

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF WISCONSIN  
GREEN BAY DIVISION**

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TISSUE TECHNOLOGY, LLC, PARTNERS  
CONCEPTS DEVELOPMENT, INC.,  
OCONTO FALLS TISSUE, INC. and  
TISSUE PRODUCTS TECHNOLOGY CORP.,

Plaintiffs,

v.

Case No. 14CV1203

TAK INVESTMENTS, LLC, and  
SHARAD TAK,

Defendants.

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**PLAINTIFFS' PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW**

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NOW COME the plaintiffs, Tissue Technology, LLC, Partners Concepts Development, Inc., Oconto Falls Tissue, Inc. and Tissue Products Technology Corp., by its attorneys, Terschan, Steinle, Hodan & Ganzer, Ltd., by Michael J. Ganzer, and pursuant to Civ. L. R. 16 (c)(1)(i), hereby submit the following Proposed Findings of Fact and Conclusions of Law:

1. The plaintiff companies, Tissue Technology, LLC, Partners Concepts Development, Inc., Oconto Falls Tissue, Inc. and Tissue Products Technology Corp., are domiciled in the State of Wisconsin.
2. The principal of each of the four (4) plaintiff companies is Ronald H. Van Den Heuvel.
3. Defendant Tak Investments, LLC is a Delaware limited liability company.
4. Defendant Sharad Tak is the managing member of Tak Investments, LLC.

5. In 2005, Ronald H. Van Den Heuvel and Sharad Tak commenced discussions about a business relationship between their respective companies which revolved around the purchase and construction of tissue mills, including an existing tissue mill in Oconto Falls, Wisconsin and other prospective mills to be built around the country.

6. Through the course of their dealings in 2005 and into 2006, the parties entered into several memoranda of understanding.

7. The memoranda included discussions of the purchase of the Oconto Falls tissue mill and funding for that purchase by a Goldman Sachs consortium for approximately \$84 million.

8. A short time before the closing, which occurred on April 16, 2007, the prospective funding from Goldman Sachs was reduced from \$84 million to \$65 million.

9. In order to continue with the transaction and to satisfy various debt holders to a reduced level so as to ensure that the transaction would move forward, the plaintiff companies agreed to be responsible for various debts of the seller, Oconto Falls Tissue, Inc., and defendants Tak Investments, LLC and Sharad Tak agreed to the issuance of four (4) Notes in the amount of \$16,400,000.00.

10. In addition to the foregoing, the parties had previously entered into a Sales & Marketing Agreement by and between Ronald Van Den Heuvel's companies and ST Paper, Inc., the company which ultimately owned the tissue mill after closing.

11. In support of the four (4) Promissory Notes, the parties agreed to and executed a Final Business Terms Agreement regarding the prospect of business between the parties on those Notes.

12. In addition to the foregoing, at closing, plaintiff Oconto Falls Tissue, Inc. was issued Notes by ST Paper, which is owned by Tak Investments, LLC, deemed subordinated notes and referred to by the parties as “Seller Notes”, in the approximate amount of \$30,589,000.00.

13. The Final Business Terms Agreement supporting the four (4) Notes herein, termed the “Investment Notes”, called for those Notes to be canceled in the event the parties entered into a contract with Spirit Construction, Inc. for the building of tissue mills in the amount of \$315 million.

14. The construction of those prospective paper mills was never consummated. No agreements were reached with Spirit Construction for the \$315 million construction contracts.

15. The Final Business Terms Agreement also provided that the Notes could be canceled and the plaintiff companies would receive a 27% interest in Tak Investments, LLC.

16. The plaintiff companies made due demand for issuance of the 27% by Tak Investments, LLC and Sharad Tak. They refused and failed to deliver the 27%.

17. Tak Investments, LLC and Sharad Tak took the position that the Notes could not be canceled.

18. Since the defendants failed to offer 27% of its interest in Tak Investments, LLC and since Spirit Construction never entered into a \$315 million contract with Tak Investments, LLC or any of the Tak related companies, the plaintiffs sought enforcement of the Notes themselves.

19. Defendants Tak Investments, LLC and Sharad Tak received consideration for the issuance of the four (4) Promissory Notes.

20. The four (4) Promissory Notes were issued as the result of a funding gap when defendant, Tak Investments, LLC purchased the mill from the plaintiff companies. Despite due demand having been made, defendant Tak Investments, LLC and Sharad Tak have failed and refused to honor their Notes.

21. The plaintiff companies hold all of those Notes, though proceeds of the Notes have been pledged to various parties.

22. The only Note that was assigned outright was assigned to William Bain, who later returned the Note to the plaintiffs.

23. The plaintiffs have pledged proceeds from those Notes as collateral to Associated Bank and VHC Inc.

24. The Notes held by the plaintiff companies are valid and enforceable.

25. Sharad Tak, the managing member of defendant Tak Investments, LLC, has testified that the Notes were for the benefit of his company so that he could obtain financing for his company and as a line of credit.

26. The testimony of Sharad Tak regarding the purpose of the Notes and Final Business Terms Agreement makes no commercial sense.

27. The Notes remain unpaid and there is currently due and owing on those Notes as of September 1, 2017 the principal and interest amount of \$37,028,423.00.

28. According to the terms of the Notes themselves, the plaintiffs are entitled to attorney's fees for having to enforce the Notes.

Dated this 13<sup>th</sup> day of September, 2017.

TERSCHAN, STEINLE, HODAN  
& GANZER, LTD.  
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