

**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation, TISSUE DEPOT, INC., a
Wisconsin corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin corporation,

Defendants.

_____/

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_____ /

**PLAINTIFFS' VERIFIED SECOND MOTION
FOR POSSESSION AND INJUNCTIVE RELIEF**

Plaintiffs Prime Alliance Bank, Inc. (“PAB”) and Sertant Capital, LLC (“Sertant”) (collectively, “Plaintiffs”) hereby move this Honorable Court for an order granting them possession of their property pending final judgment and for injunctive relief to prevent the dissipation and transfer of environment permits. In support of their Motion, Plaintiffs state as follows:

Possession of the Equipment

1. Plaintiffs are entitled to possession of the following described property (collectively, the “Equipment”) because GLT breached a Master Lease Agreement and a Lease Schedule No. 1 (collectively, “Lease”) as stated in Plaintiffs’ Verified First Amended Complaint (ECF No. 40):

| | Equipment Description | Serial No. |
|-----|---|-------------------|
| 1. | 1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler | M98133M |
| 2. | 2013 Alfa Laval Heat Exchanger | 30115-70081 |
| 3. | 2013 Alfa Laval CB400-86H Heat Exchanger | 42787870 |
| 4. | Appleton 60”x72” Core Cutter | n/a |
| 5. | Wulftec WLP-150 Automatic Stretch Wrap Machine | 0700-6317 |
| 6. | Orion SW44-12 Stretch Wrapper | 7117540 |
| 7. | Black Clawson Poly Re-Claim & Stock Prep System | 95-H-P-3692 |
| 8. | Beloit/Proctor & Gamble 128” Tissue Paper Machine and all accessories | n/a |
| 9. | Lot of Laboratory Equipment and all accessories | n/a |
| 10. | 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-1200-8 |
| 11. | 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-490886 |
| 12. | 1978 Zurn R110A Refrigerated Air Dryer | R-9510 |
| 13. | 2014 Ingersoll Rand R110 Nirvana SVD 150 Air Compressor | VN1505u13175 |
| 14. | Knowlton Core Machine | n/a |

| | Equipment Description | Serial No. |
|-----|---|-------------------|
| 15. | 1997 Perini 200G Core Machine and Back Stand | 09056; 09057 |
| 16. | 1998 Perini 716B 106" Toilet Roll Rewinder | 09719; 19718 |
| 17. | 2020 Baosuo YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories | 19S13005Fs |
| 18. | 1999 Perini 702G 106" JRT Rewinder and all accessories | 40533 |
| 19. | 1997 Perini 702G 106" JRT Rewinder Line and all accessories | 8897 |
| 20. | Hobema 14-H 13" Napkin Folder | 446 |
| 21. | Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items | n/a |
| 22. | Clausing Colchester 17" Horizontal lathe | 2312 |
| 23. | Bridgeport Series Vertical Drill | J202453 |
| 24. | Hendey Horizontal Lathe 14 x 42 | 121 |
| 25. | Cincinnati Milling Machine | E506J |
| 26. | Cincinnati Bickford Drill | 122 |
| 27. | Boyd & Emmes Radial Engine Horizontal Lathe | n/a |
| 28. | Enerpac Hydraulic Press | n/a |
| 29. | Grob NS24 Band Saw | 3508 |
| 30. | Clausing Vertical Drill Press | 104435 |
| 31. | Bradford Grinder | 86 |
| 32. | Clausing Vertical Drill Press | 511876 |
| 33. | Abrasive Machine Tool Sander | n/a |
| 34. | Miller Bobcat 225 NT Welding Set | n/a |
| 35. | Miller Trailblazer 30 Z Welding Set | n/a |
| 36. | Hobart Mega Arc 300 Welding Set | n/a |
| 37. | Misc. Hand Tools and Cabinets | n/a |
| 38. | Rigid 802 Pipe Threader | n/a |
| 39. | Wells Metal Band Saw | 14980 |
| 40. | Miller XMT 350 CC/CV Welding Set | n/a |
| 41. | Modern C6251x1500 Horizontal Lathe – Age 2003 | n/a |
| 42. | Lincoln Wirematic 255 Welding Set, all components and ancillary items | n/a |
| 43. | Caterpillar 99F – 3,500 lbs. Cap. | AT81C-00357 |

| | Equipment Description | Serial No. |
|-----|---|-----------------------|
| 44. | Caterpillar 99H – 3,500 lbs. Cap. | AT81C-00944 |
| 45. | Caterpillar V-80 | 932200-14A |
| 46. | Caterpillar #11 Roll Grab – 7,000 lbs. Cap. | AT8701785 |
| 47. | Caterpillar #12 Roll Grab – 7,000 lbs. Cap. | AT8701784 |
| 48. | Genie #1 Scissor lift | 76192 |
| 49. | Genie #2 Scissor lift | 65851 |
| 50. | Genie #3 Articulating boom | Z34N-3953 |
| 51. | Genie AWP – 300 lbs. Cap. | 3892-1317 |
| 52. | Halla #11 – 4,400 lbs. Cap. | 1449K |
| 53. | Hyster S-150 – 16,000 lbs. Cap. | A24D1857P |
| 54. | Hyster 50 – 4,800 lbs. Cap. | F187V13647 F |
| 55. | JCB 506C – 6,000 lbs. Cap | 585635 |
| 56. | JCB 506C – 6,000 lbs. Cap. | JCB5CAJLC 61184611 |
| 57. | Kubota SSV65 | 13738 |
| 58. | Linde #5 Roll Grab – 3,700 lbs. Cap. | A11313G001 84 |
| 59. | Linde #3 Roll Grab – 3,700 lbs. Cap. | A11313G001 85 |
| 60. | Linde #24 – 4,500 lbs. Cap. | A11319J002 24 |
| 61. | Linde #68 – 4,500 lbs. Cap. | A11319J001 68 |
| 62. | Nissan #8 – 3,500 lbs. Cap. | 23108 |
| 63. | Skid Steer L230 | wbm432589 |
| 64. | Terex All Terrain lift – 6,000 lbs. Cap. | TH06O6B- 6256 |
| 65. | Toyota #4 Roll Grab – 4,400 lbs. Cap. | 84988 |
| 66. | Toyota #1 – 7,700 lbs. Cap. | 77656 |
| 67. | Toyota #30 – 7,250 lbs. Cap. | 63678 |

2. As confirmed by the Lease, Plaintiffs own the Equipment and/or hold a perfected security interest covering the Lease. Plaintiffs have an unequivocal

right to possession given GLT's failure to pay rent for the Equipment since December 2022, a significant change in ownership, control, and management of GLT, GLT's cessation of operations due to the transfer of all of its assets to Tissue Depot and GLT's evident financial deterioration. (ECF No. 40 [First Amended Complaint ("Compl."), Ex. 1 [§ 9, 17]] See Cal. Com. Code § 9609(a)(1)-(2); MCL § 440.9609(1)(a)-(b).

3. The Equipment will be damaged, destroyed, concealed, disposed of, or used so as to substantially impair its value before final judgment unless this Court grants possession of the Equipment to Plaintiffs. As outlined in the accompanying brief, Defendant Great Lakes Tissue Company ("GLT") fraudulently transferred ("Transfer") to Tissue Depot, Inc. ("Tissue Depot") all of its assets, including the Equipment, once GLT learned of this action, with the intent to hinder, delay, and defraud GLT's creditors, including Plaintiffs, and for less than reasonably equivalent value when GLT's insolvent, or rendered insolvent. As a result of this transfer, Tissue Depot took over all of GLT's operations, employees, and customers, controlled by the same shareholder (Patriot Advance Environmental Technologies, LLC), officers, and directors. Tissue Depot is an alter ego and shell created to avoid the debts of GLT. (ECF No. 40 [Compl., ¶¶ 14-29, 46-54].)

