

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 OCTOBER, 2012

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 October 1, 2012 through October 31, 2012 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. The Receiver and members of his team fielded dozens of phone and email queries from individuals who allege to either have had watches sold by Watch Brokers and failed to receive any proceeds or who believe that their watch may be in the possession of the Receiver. Many of these contacts were due to the Receiver sending a letter out to all known individuals for whom the Receiver had mailing addresses. In addition, the Receiver mailed out letters to every vendor for whom he had a mailing address. The purpose of these letters was to provide the recipient with notice of the court action and contact information for the Receiver should they have any questions. 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 daily as information is obtained from communication with individuals involved with this case.
- b. 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.

- c. During the period, the Receiver engaged the law firm of Bryan Cave LLP to assist him with specific legal issue that may arise during the pendency of the receivership. Legal counsel began assisting the Receiver with issues raised by the Petitioner and the landlord for the company's former retail location.
- d. The Receiver, and/or his team, visited the Property regularly to complete the analysis of the physical inventory of the Estate and to remove and secure the books and records that were on site. In addition, several visits were made to show certain inventory (principally desks, chairs, and various retail assets) to third parties potentially interested in acquiring these types of assets. The Receiver's team also obtained values for certain items from third parties.
- e. The Receiver and/or his team held additional meetings with Mr. Bergh to obtain information regarding passwords and access to the Respondents' computer systems. During this period, Mr. Bergh cooperated fully with the Receiver.
- f. The Receiver and/or his team communicated with several former employees of Watch Brokers. Every former employee received a letter from the Receiver demanding the return of any Estate assets in their possession and noticing them of the receivership.

- g. The Receiver engaged the former IT consultant to Watch Brokers to assist him in obtaining critical information related to the past sale of assets, the potential ownership of assets, the financial statements of the business, and the consignment documents related to Watch Brokers' business. The Receiver's team then began sorting this raw data so that it could be used when dealing with potential claimants.

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

2. For the period in question the Estate generated no income real income. The only cash coming in to the Estate was from 2 separate expense reimbursements from the Petitioner to cover necessary operating and professional expenses which were incurred in September and October. Part of this reimbursement was for insurance premiums which totaled approximately \$10,000.00. Subsequent to obtaining reimbursement for this expense, the Receiver's insurance carrier agreed to allow the Receiver to pay a monthly premium versus paying it all up-front. Consequently, the Estate's financials show remaining cash on hand, however this is ear-marked for the payment of these insurance premiums each month.
3. The Receiver's fees and expenses for October will be shown when they are actually paid.
4. Detailed income and expense statements are attached as Exhibit "A" for the period from October 1 through October 31, 2012. Exhibit "B" references the year-to-date period from September 19 through October 31, 2012.

PROFESSIONAL FEES AND EXPENSES

5. The Receiver and his team worked a total of 237.40 hours and incurred gross fees and expenses of \$51,694.93, which after a 25% voluntary discount provided by the Receiver totaled \$39,874.18 for expenses and services rendered during the month of October.
6. For the reporting period, the Receiver and his team billed at an average of \$163.18/hour versus the capped rate of \$250.00/hour.

Respectfully submitted this 29th day of November, 2012.

A handwritten signature in black ink, appearing to read "Christopher Tierney". The signature is fluid and cursive, with a large initial "C" and "T".

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
October 2012

	<u>Oct 12</u>
Ordinary Income/Expense	
Income	
Expense Reimbursement	<u>38,725.64</u>
Total Income	<u>38,725.64</u>
 Gross Profit	 38,725.64
 Expense	
Insurance Expense	1,692.80
Office Supplies	7.95
Professional Fees & Expenses	26,807.70
Repairs and Maintenance	<u>1,518.85</u>
Total Expense	<u>30,027.30</u>
 Net Ordinary Income	 <u>8,698.34</u>
 Net Income	 <u><u>8,698.34</u></u>

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

September - October 2012 Year To Date

	<u>Oct 12 YTD</u>
Ordinary Income/Expense	
Income	
Expense Reimbursement	<u>38,725.64</u>
Total Income	<u>38,725.64</u>
Gross Profit	38,725.64
Expense	
Insurance Expense	1,692.80
Office Supplies	182.92
Professional Fees & Expenses	26,807.70
Repairs and Maintenance	1,518.85
Security Expense	<u>673.00</u>
Total Expense	<u>30,875.27</u>
Net Ordinary Income	7,850.37