGREENS #11433	173	173			
161	C11880	ERION ENTERPRISES, INC./ JUST SPORT	173	(751)	924		

EXHIBIT 1

		FEB-2011 AGING					
#	Customer Code	Customer Name	Total	2/4/2011	2/11/2011	2/18/2011	2/28/2011
65	C06226	SPORTS TIME FAN SHOP	172				172
188	C13264	SPORTS ZONE	171			171	
70	C06492	MIKE'S DEN, LLC.	170	170			
249	C15375	CHEERY CORNER GIFT SHOP	170				170
274	C15555	SUNSHINE GIFT SHOP	169				169
152	C11378	THE PARTY STORE	169	169			
250	C15380	STINEBRINK PIGGLY WIGGLY	162				162
267	C15540	HY-VEE # 1092	162			162	
97	C08188	FESTIVAL FOODS #1019	156			156	
98	C08218	FESTIVAL FOODS	156			156	
107	C08414	FESTIVAL FOODS #30	156			156	
101	C08267	FESTIVAL FOODS #1108	156			156	
219	C14865	FESTIVAL FOODS - MANITOWOC	156			156	
176	C12712	FESTIVAL FOODS - APPLETON WEST	156			156	
209	C14605	J & J CARDS, INC. #16	156		156		
190	C13739	DETROIT ATHLETIC CO.	155				155
28	C04095	AULTMAN HOSPITAL GIFT SHOP	155		155		
230	C15103	FLOTO'S	152		152		
135	C09694	BIG 5 SPORTING GOODS	152	126	26		
30	C04197	PARTY MAX	151			151	
227	C15012	TEXAS ROAD PHARMACY	150	150			
206	C14593	J & J CARDS, INC. #43	150		150		
207	C14594	J & J CARDS, INC. #23	150		150		
141	C10241	ST. ANTHONY'S HOSP. GIFT SHOP	146				146
72	C06526	PARTY CITY OF MANDEVILLE	144	144			
208	C14596	J & J CARDS, INC. #39	144		144		
215	C14805	GREEN LEAF GIFT SHOP	134	134			
210	C14626	SIDNEY GREAT AMERICAN #428	132			132	
193	C14050	TWIG 8 GIFT SHOP	132				132
265	C15525	WALGREENS #7748	132	132			
262	C15503	BOB EVANS GENERAL STORE	131				131
71	C06518	TYGER GIFTS, LLC.	130		130		
175	C12682	DAKOTA SQUARE SCHEELS	128				128
186	C13226	RIMROCK MALL SCHEELS	128			128	
247	C15317	LAS VEGAS GOLF & TENNIS	127		127		
57	C05924	REID HOSPITAL AUXILLARY G/S	120				120
95	C07937	LUV'S HALLMARK SHOP	117				117

EXHIBIT 1

		FEB-2011 AGING					
#	Customer Code	Customer Name	Total	2/4/2011	2/11/2011	2/18/2011	2/28/2011
24	C04023	SOUTHERN OHIO MEDICAL CENTER	117	117			
154	C11488	SAINT JOSEPH'S HOSPITAL	113				113
245	C15300	RIA'S CARD & GIFT INC.	113			113	
259	C15491	DUKES MEMORIAL HOSPITAL GIFT SHOP	105		105		
109	C08792	SPORTS MANIA	101				101
111	C08818	CAMPUS SPIRIT	101				101
113	C08840	SPORTS MANIA	101				101
203	C14529	FAN APPRECIATION	95				95
164	C12054	PARTYPRO.COM	94	94			
36	C04467	A STORE DIVIDED	93	93			
222	C14896	SEROOGY'S CHOCOLATES	89				89
162	C11995	MORRIS HOSPITAL AUX. GIFT SHOP	87				87
254	C15427	SPORTSVILLE	85	85			
149	C11216	P.T.L. SALES	82	82			
180	C13112	EHRLE'S PARTY SUPPLY	75			75	
202	C14518	DUCK HOUSE - B2C	74	74			
194	C14190	LANGERMANIA	70		70		
272	C15552	SUNSHINE GIFT SHOPPE	66				66
252	C15417	CLUTCH CITY SPORTS & ENTERTAINMENT	65	65			
60	C06018	J & D SMITH INC.	62	(34)			95
110	C08795	TURNER RENTAL/PARTY TIME	50	50			
236	C15197	FOREST CARD & GIFT	47	47			
131	C09530	TOUCHDOWN	38	38			
3	C02167	COOPER'S PHARMACY	35	35			
121	C09170	TEAM LA - WAREHOUSE	4	4			
130	C09496	DUCK HOUSE	3	(116)			119
74	C06660	SHALOM'S GIFT SHOP INC.	(1)	(1)			
212	C14689	GREGORY'S CARD & GIFT	(5)	(5)			
224	C14938	TEXAS GIFT OUTLET	(5)	(5)			
187	C13230	LINCOLN SCHEELS	(5)	(5)			
217	C14857	EDEN PRAIRIE SCHEELS	(5)	(5)			
204	C14561	ABE'S	(6)	(6)			
50	C05516	THE TIGER SPORTS SHOP, INC.	(6)	(6)			
200	C14421	W R BLAIR	(6)	(6)			
223	C14899	SPORTS PLUS	(6)	(6)			
229	C15066	PETTY'S HALLMARK	(7)	(7)			
64	C06203	SPORTS NUTZ OF KANSAS	(8)	(8)			