4. On September 13, 2023, a fire engulfed Tissue Depot's (formerly GLT's) warehouse, which lacked an operable fire suppression system, leaving it in ruins. This fire led to Tissue Depot's cessation of operations, layoff of its employees, and abandonment of the Equipment in a boarded-up paper mill at 437 S. Main Street, Cheboygan, Michigan 49721 ("Paper Mill"). The Paper Mill lacks an operational fire suppression system, gas, and electricity. Its basement is flooded due to an inoperable sump pump, causing some Equipment to sit in water. Because

of a roof collapse, the Paper Mill's exterior wall is made of plywood, inviting vagrants to access the premises and damage the Equipment. This Court's injunction is no longer adequate to protect the Equipment. The imminent threat looming over the Equipment, which is now exposed to the risk of destruction, damage, disposal, or concealment, warrants the granting of immediate possession.

Injunctive Relief

5. As part of the Transfer, GLT fraudulently transferred environmental permits ("Environmental Permits") to Tissue Depot, purportedly worth \$21 million. Plaintiffs justifiably believe that GLT or Tissue Depot may transfer the Environmental Permits to unknown third parties to circumvent the satisfaction of Plaintiffs' monetary claim. (McWhorter Decl., ¶ 9.) If this occurs, Plaintiffs will suffer irreparable harm and be left without any adequate remedy at law because GLT and Tissue Depot will be judgment-proof if the Environmental Permits are transferred, leaving Plaintiffs without a source of funds to satisfy their monetary claim. GLT and Tissue Depot are insolvent. They are not paying their debts in the ordinary course of business. The landlord for the Paper Mill notified Plaintiffs' counsel that it would commence eviction proceedings on the Paper Mill because rent had not been paid.

6. Plaintiffs request that this Court enjoin Defendants from selling, transferring, canceling, conveying, encumbering, hypothecating, or otherwise disposing of the Environmental Permits without this Court's authorization. In addition, Plaintiffs request that this Court direct Defendants to file copies of the Environmental Permits with this Court and certify who owns them.

7. Defendants will not be harmed if this Court grants relief. The filing of a copy of the Environmental Permits and disclosure of the current owner does not cause any harm whatsoever. Such disclosure informs this Court so that it may

supervise the liquidation of this valuable asset. Any restriction on Defendants' transfer or sale of the Environmental Permits is minor. If Defendants want to sell or transfer the Environmental Permits, they can seek relief from this Court, thereby mitigating any harm caused by injunctive relief.

8. Plaintiffs do not have an adequate legal remedy at law.

9. The public interest favors granting the relief requested.

Basis for Motion

10. This Motion is based on Plaintiffs' Verified First Amended Complaint (ECF No. 40), the accompanying brief, the Declaration of Donald Dailey, the Declaration of Robert S. McWhorter, and all exhibits attached to those declarations, the files and records in this action, and such further evidence and argument that may be submitted in connection with the Motion and the hearing on the Motion.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter an order:

- (a) Directing Defendants and their agents, representatives, employees, officers, directors, shareholders, and other persons acting on behalf of Defendants to refrain from damaging, destroying, concealing, disposing of, moving, or using so as to substantially impair the value of the Equipment pending further order of this Court;
- (b) Enjoining Defendants and their agents, representatives, employees, officers, directors, shareholders, and other persons acting on behalf of Defendants from selling, transferring, canceling, conveying, encumbering, hypothecating, or otherwise disposing of the Environmental Permits without this Court's authorization;
- (c) Ordering Defendants to file copies of the Environmental Permits with

this Court and to certify who owns them with such time as this Court deems appropriate;

- (d) Awarding Plaintiffs possession of the Equipment pending final judgment, without the necessity of filing a bond or other undertaking;
- (e) Commanding Defendants to surrender possession of the Equipment to Plaintiffs or directing the sheriff or court officer to seize the Equipment within fourteen (14) days and deliver it to Plaintiffs; and
- (f) Granting other just and equitable relief.

Respectfully Submitted

Dated: October 23, 2023

BUCHALTER, a Professional Corporation

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VERIFICATION

I declare under penalty of perjury that the foregoing is true and correct.
Executed on October 23, 2023.

SERTANT CAPITAL, LLC

By:



MICHAEL J. PRZEKOP
Its: President

I declare under penalty of perjury that the foregoing is true and correct.
Executed on October 23, 2023.

PRIME ALLIANCE BANK, INC.

By:

MICHAEL WARD
Its: President

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**BRIEF IN SUPPORT OF PLAINTIFFS' VERIFIED
SECOND MOTION FOR POSSESSION AND INJUNCTIVE RELIEF**

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STATEMENT OF ISSUES

- I. Whether the Court should order granting possession of Equipment when (i) Plaintiffs own the Equipment, (ii) Great Lakes Tissue Company (“GLT”), as lessee, breached its lease with Plaintiffs by, among other things, failing to pay rent, changing ownership and management without Plaintiffs’ consent resulting in a deterioration of GLT’s financial condition, transferring the Equipment to another company, Tissue Depot, Inc. (“Tissue Depot”) after discovery of this lawsuit, and ceasing business operations, and (iii) the Equipment will be damaged, destroyed, concealed, disposed of, or used so as to substantially impair its value, before final judgment unless this Court grants possession because the Equipment has been abandoned in a paper mill that does not have electricity, gas, or an operating fire suppressions system, a portion of the Equipment is in water due a flood in the basement caused by an inoperable sump pump, and GLT and/or Tissue Depot ceased business operations after fire on September 13, 2023, laying off its employees and facing eviction from its landlord?

Plaintiffs say: “Yes.”

Defendants, presumably, say: “No.”

- II. Whether this Court should enjoin Defendants from selling, transferring, canceling, conveying, encumbering, hypothecating, or otherwise disposing of Environmental Permits, purportedly worth \$21 million, without this Court’s authorization, when (i) GLT already fraudulently transferred the environmental permits to Tissue Depot after it learned of this lawsuit, (ii) Defendants’ are insolvent and not operating, and (iii) the Environmental Permits are the only remaining asset of value, and it is in danger of being dissipated, transferred, sold, or depleted, thereby rendering Defendants uncollectable and unable to Plaintiffs’ monetary judgment?

Plaintiffs say: “Yes.”

Defendants, presumably, say: “No.”

- III. Whether this Court should direct Defendants to escrow the

Environmental Permits with this Court and certify who owns them so that this Court and Plaintiffs are fully informed of the status and nature of Environmental Permits?

Plaintiffs say: “Yes.”

Defendants, presumably, say: “No.”

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I. INTRODUCTION

Plaintiffs Prime Alliance Bank, Inc. (“Prime”) and Sertant Capital, LLC (“Sertant”) face dire circumstances that threaten the equipment (“Equipment”) owned by them. After this Court allowed Defendant Great Lakes Tissue Company (“GLT”) to retain possession of the Equipment under the protection of a preliminary injunction, Plaintiffs discovered a disconcerting trail of fraudulent transfers, corporate closures, and a catastrophic fire that threatened the Equipment.

