

IN THE SUPERIOR COURT OF FULTON COUNTY
STATE OF GEORGIA

STATE OF GEORGIA ex rel. JOHN D.)	
SOURS, Administrator of the Fair Business)	
Practices Act,)	
)	
Petitioner,)	CIVIL ACTION FILE
)	NO. 2012-CV-217825
)	
v.)	
)	
INTERNATIONAL ESTATE BROKERS, LLC)	
d/b/a WATCH BROKERS and d/b/a)	
WEBUYWATCHES.COM; and RONALD)	
L. BERGH, III, individually,)	
)	
Respondents.)	
)	
_____)	

RECEIVER’S REPORT FOR MAY, 2013

Christopher Tierney, a Managing Director of Hays Financial Consulting, LLC, as the court-appointed Receiver for the Respondents (collectively “Watch Brokers”) files his Report for the period from May 1, 2013 through May 31, 2013 showing the Court as follows:

INTRODUCTION

1. The Receiver was appointed pursuant to the Order Appointing Receiver (“Order”) entered by the Court on September 19, 2012. Per the Order, the Receiver’s general duties were to manage, maintain, preserve and protect the property of the Respondents while this action is pending, including without limitation, to take immediate custody and control of the property; to maintain, operate, and improve as necessary the same; and to collect, hold and preserve any rents, issues, profits and

revenues therefrom. The property, combined with all receipts and other assets, will hereafter be defined as the “Receiver Estate” or the “Estate”.

OVERVIEW OF THE RECEIVER’S ACTIVITIES FOR THE PERIOD IN QUESTION

1. The following narrative is an overview of the activities that the Receiver and his team undertook during this period of the Receivership:
 - a. Other than some minor carry-over items which fell into June and July, May saw the closing of the business and the return, sale or destruction of predominantly all of the watches and other assets which were in the Receiver’s possession upon his appointment in this case. The watch disposition broke out as follows: watches sold on behalf of owners - 263, watches returned at owner’s request - 96, watches destroyed by the Receiver (mostly reproductions) - 254. The other asset disposed of by the Receiver were predominantly furniture and fixtures related to the Respondents former retail operation.
 - b. The Receiver and members of his team continued to field phone and email queries from individuals regarding their watch, the status of the case, and what next steps the case would be taking. Most of these inquiries came from consignors whose watches were sold by the Respondents prior to the Receiver’s appointment in this case. At this time the Receiver cannot confirm that he has been able to reach every single potential claimant as the records at his disposal may not be complete or accurate. The Receiver

has been updating his contact database as information is obtained from communication with individuals involved with this case.

- c. The Receiver attempted to finalize outstanding watch sales and returns by obtaining the required documentation from the consignors, such as Bills of Sale. The majority of consignors completed the appropriate paperwork, however, some individuals did not. The Receiver made situation-specific decisions regarding whether or not to return or sell the underlying watch without this paperwork in order to most efficiently move toward closing the case.
- d. Regular communication and meetings with the Petitioner and its counsel regarding a variety of issues including, but not limited to, property found on the premises, the status and compilation of physical books and records, the status and compilation of electronic data found on the premises, and issues arising out of the Receiver's investigation.
- e. The Receiver turned over the retail property location to the landlord per the Court's previous order.
- f. Finalized the transfer of furniture and fixtures owned by the Respondents and sold to the third party that contracted with the Receiver to buy the assets.
- g. The Receiver drafted and submitted his monthly report to the Court.
- h. The Receiver and his team maintained the Estate's accounting and insurance and handled any other administrative issues that arose in the Receiver's management of this case.

- i. The Receiver and his team worked extensively with the asset purchaser on logistics for his evaluation of all of the watches, offers on certain watches, and ultimate purchase of certain watches. In conjunction with this, extensive time was spent on handling watch sales and returns to those consignors who did not accept the asset purchaser's offer to acquire their watch and instead requested that their watch be returned to them.
- j. As the Receiver wound down the company, he evaluated any lingering issues which will ultimately need to be addressed. Particularly, this included any utility, sewer, and other property-related costs during the period of the receivership which have yet to be finalized and paid.

OVERVIEW OF THE ESTATE'S FINANCES FOR THE PERIOD IN QUESTION

2. For the period in question the Estate generated \$93,347.71 in income. This came from the following sources: 1) Gross sales of consigned watches per the consignor's request which included watches owned by the Defendant, 2) fees charged to process the return of watches to the consignor per their request, and 3) expense reimbursement from the State to cover the cost of the on-going case.
3. Expenses paid during the period totaled \$89,453.98 and were principally comprised of the following: 1) Legal expenses for two months, 2) payments to watch consignors associated with the sale of their watch, and 3) fees for the Receiver and his team. The Receiver's fees and expenses for May will be shown when they are actually paid.

4. Detailed income and expense statements are attached as Exhibit "A" for the period from May 1 through May 31, 2013. Exhibit "B" references the year-to-date period from September 19, 2012 through May 31, 2013.

PROFESSIONAL FEES AND EXPENSES

5. The Receiver and his team worked a total of 70.8 hours and incurred gross fees and expenses of \$11,769.64 during the month of May.
6. For the reporting period, the Receiver and his team billed at an average of \$151.81/hour versus the capped rate of \$250.00/hour.

Respectfully submitted this 28th day of June, 2013.



Christopher Tierney,

Receiver for International Estate Brokers, LLC d/b/a Watch Brokers and d/b/a

WeBuyWatches.com.

Exhibit A
International Estate Brokers, LLC - Receivership
Profit & Loss
May 2013

	<u>May 13</u>
Ordinary Income/Expense	
Income	
Consigned Watch Sales	22,506.00
GA OCP Reimbursement	69,541.71
Return Fees	<u>1,300.00</u>
Total Income	<u>93,347.71</u>
Gross Profit	93,347.71
Expense	
Insurance Expense	829.42
Legal Fees	41,957.20
Office Supplies	46.33
Pmt for Consigned Watches Sold	18,360.00
Postage Expense	81.68
Professional Fees	27,456.50
Repairs and Maintenance	625.50
Security Expense	<u>97.35</u>
Total Expense	<u>89,453.98</u>
Net Ordinary Income	3,893.73

Exhibit B
International Estate Brokers, LLC - Receivership
Profit & Loss
May 2013

	May 13 PTD
Ordinary Income/Expense	
Income	
Consigned Watch Sales	79,655.00
GA OCP - Expense Reimbursement	0.00
GA OCP Reimbursement	202,694.54
Hays Financial - furn. purchase	375.00
Return Fees	9,100.00
Sale of Furniture and Equipment	10,000.00
Petty Funds	70.00
Total Income	301,894.54
Gross Profit	301,894.54
Expense	
Bank Service Charges	57.11
Computer and Internet Expenses	375.00
Courier Expense	10.89
Fax Expense	24.00
Insurance Expense	6,699.32
Legal Fees	57,115.90
Office Supplies	3,381.23
Pmt for Consigned Watches Sold	62,500.56
Postage Expense	131.18
Professional Fees	129,465.48
Rent Expense	10,000.00
Repairs and Maintenance	4,114.35
Security Expense	1,185.23
Total Expense	275,060.25
Net Income	26,834.29