EXHIBIT 1

FEB-2011 AGING

#	Customer Code	Customer Name	Total	2/4/2011	2/11/2011	2/18/2011	2/28/2011
51	C05531	COMMUNI GRAPHICS	(9)	(9)			
174	C12662	MOORHEAD SCHEELS	(11)	(11)			
179	C13092	TEAM SPORTS SHOP	(13)	(13)			
68	C06449	SNIDER DRUGS	(18)	(18)			
191	C13842	PAM'S FLOWERS & GIFTS	(19)	(19)			
45	C05333	SHENK & TITTLE	(21)	(21)			
233	C15143	STATION 88 AT OHIO UNION	(26)	(26)			
143	C10613	GARNET & GOLD	(27)	(27)			
172	C12571	SPORTS CORNER	(31)	(31)			
182	C13219	GREAT FALLS SCHEELS	(32)	(32)			
63	C06170	NAOMI'S HALLMARK SHOPS	(36)	(36)			
213	C14730	SPORTS Y MAS	(43)	(43)			
43	C05036	KRAYNAK'S INC.	(43)	(43)			
165	C12114	ACE HARDWARE CORPORATE	(48)	(48)			
150	C11253	SPORTSWIRED RETAIL, LLC	(54)	(54)			
92	C07697	B & C SPORTS COLLECTIBLES	(60)	(60)			
195	C14198	EAST TENNESSEE CHILDREN'S HOSPITAL	(60)	(60)			
147	C10933	ALL SPORTS	(73)	(73)			
10	C02621	LINDA'S GIFTS	(75)	(75)			
112	C08820	BOOK EASE LLC	(75)	(75)			
89	C07436	eSPORTS PARTNERS	(76)	(76)			
91	C07604	PRO IMAGE FRANCHISE, LLC	(83)	(83)			
199	C14419	OASIS TRAVEL CENTER	(100)	(100)			
67	C06419	THE KENTUCKY STORE	(107)	(107)			
196	C14250	WALGREENS #4037	(118)	(118)			
58	C05985	SWADLEY'S DRUG STORE, INC.	(126)	(126)			
218	C14864	BEN FRANKLIN	(126)	(126)			
246	C15308	THE XTREME SPORTS FAN	(135)	(225)			90
142	C10248	LAKESIDE MEDICAL CENTER GIFT SHOP	(138)	(138)			
192	C14026	IMPERIAL SHOP 'N SAVE	(138)	(138)			
46	C05360	PITTSBURGH STEELERS MDSE DEPT	(146)	(146)			
237	C15215	WEISS ACE HARDWARE	(168)	(168)			
238	C15252	KIN-KO ACE HARDWARE - WILLOWBROOK	(168)	(168)			
239	C15253	KIN-KO ACE HARDWARE - LOCKPORT	(168)	(168)			
240	C15254	KIN-KO ACE HARDWARE - PLAINFIELD	(168)	(168)			
241	C15255	KIN-KO ACE HARDWARE - JOLIET	(168)	(168)			
242	C15256	KIN-KO ACE HARDWARE - MOKENA	(168)	(168)			

EXHIBIT 1

		FEB-2011 AGING					
#	Customer Code	Customer Name	Total	2/4/2011	2/11/2011	2/18/2011	2/28/2011
243	C15257	KIN-KO ACE HARDWARE - WOODRIDGE	(168)	(168)			
264	C15519	RLR GAVALIER DBA GORANT CHOCOLATIER	(241)	(241)			
140	C10100	DICASS SPORTS/EDUARDO CASSANI	(270)	(270)			
220	C14871	HOME GAMERS	(270)	(270)			
151	C11336	COLLEGE STATION	(286)	(286)			
124	C09333	TROY'S SPORTS	(359)	(359)			
37	C04509	PRO IMAGE	(520)	(520)			
263	C15515	SPORTS HEAVEN	(534)	(534)			
125	C09350	WEST COAST NOVELTY CORP.	(654)	(654)			
168	C12288	CHICAGO TRIBUNE STORE	(1,016)	(1,016)			
22	C03916	CLASSIC IMPRESSIONS	(4,187)	(4,187)			
9	C02603	WHOLESALE EXPRESS / SPORTS DEPOT		(21,223)	21,223		
20	C03666	THE EXTRA MILE					
75	C06662	SRG ENT					
118	C09153	SPORTS TREASURES					
		4 weeks AR aging	467,749	183,091	138,381	51,440	94,836
		Carry over amount from last weeks			107,123	150,543	107,021
		Total balance to be collected			245,504	201,983	201,857
		Collectable %		41%	39%	47%	56%
		Collectable \$		75,968	94,961	94,962	113,953
		TOTAL COLLECTION					379,844

EXHIBIT 1

Royalty Due through 2/28/11

	Due Week	Due Week	Due Week	Due Week	
	2/4/2011	2/11/2011	2/18/2011	2/28/2011	Total
DH					
NFL			133,100		133,100
CLC			10,030		10,030
MLB			8,000		8,000
NBA			4,025		4,025
Others			8,000		8,000
Total	-	-	163,155	-	163,155

Note: All Royalty payments are one month lag. Feb royalty pays for Jan sales

Commission

	Due Week	Due Week	Due Week	Due Week	
	2/4/2011	2/11/2011	2/18/2011	2/28/2011	Total
DH					
Commission			\$ 57,115		\$ 57,115
					-
					-
					-
Total	\$ -	\$ -	\$ 57,115	\$ -	\$ 57,115

Note: Commission payments are one month lag. No pre-petition payment allowed, but will have commission post-petition.