Upon discovering this case, GLT fraudulently transferred all its assets, encompassing its operations, workforce, facilities, inventory, customers, and Equipment, to Tissue Depot, Inc. (“Tissue Depot”). Additionally, GLT assigned environmental permits (“Environmental Permits”) valued at \$21 million to Tissue Depot. The Environmental Permits are valuable because “they take five years to replace” and allow a company to use and discharge water. (McWhorter Decl., Ex. G [Swenson Dep., p. 28:9-22] ¹.) To elude its creditors, GLT transferred its assets without receiving reasonably equivalent compensation, rendering it devoid of assets. GLT’s and Tissue Depot’s director, Donald Swenson, admitted that

¹ “Swenson Dep.” refers to the Deposition of Donald Swenson, a director of GLT, Tissue Depot, and Cheboygan Energies and Biofuels (“CEB”). “Boie Dep.” and “Schleben Dep.” refers to the Depositions of Kip Boie and Kenneth Schleben, who served as GLT’s and Tissue Depot’s President and Chief Executive Offer.

management decided to transfer all of the assets from GLT to Tissue Depot because GLT was a “dirty corporation” due to its “liens [and] debts.” (McWhorter Decl., Ex. G, [Swenson Dep., pp. 60:20-61:14]) This transfer rendered GLT a defunct company. (McWhorter Decl., Ex. F [Schleben Dep., pp. 106:4-106:6]; Ex. G [Swenson Dep., pp. 43:7-13].)

On September 13, 2023, a destructive fire engulfed Tissue Depot’s warehouse, which lacked an operable fire suppression system, leaving it in ruins. This calamity rendered the warehouse inoperable, leading to the dismissal of all employees and the abandonment of the Equipment. The Equipment now languishes in an unsuitable and perilous environment within a disused and dilapidated paper mill, lacking a fire suppression system, electricity, gas, and heat. It is situated in a flooded basement due to an inoperable sump pump. The paper mill’s exterior wall has been covered by plywood, inviting vagrants and other unauthorized parties to access the premises and cause potential damage to the Equipment.

This Court’s injunction is no longer adequate to protect Plaintiffs’ interest in the Equipment. Plaintiffs have an unequivocal right to possession given GLT’s failure to pay rent for the Equipment since December 2022, a significant change in ownership, control, and management of GLT, GLT’s cessation of operations due to the transfer of its assets to Tissue Depot, and GLT’s evident financial deterioration.

The imminent threat looming over the Equipment, which is now exposed to the risk of destruction, damage, disposal, or concealment, warrants the granting of immediate possession.

In addition, this Court must promptly undertake measures to safeguard the Environmental Permits, which constitute the sole remaining asset of GLT and/or Tissue Depot. The Court should enjoin any unauthorized transfer of these permits to undisclosed third parties, which would render GLT and Tissue Depot uncollectible to their creditors, including Plaintiffs, leaving them without recourse. Additionally, GLT and Tissue Depot must be obligated to escrow the Environmental Permits with this Court (i.e., file them with this Court), along with certification of their current ownership, to enable the Court's oversight of this valuable remaining asset.

II. STATEMENT OF FACTS

A. THE LEASE

Since 1993, GLT has manufactured recycled tissue paper and towel products at a paper mill at 437 S. Main Street, Cheboygan, Michigan ("Paper Mill"). (ECF No. 40 [First Amended Complaint ("Compl."), ¶¶ 3].) As of March 2022, Great Lakes Tissue Group, LLC ("GLTG"), a Nevada limited liability company, owned 100% of GLT's stock. (McWhorter Decl., Ex. J [Boie Dep., pp. 18:14-18:21, 21:5-

22:2, 37:7-37:21, 108:6-108:13].)

On October 13, 2022, Sertant and GLT entered into a Master Lease Agreement (“Master Lease”) and a Lease Schedule No. 1 (collectively, “Lease”), under which Sertant leased the Equipment to GLT. (ECF No. 40 [Compl., ¶¶ 31, 32, Exs. 1, 2]; McWhorter Decl., Ex. J [Boie Dep., pp. 36:23-37:6], Ex. K.] With the permission of GLT’s Board of Directors, Boie signed the Lease as GLT’s President and CEO. (McWhorter Decl., Ex. H [Swenson Dep., pp. 52:11-52:18, 53:9-54:3], Ex. J [Boie Dep., pp. 36:21-39:18, 43:7-44:18, 45:18-45:24, 48:1-5], Ex. K, p. 9, Ex. L, p. 1.]

Under the Lease, GLT agreed to pay \$68,082.30 per month in rent to Sertant for four years. (ECF No. 40 [Compl., ¶ 33(b), Ex. 2, p. 1].) GLT acknowledged that Sertant owned the Equipment and, alternatively, granted a perfected security interest in the Equipment to Sertant. (ECF No. 40 [Ex. 1, § 12].) GLT agreed that an Event of Default would occur if (i) it failed to “pay when due any installment of Rent . . . and such failure continues for a period of ten (10) days”; (ii) GLT removed, sold, transferred, any of the Equipment without Sertant’s prior written consent; (iii) GLT changed its organizational structure without Sertant’s prior written consent; or (iv) GLT “undergoes a sale, buyout, change in control, change in ownership . . . judged solely by Sertant, results in a material deterioration in

[GLT's] credit worthiness. (ECF No. 40 [Compl., Ex. 1, § 16, pp. 6-7].) Upon an Event of Default, GLT agreed to turn over possession of the Equipment. (ECF No. 40 [Compl., Ex. 1, §§ 13, 17].)

On October 13, 2022, Sertant assigned certain payments and residual interest rights under the Lease to PAB. Sertant retained other rights and interests in the Lease and the Equipment as part of the Assignment. (ECF No. 40 [Compl., ¶ 35].)

B. GLT'S BREACH OF THE LEASE

After the Lease, GLT's financial condition deteriorated. In December 2022, the Paper Mill's roof collapsed, causing GLT to lay off 60 employees. (McWhorter Decl., Ex. F [Schleben Dep., pp. 21:13-21:24]; ECF No. 40 [Compl., ¶ 28, Ex. 9]. After December 2022, GLT stopped paying rent to Plaintiffs. (ECF No. 40 [Compl., ¶ 60(a), Ex. 6]; McWhorter Decl., Ex. H [Swenson Dep., pp. 108:18-108:21]; Ex. I, p. 10; Ex. J [Boie Dep., pp. 84:10-85:16].). GLT failed to pay rent to Plaintiff due January 1, 2023, and February 1, 2023. (*Id.*)

On January 12, 2023, GLTG entered into a Merger Agreement with Patriot Advanced Environmental Technologies, LLC ("PAET"), changing GLT's ownership, control, and management without Plaintiffs' prior consent. (ECF No. 40 [Compl., ¶¶ 39, 40(b), 41, Ex. 5; McWhorter Decl., Ex. H [Swenson Dep., pp. 6:17-7:21, 12:17-13:4, 26:4-27:6, 43:3-43:6], Ex. J [Boie Dep., pp. 49:5-13,

124:15-126:1], Ex. N.) Under the Merger Agreement, GLT sold all of its interest in GLT to PAET. (ECF No. 40 [Compl., Ex. 5, § 1.2(a)].) After that, Jeffrey Prange replaced Boie as GLT's President, and PAET took control of GLT. (McWhorter Decl., Ex. H [Swenson Dep.], p. 7:6-10:17], Ex. J [Boie Dep. pp. 123:20-126:1].)

One of GLT's primary assets is Environment Permits, purportedly worth about \$21 million. (McWhorter Decl., Ex. G [Swenson Dep., pp. 28:6-29:17], Ex. H [Swenson Dep. pp.45:14-47:20].) PAET's goal in purchasing GLT was to acquire its Environmental Permits worth \$21 million for substantially less than that amount. PAET promised to pay \$1.5 million in cash and \$15 million in a promissory note secured by PAET's stock in GLT (which would later be rendered valueless by PAET's transfer of assets from GLT to Tissue Depot). (McWhorter Decl., Ex. N [Merger Agreement, §§ 1.2(a), 1.2(b), Stock Pledge Agreement].) Before PAET acquired GLT, PAET conducted no diligence and did not review GLT's books and records or its assets and liabilities because it wanted GLT's \$21 million of Environmental Permits. (*Ibid.*) Donald Swenson, who served as GLT, PAET, CEB, and Tissue Depot's director, testified:

Q So PAET went forward with this transaction blindly not knowing the debts and liabilities of Great Lakes Tissue Company?

A That's right.

Q Why would PAET do that?

A Because of the - Or why did it do that?

A Because of the intellectual property, the permits and so forth.

Q Because the intellectual property was worth much more than what any debt you were concerned about?

A That's right.

(McWhorter Decl., Ex. G [Swenson Dep., pp. 32:5-34:1].)

After the Merger Agreement, GLT's creditworthiness and financial condition materially deteriorated. (ECF No. 40 [Compl., ¶ 40(b)]; McWhorter Decl., Ex. H [Swenson Dep., pp. 61:16-62:3].) GLT was unable to pay its debts in the ordinary course of business. (McWhorter Decl., Ex. G [Swenson Dep., pp. 62:8-62:24], Ex. H [Swenson Dep., p. 27:7-27:17]; Ex. J [Boie Dep. pp. 147:8-147:12].)

On February 3, 2023, Plaintiff demanded payment of \$2,271,354.51 from GLT and the return of the Equipment. (ECF No. 40 [Compl., ¶ 43, Ex. 8].)

C. GLT FRAUDULENTLY TRANSFERRED ITS ASSETS TO AVOID PAYMENT TO ITS CREDITORS

On March 10, 2023, Plaintiffs filed a complaint against GLT for breach of the Lease and to recover possession of the Equipment. (ECF No. 1.) "Sometime after [GLT] saw the complaint," GLT secretly transferred all of its assets to Tissue Depot ("Transfer"),² including the Paper Mill, the Equipment, the Environmental

² GLT transferred its lease rights in the hydroelectric plant to CEB, who leased it to

Permits, and GLT's employees, phone number, customers, and goodwill.

(McWhorter Decl., Ex. G [Swenson Dep., pp. 15:25-16:1, 43:14-48:12], Ex. F [Schleben Dep., pp.103:25-104:5]; Ex. H [Swenson Dep., pp. 13:5-20:4, 25:23-31:21]). GLT's employees began receiving paychecks from Tissue Depot after the Transfer. (McWhorter Decl., Ex. F [Schleben Dep., pp. 94:2-95:3, 105:2-106:6], Ex. M.) GLT changed the sign on the Paper Mill from GLT to Tissue Depot and began "doing the exact same business as [GLT's] business was." (McWhorter Decl., Ex. F [Schleben Dep., pp. 88:14-90:8], Ex. G [Swenson Dep., 48:13-49:2].)

The Transfer was made with the intent to hinder, delay, and defraud GLT's creditors, including Plaintiffs, and for less than reasonably equivalent value when GLT was insolvent. Tissue Depot paid nothing for the Transfer except for allegedly paying ongoing wages to employees, providing "labor" to resolve environmental issues with the Department of Natural Resources and OSHA, and paying expenses to transfer the Environmental Permits from GLT to Tissue Depot. (McWhorter Decl., Ex. G [Swenson Dep., pp. 46:1-9] Ex. H [Swenson Dep., pp. 13:5-14:4; 27:7-35:9].) Before, during, and following the Transfer, GLT was not paying its debts when due in the ordinary course of business. (McWhorter Decl.,

Tissue Depot. (McWhorter Decl., Ex. H [Swenson Dep., pp. 89:23-97:23].) GLT, Tissue Depot and CEB shall collectively be referred to as "Defendants."

Ex. G [Swenson Dep., pp. 62:8-64:8]; Ex. H [Swenson Dep., p. 27:7-16], Ex. J [Boie Dep., p. 147:8-12].) Plaintiffs never consented to or had prior notice of the Transfer. (ECF No. 40 [Compl., ¶¶ 12, 19].) According to Mr. Swenson, the Transfer was made to avoid payment of GLT's debts, stating:

Q . . . why not operate as the Tissue Depot -- I'm sorry, as The Great Lakes Tissue Company, as opposed to Tissue Depot, Inc.? Why transfer the business and the operations from Great Lakes Tissue to Tissue Depot, Inc.?

A It's because Great Lakes Tissue is a dirty corporation and it was a mess.

Q Why do you say it's a dirty corporation?

A It's got all kinds of -- of liens, debts.

Q Anything else?

A That's it.

Q Okay. So the reason that the assets of Great Lakes Tissue Company were transferred to the Tissue Depot, Inc. was because Great Lakes Tissue Company was a dirty corporation because it had liens and other debts; right?

A Right. And other than the few pieces of leased equipment on the lease schedules that I -- we've just been talking about, there are no other assets left behind in Great Lakes Tissue.

(McWhorter Decl., Ex. G, [Swenson Dep., pp. 60:20-61:14]) The Transfer rendered GLT to be "a defunct company." (McWhorter Decl., Ex. F [Schleben Dep., pp. 106:4-106:6]; Ex. G [Swenson Dep., pp. 43:7-13].) GLT ceased all operations; Tissue Depot took over operating the Paper Mill using GLT's former

employees. (McWhorter Decl., Ex. G [Swenson Dep., pp. 43:1-24, 44:11-23].)

On March 31, 2023, Plaintiffs applied to this Court to recover possession of Equipment. (ECF No. 19)

On April 12, 2023, this Court enjoined GLT from damaging, destroying, concealing, or disposing of the Equipment. (ECF No. 24.)

On April 23, 2023, Plaintiffs found 21 missing pieces of Equipment (“Missing Equipment”) that were sold to Kling’s Auto Recycling without Plaintiffs’ prior authorization. (McWhorter Decl., ¶ 8, Ex. F [Schleben Dep., 28:20-58:19], Ex. O.)

On May 15, 2023, Kenneth Schleben became the President of Tissue Depot, Inc. after Jeff Prange resigned. (McWhorter Decl., Ex. F [Schleben Dep., p. 10:1-2]; Ex. G [Swenson Dep., p. 14:3-14:9].)

On July 18, 2023, this Court enjoined GLT and Tissue Depot from damaging, destroying, concealing, disposing of, or moving the Equipment. (ECF No. 38.)

D. THE ERUPTION OF A FIRE ON SEPTEMBER 13, 2023 CAUSED TISSUE DEPOT TO CEASE OPERATIONS

On September 13, 2023, a massive fire broke out at the Warehouse, which Tissue Depot was using to store paper byproducts, plastic, and other items. (Declaration of Donald Dailey (“Dailey Decl.”), ¶ 3, Ex. 1.) Fire crews from eight fire departments responded to the fire. (Dailey Decl., ¶ 3.) Without an operable fire suppression system, the fire burned uncontrollably. (Dailey Decl., ¶ 3.)

Since the fire, Tissue Depot has laid off its employees and “shut its doors.” (McWhorter Decl., ¶ 4.) The Paper Mill stands as a desolate building, continuing to house the Equipment. Its windows are boarded up. (Dailey Decl., ¶ 7.) Its doors are sealed. (*Id.*) It has no gas or electricity. (*Id.*) Its fire suppression system is inoperable, placing the now abandoned Equipment at risk of loss due to fire. (Dailey Decl., ¶ 8.) Its basement is flooded because the sump pump is inoperable, presumably due to a lack of energy or gas. (Dailey Decl., ¶ 9.) Some of the Equipment runs through the basement and, thus, may be damaged by the water collecting in the basement. (*Id.*) Because of the demolition after the roof collapsed in December 2022, one of the exterior walls of the Paper Mill consists of a temporary wall made of plywood, thereby exposing the Equipment to the risk of damage or destruction from thieves or vagrants. (Dailey Decl., ¶ 7.)

On October 2, 2023, Plaintiffs filed a First Amended Complaint against GLT, Tissue Depot, and CEB. (ECF No. 40.)

From September 29, 2023, to October 11, 2023, Plaintiffs’ counsel emailed GLT’s counsel to inquire about the condition of the Equipment without receiving any response. (McWhorter Decl., Exs. A-D.) Finally, on October 11, 2023, Plaintiffs’ counsel received an email from GLT’s counsel that the Equipment was not damaged from the fire. (McWhorter Decl., Ex. E.) On the same day, GLT’s

counsel filed a motion to withdraw, claiming he was unpaid and unable to communicate with GLT. (ECF No. 46.)

III. LEGAL ANALYSIS

A. THE APPLICABLE LAW

In a diversity action, the forum state's choice-of-law rules govern whether to enforce a contract's choice-of-law provision. *Wallace Hardware Co. v. Abrams*, 223 F.3d 382, 391 (6th Cir. 2000). The parties' choice of law applies unless the chosen state has no substantial relationship to the parties or the transaction or no reasonable basis exists for choosing that state's law. *Hudson v. Mathers*, 283 Mich. App. 91, 770 N.W.2d 883, 887 (2009).

Here, the parties reasonably agreed that California law governs any disputes under the Lease. (ECF No. 40 [Compl., Ex. 1, § 18, p. 7].) The Lease was entered into and performed in Orange County, California, and designated California as the venue for any litigation. (*Id.*) Sertant's principal place of business is in Newport Beach, California. (Verified Compl., ¶ 2, Ex. 1, p. 1.)

California and Michigan laws are relatively similar concerning the claims at issue. Given that there is no conflict, this Court must enforce the parties' choice of California law. *In re Stockx Customer Data Sec. Breach Litig.*, No. 19-12441, 2021 U.S. Dist. LEXIS 111685, at *6 (E.D. Mich. June 15, 2021). This Court should

enforce the Lease and apply California law. However, for thoroughness, Plaintiffs will address both Michigan and California law.

B. THIS COURT SHOULD AWARD PLAINTIFFS POSSESSION PENDING FINAL JUDGMENT

California law permits a party to file a claim and delivery action to recover possession of personal property. Cal. Civ. Proc. Code §§ 511.010 et seq. It authorizes a plaintiff to obtain possession upon filing a verified application showing that they are entitled to possession of property that defendant wrongfully detained. Cal. Civ. Proc. Code § 512.010. A court may also order the defendant to transfer possession of the property to the plaintiff. Cal. Civ. Proc. Code § 512.070. If the plaintiff establishes a right to possession, a court may grant the plaintiff possession of the personal property. Cal. Civ. Proc. Code § 512.010.

Under Michigan law, MCR 3.105(E)(3)(b) authorizes a plaintiff to obtain possession of goods upon establishing (i) that its right to possession is probably valid and (ii) that the property will be damaged, destroyed, concealed, disposed of, or used so as to substantially impair its value, before trial. Plaintiffs can establish the requirements under either California or Michigan law.

1. Defendant Defaulted On Its Lease Obligations, And Plaintiffs Are Therefore Entitled To Possession

Under the Lease, an Event of Default occurs if: (i) GLT fails to pay “when due any installment of Rent or any other sum owed by [GLT]” and “such failure

continues for a period of ten (10) days”; (ii) GLT changes its organizational structure without Plaintiffs’ prior written consent; (iii) GLT undergoes any change in control, change in ownership of any type without Plaintiffs’ prior written consent which results in a material deterioration in GLT’s creditworthiness or financial condition; (iv) GLT ceases doing business as a going concern: or (v) GLT sells, transfers or “parts with possession” or control of the Equipment without Plaintiffs’ prior written consent. (ECF No. 40 [Compl., Ex. 1, §§ 12, 16, pp. 5-7].) These Events of Default occurred here.

First, GLT failed to pay installments to Plaintiffs since December 2022. (ECF No. 40 [Compl., ¶ 40(a), Ex. 6]; McWhorter Decl., Ex. H [Swenson Dep., pp. 54:8-55:25, 56:15-56:18, 109:9-110:4].)

Second, the organizational structure, control, management, and ownership of GLT underwent significant and rapid transformations after entering into the Lease without Plaintiffs’ written consent. (ECF No. 40 [Compl., ¶ 40(b); McWhorter Decl., Ex. H [Swenson Dep., pp. 9:17-10:18, 11:9-11:14, 12:17-13:5, 57:12-59:4], Ex. J [Boie Dep., pp.49:5-52:1].) Since September 2022, GLT has experienced a series of changes in its executive leadership, with its President witnessing multiple turnovers. Specifically, Jeff Prange assumed the role of President in January 2023, succeeding Kip Boie. (McWhorter Decl., Ex. J [Boie Dep., p. 108:1-108:13].)

However, this transition was short-lived. In February 2023, Brett Herriman replaced Jeff Prange but resigned a few months later to take another job.

(McWhorter Decl., Ex. G [Swenson Dep., p. 11:17-12:18.] On May 15, 2023, Ken Schleben took over as President. (*Id.*; McWhorter Decl., Ex. F [Schleben Dep., pp. 9:8-10:2, 17:18-18:19].) A pivotal shift in ownership occurred on January 13, 2023, when GLTG sold its interest in GLT to PAET and when GLT transferred its assets to Tissue Depot after discovering Plaintiffs' suit against GLT. (ECF No. 40 [Compl., ¶¶ 39, 40, 41, 46-54, Ex. 5; McWhorter Decl., Ex. F [Schleben Dep., pp. 24:6-10, 103:25-104:5], Ex. G [Swenson Dep., pp. 15:25-16:1, 43:14-48:12, 62:3-7], Ex. H [Swenson Dep., pp. 6:17-7:21, 12:17-13:4, 13:5-20:4, 25:23-31:21, 43:3-43:6], Ex. J [Boie Dep., pp. 49:5-13, 124:15-126:1], Ex. N.)

Third, GLT transferred the Equipment after discovering Plaintiffs' Complaint without Plaintiffs' prior written consent. (McWhorter Decl., Ex. F [Schleben Dep., pp. 102:20-103:4, 103:25-104:5], Ex. G [Swenson Dep., pp. 45:1-4, 49:3-49:9], Ex. H [Swenson Dep., pp. 16:7-14, 17:12-19:2].)

Finally, since January 2023, GLT experienced a severe decline in its credit-worthiness. After GLTG sold its stock to PAET, GLT's assets and employees were transferred to Tissue Depot, leading to GLT's complete cessation of operations, rendering it defunct and insolvent. After the September 2023 fire, Tissue Depot

(GLT's alter ego) ceased operations. It cannot meet its financial obligations in the ordinary course of business, leading to the termination of electricity and gas services at the Paper Mill. (Dailey Decl., ¶ 7.) Tissue Depot's employees have been laid off. (McWhorter Decl., ¶ 4.)

Based on these Events of Default, Plaintiffs have a right to possession of Equipment. Under the Lease, the Lease recognizes that the title to the Equipment remains with Plaintiffs. (ECF No. 40 [Compl., Ex. 1, § 12, p. 5].) Upon an Event of Default, GLT agreed that Plaintiffs shall be entitled to possession and control of the Equipment. (ECF No. 40 [Compl., Ex. 1, § 12, 17, pp. 5, 7].) The Master Lease states that upon default, Sertant may repossess the Equipment without notice to GLT, with GLT "waiving all further rights of possession of the Equipment and all claims for injuries suffered through or loss caused by the repossession or demand that [Sertant] redeliver the Equipment at [Sertant's] expense." [ECF No. 40 (Compl., Ex. 1[Master Lease § 17].)

2. This Court Must Award Immediate Possession of the Equipment to Plaintiff To Prevent The Equipment's Damage, Destruction, Disposal, or Concealment

This Court should immediately award Plaintiffs possession of the Equipment to prevent its damage, destruction, disposal, or concealment. Since September 13, 2023, Tissue Depot laid off its employees. (McWhorter Decl., ¶ 4.) The Paper Mill

ceased operations, with its windows and doors boarded up (Dailey Decl., ¶ 7).

Without employees, no one is available to protect, repair, or maintain the Equipment. The north side wall of the dilapidated Paper Mill is made of plywood, which vagrants or thieves could cut to enter the Paper Mill and damage or destroy the Equipment. (Dailey Decl., ¶ 7). The Equipment within the Paper Mill lacks an operational fire suppression system. (Dailey Decl., ¶¶ 7-9.) If a fire erupted, there would be no means to control it, posing a significant risk to the Equipment (Dailey Decl., ¶ 6). Immediate possession of the Equipment is imperative.

The Paper Mill's electricity and gas have been shut off. (Dailey Decl., ¶ 7.) As a result, the Paper Mill's basement has experienced flooding since the sump pump, which relies on electricity, cannot function (Dailey Decl., ¶ 9). Some of the Equipment is routed through the basement, making it susceptible to potential damage from the accumulating water (*Id.*). The absence of electricity and gas, coupled with plummeting temperatures, has resulted in a lack of heating within the Paper Mill, posing a significant risk of damage to the Equipment.

Finally, Homco Paper XI LLC, as GLT/Tissue Depot's landlord, issued a seven-day notice to vacate the Paper Mill and intends to commence eviction proceedings on or after October 20, 2023. (McWhorter Decl., ¶ 4.) This eviction puts the Equipment at risk because the Equipment would fall into the hands of a

third party who has no contractual obligations to Plaintiffs, thereby making the Equipment vulnerable to potential damage or loss.

3. This Court Should Not Require Plaintiffs to Post a Bond

Under Michigan Court Rule 3.105(E)(4)(c)(i), a court may require a bond to postedis discretionary. See MCR 3.105(E)(4)(c) (using the discretionary language “may”). In *Glacier Sales & Eng’g, LLC v. Eagle Plastics Corp.*, No. 07-CV-13806-DT, 2007 U.S. Dist. LEXIS 66908, at *7 (E.D. Mich. Sep. 11, 2007), the court did not require a bond because the defendant had contractually agreed to turn over possession of the equipment upon default.

Here, this Court should not require Plaintiffs to post a bond upon obtaining possession of the Equipment. Plaintiffs hold title to the Equipment. GLT agreed to relinquish possession of the Equipment upon default and waived any damages caused by such repossession. (ECF No. 40 [Compl., Ex. 1, §§ 12, 13, 16, 17, pp. 5-7].) Again, the Master Lease states that upon default, Sertant may repossess the Equipment without notice to GLT, with GLT “waiving all further rights of possession of the Equipment and all claims for injuries suffered through or loss caused by the repossession or demand that [Sertant] redeliver the Equipment at [Sertant’s] expense.” [ECF No. 40 (Compl., Ex. 1[Master Lease § 17].) By doing so, the posting of a bond is unnecessary.

C. THIS COURT SHOULD ENJOIN DEFENDANTS' DISPOSING OF THE ENVIRONMENTAL PERMITS

This Court should enjoin Defendants from selling, transferring, canceling, conveying, encumbering, hypothecating, or otherwise disposing of the Environmental Permits without this Court's authorization and should direct Defendants to escrow the Environmental Permits with this Court and certify who owns them.

A court may grant a preliminary injunction after considering four factors: "(1) the likelihood that the party seeking the preliminary injunction will succeed on the merits of the claim; (2) whether the party seeking the injunction will suffer irreparable harm without the grant of the extraordinary relief; (3) the probability that granting the injunction will cause substantial harm to others; and (4) whether the public interest is advanced by the issuance of the injunction." *Jones v. Caruso*, 569 F.3d 258, 265 (6th Cir. 2009). All factors favor granting injunctive relief.

1. Plaintiffs Demonstrated They Will Prevail on Their Claims

The overwhelming evidence establishes that Plaintiffs are likely to prevail on their claims. As discussed in Sections II and III(B)(1), GLT breached the Lease, and Plaintiffs are entitled to recover possession of the Equipment. GLT and Tissue Depot are liable for conversion for refusing to turn over the Equipment and for transferring the Equipment to Tissue Depot without Plaintiffs' authorization and

consent. GLT fraudulently transferred its assets to CEB and Tissue Depot to hinder, delay, and defraud GLT's creditors, including Plaintiffs, and for less than reasonably equivalent value when GLT was insolvent or rendered insolvent.

In particular, the Michigan Uniform Voidable Transactions Act, MCL 566.31 et seq., contemplates an injunction under these circumstances. MCL 566.37 specifically provides that a creditor may obtain an injunction against further disposition by the debtor, a transferee, or both, of the transferred asset. MCL 566.37(1)(c)(i). The Act further contemplates that a creditor is entitled to attach the transferred assets as a provision remedy. MCL 566.37(1)(b).

2. Plaintiff Will Suffer Immediate and Irreparable Injury Unless This Court Grants Injunctive Relief

Defendants' director, Donald Swenson, admitted that the Environmental Permits are "the most valuable asset" of GLT. (McWhorter Decl., Ex. G [Swenson Dep., pp. 28:19-28:22, 122:1-12].) All of GLT's assets, including the Environmental Permits, were transferred to Tissue Depot, which has no operations, has laid off all its employees, and faces eviction from the Paper Mill. (Daley Decl., ¶ 7; McWhorter Decl., ¶ 4, Ex. G [Swenson Dep., pp. 27:14-30:4].)

Under the Lease, in addition to the return of the Equipment, Plaintiffs are owed over \$2.2 million plus interest, late charges, and attorneys fees. (ECF No. 40 [Compl., ¶ 44, Ex. 9].) Using history as a yardstick, Defendants' multiple transfers

demonstrate that they cannot be trusted to administer their own assets without this Court's supervision. As such, Plaintiffs justifiably believe that Defendants will transfer and dissipate the Environmental Permits to unknown third parties to circumvent the satisfaction of Plaintiffs' monetary claim. (McWhorter Decl., ¶ 9.) If this occurs, Defendants will be judgment-proof, leaving Plaintiffs without a source of funds to satisfy its monetary claim.

While generally, financial loss is insufficient to support the issuance of a preliminary injunction, a court may grant such relief if a defendant is insolvent and/or there is a strong possibility that the plaintiff would not receive adequate compensatory relief in the absence of an injunction. *CJPS Healthcare Supplies & Equip. v. Ansar Med. Techs., Inc.*, Civil Action No. 12-CV-14885, 2013 U.S. Dist. LEXIS 119098, at *18-19 (E.D. Mich. Aug. 22, 2013).

Multiple courts have granted injunctive relief when a defendant is insolvent or a plaintiff is unlikely to receive an adequate financial remedy without an injunction. In *Deckert v. Independence Shares Corporation*, 311 U.S. 282, 290-291 (1940), the court held that where the defendant "was insolvent and its assets in danger of dissipation or depletion," the possibility of legal remedy was inadequate and a temporary injunction restraining the transfer of funds was properly issued. In *Plainfield Specialty Holdings II Inc. v. Children's Legal Services PLLC*, 634 F.

Supp. 2d 833, 846-847 (E.D. Mich. 2009), the court enjoined the defendant from diverting proceeds pledged as security to the plaintiff because it concluded “future collections . . . speculative and uncertain” without sufficient funds to pay and “Plaintiff has demonstrated that it is likely to not have recourse to other funds should these be depleted.”

In contrast to Plaintiffs, Defendants will not suffer any harm if this Court grants injunctive relief. The Paper Mill is closed. GLT and Tissue Depot’s employees have been laid off. Thus, restricting the sale of the Environmental Permits without this Court’s permission will cause no harm. Further, Defendants will not be harmed by filing a copy of the Environment Permits so that this Court is fully informed of the nature and scope.

Further, Defendants suffer no harm from disclosing the current ownership of the Environment Permits, nor would the requested injunctive relief restrict their ability to liquidate the Environmental Permits. If Defendants want to sell or transfer the Environmental Permits, they can seek relief from this Court, thereby mitigating any harm caused by injunctive relief.

3. Injunctive Relief Serves the Public Interest

An injunction prohibiting Defendants from transferring and requiring disclosure of the Environment Permits serves the public interest. GLT has many

creditors that have not been paid after January 2023. (McWhorter Decl., Ex. J [Boie Dep., pp. 102:8-13, 143:3-18, 146:7-147:12].) Mr. Swenson had stated that GLT's creditors "were coming out of the woodwork." (McWhorter Decl., Ex. H [Swenson Dep., p. 22:16-22].) With all of the employees laid off, they have additional claims against Tissue Depot or GLT. According to Mr. Swenson, the City of Cheboygan and INB Bank may have a claim against GLT. (ECF No. 26 [Declaration of Donald Swenson, ¶¶ 10, 11].) Entry of an injunction to prevent dissipation of the Environmental Permits subject to the supervision of this Court will preserve and maintain this asset for the benefit of all creditors, thereby serving the public interest.

Denial of injunctive relief undermines the public interest. The public interest is not furthered by allowing potential wrongdoers, such as Defendants, to complete the last step in their scheme to strip GLT's assets, take its most valuable asset – the Environmental Permits – and leave it unable to pay creditors. The public interest is not served by leaving Plaintiffs and other creditors without sufficient resources to pursue and recover their claims.

IV. CONCLUSION

This Court should act immediately to prevent damage, destruction, disposal, or concealment of the Equipment by awarding possession to Plaintiffs. Neither

GLT nor its successor, Tissue Depot, have the right to retain the Equipment. This Court should prevent Defendants from transferring the Environment Permits to unknown third parties, leaving them unable to pay Plaintiffs, by requiring that Defendants put the Environment Permits into escrow during the time this case is pending. If the Equipment is damaged, destroyed, disposed of, or concealed, or if the Environmental Permits are dissipated, Plaintiffs will be left without any remedy because Defendants are defunct, with over \$2.2 million owed to Plaintiffs. Plaintiffs respectfully request that this Honorable Court enter an order:

- (a) Directing Defendants and their agents, representatives, employees, officers, directors, shareholders, and other persons acting on behalf of Defendants to refrain from damaging, destroying, concealing, disposing of, moving, or using so as to substantially impair the value of, the Equipment pending further order of this Court;
- (b) Enjoining Defendants and their agents, representatives, employees, officers, directors, shareholders, and other persons acting on behalf of Defendants from selling, transferring, canceling, conveying, encumbering, hypothecating, or otherwise disposing of the Environmental Permits without this Court's authorization;
- (c) Ordering Defendants to escrow the Environmental Permits with this

Court and to certify who owns them with such time as this Court deems appropriate;

- (d) Awarding Plaintiffs possession of the Equipment pending final judgment, without the necessity of filing a bond or other undertaking;
- (e) Commanding Defendants to surrender possession of the Equipment to Plaintiffs or directing the sheriff or court officer to seize the Equipment within fourteen (14) days and deliver it to Plaintiffs; and
- (f) Granting other just and equitable relief.

Respectfully Submitted

Dated: October 23, 2023

BUCHALTER, a Professional Corporation

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Plaintiff(s),

v.

THE GREAT LAKES TISSUE
COMPANY, a Michigan corporation,
TISSUE DEPOT, INC., a Wisconsin
corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin
corporation,,

Defendant(s).

Case No. 1:23-cv-10564-LJM-PTM
Honorable Laurie J. Michelson

BRIEF FORMAT CERTIFICATION FORM

I, Robert S. McWhorter, hereby certify that the foregoing brief complies with Eastern District of Michigan Local Rules 5.1(a), 5.1.1, and 7.1 and Judge Michelson's Case Management Requirements. In particular, I certify that each of the following is true (click or check box to indicate compliance):

- ☐ the brief contains a statement regarding concurrence, *see* LR 7.1(a);
- ☒ the brief, including footnotes, uses 14-point font, *see* LR 5.1(a)(3);
- ☒ the brief contains minimal footnotes and, in all events, no more than 10, *see* Case Management Requirements § III.A;
- ☒ the brief and all exhibits are searchable .pdfs, *see* Case Management Requirements § III.A;
- ☒ the brief is double spaced (except for footnotes and necessary block quotes) with one-inch margins, *see* LR 5.1(a)(2);
- ☒ deposition transcripts have been produced in their entirety and not in minuscrit, *see* Case Management Requirements § III.A;

☒ if the brief and exhibits total 50 pages or more, a courtesy copy with ECF headers will be sent to chambers, *see* Case Management Requirements § III.B.

I also acknowledge that if the Court later finds that these requirements are not met, my brief will be stricken.

/s/ Robert S. McWhorter
Dated: October 23, 2023

**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation, TISSUE DEPOT, INC., a
Wisconsin corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin corporation,

Defendants.

_____/

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_____/

DECLARATION OF DONALD DAILEY

I, Donald Dailey, declare:

1. I am making this Declaration based on personal knowledge and state affirmatively that if called as a witness, I can testify competently to the facts set forth in this Declaration.

Background

2. Since 1995, I have served as a firefighter and served as the Fire Chief for Cheboygan, Michigan since 2017. As Fire Chief, I am the administrative and technical head of the fire department for Cheboygan. As such, I supervise all activities and operations of the fire department, including fire extinguishment, pre-fire planning, fire prevention, and fire investigation. I oversee property inspections to take proper precautionary measures to ensure that fires will not rekindle and further endanger life or property and that properties have fire suppression systems as required by applicable law.

Fire At The Great Lakes Tissue Company/Tissue Depot, Inc.

3. On September 13, 2023, a fire broke out at 502 S. Main Street, Cheboygan, Michigan ("Warehouse"), a warehouse used by Tissue Depot, Inc. ("Tissue Depot") (formerly The Great Lakes Tissue Company) to store paper byproduct, plastic, and other items. The Warehouse is across from the main building containing Tissue Depot's papermill located at 437 S. Main, Cheboygan, Michigan ("Papermill"). Fire crews from nine fire departments, along with the Cheboygan County Sheriff's Department, Cheboygan City Police Department, and the Michigan State Police, responded to the fire scene.

4. The cause of the fire is undetermined. The fire caused extensive damage to the Warehouse. The fire started in the Warehouse where no employees were working. There were no injuries to any employees or firefighters on the scene. After the fire, fencing has been installed around the fire's site, including the Warehouse.

Residents are required to stay outside of the fenced area. The fire also resulted in the closure of a portion of Main Street.

5. I was present during the time of the fire at the Warehouse. I have also visited the Warehouse, the Papermill, and surrounding areas. Attached as **Exhibit 1** are photographs that are fair, accurate, and true depictions of the fire and the condition of the Warehouse following the fire.

6. The Warehouse and the Papermill use the same fire suppression system, which includes a fire sprinkler system to extinguish, control, or, in some cases, entirely prevent fires from spreading. The fire suppression system for the Papermill and Warehouse does not comply with current building code requirements. The fire suppression system was inoperable in the Warehouse at the time of the fire see **Exhibit 2**. Without an operable system, the fire was allowed to burn uncontrollably, consuming the paper byproducts and other materials in the Warehouse. Had the Warehouse had an operable fire suppression system, the damage caused by the fire would not have been as extensive.

7. The Papermill is currently not operating. It is boarded up and closed. Because of the demolition of a portion of the building housing the Papermill after the roof collapsed in December 2022, a temporary wall made from plywood serves as one of the exterior walls. The Papermill does not have any gas or electricity. During the fire, I called Consumers Energy to discontinue the power to the Warehouse and learned the utility intended to discontinue service the following week due to unpaid bills. The gas supply was disconnected at the time of the fire.

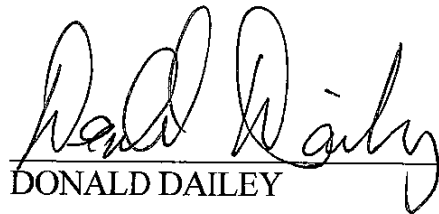
8. After the fire I sent a letter to Cheboygan County Building Code Department asking that the department consider not issuing a certificate of occupancy to the Papermill until the fire suppression system was shown to be operable. A true and correct copy of this letter is attached to this Declaration as **Exhibit 2**.

9. Upon inspection of the Papermill after the fire, I saw that the basement of the Papermill was flooded because the sump pump was inoperable, presumably due to a lack of energy or gas. Some of the paper-making equipment runs through the basement and, thus, may be damaged by the water collecting in the basement.

10. Sections of the Warehouse and the overhead conveyor system that are at risk of collapsing will be demolished by the owner and its contractors and/or the Environmental Protection Agency and its contractors. Because the fire burned the wall supporting the conveyor system, the conveyor system is unstable. As a result, that portion of Main Street/M-27 has been closed since the fire occurred.


I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 17, 2023.


DONALD DAILEY

State of Michigan)
)ss.
County of Cheboygan)

On this 17th day of October, 2023, before me, a Notary Public in and for said County, personally appeared Donald Dailey, personally known to me, who executed the foregoing instrument and acknowledged the same to be his free act and deed.


Joanne Romanik, Notary Public
State of Michigan, County of Cheboygan
My Commission Expires: 4-18-2025
Acting in the County of Cheboygan

**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation, TISSUE DEPOT, INC., a
Wisconsin corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin corporation,

Defendants.

_____/

JOSEPH K. GREKIN (P52165)
Counsel for Plaintiffs
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jgrekin@schaferandweiner.com

ROBERT S. MCWHORTER (P49215)
Counsel for Plaintiffs
BUCHALTER, A PROFESSIONAL CORPORATION
500 Capitol Mall, Ste. 1900
Sacramento, California 95814
Tel: (916) 899-1099
rmcwhorter@buchalter.com

_____/

**INDEX OF EXHIBITS TO DECLARATION OF DONALD DAILEY
IN SUPPORT OF PLAINTIFFS' VERIFIED SECOND MOTION
FOR POSSESSION AND INJUNCTIVE RELIEF**

Exhibit

- 1 Photographs of September 13, 2023 fire at paper mill
- 2 Letter of September 27, 2023 to Jeff Lawson from Mayor Brett Mallory

EXHIBIT 1

EXHIBIT 1











EXHIBIT 2



403 N Huron St
PO Box 39
Cheboygan, MI 49721
231-627-9931
www.cheboygan.org

September 27, 2023

Mr. Jeff Lawson
County Administrator
Cheboygan County 49721

Dear Mr. Lawson,

On September 26, 2023, the City had a detailed conversation with Kevin Sehlmeier, Michigan State Fire Marshall, on the fire at the Tissue Depot Warehouse in Cheboygan. Participating in the call was Chief Dailey, Chief Rifenberg, and City Manager Daniel Sabolsky. During this call, the City decided that urgent action is needed by a number of federal, state, and local agencies to insure the health, safety, and welfare of the City Cheboygan, its residents, and local businesses in this community. Over the last thirty years, the tissue plant and the warehouse has violated OHSA, EGLE, EPA, DNR, state building and fire codes. But most of these issues have not been fully abated and were evident in the aftermath of the fire. The City is hoping, that the most pressing issues at the severely damaged warehouse, will be addressed in the coming months. Now, the City's concerns focus on the manufacturing facility located on the east side of Main Street (M - 27).

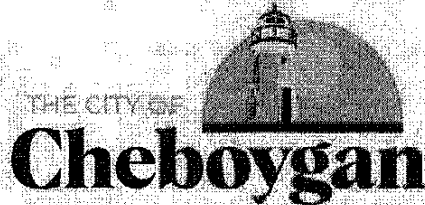
The City is requesting, that before the businesses (Tissue Depot, Cheboygan Energy Biofuels, and any other entities associated with these two buildings) are allowed to re-open, all relevant regulatory agencies perform mandatory inspections on all properties associated with the various businesses (see above) and properties (Owned by Thomas Homco and his associated LLCs). Currently, the fire suppression system at the manufacturing plant has not had the yearly inspection and testing as required by NFPA 25 4.1.1 for a number of years. Presently, without active electric and gas service, fire suppression system, business insurance, and property insurance (questionable if it does exist), this creates a huge liability risk to the businesses and residents of this community.

The City, under the authority of our Fire Chief, is requesting that the manufacturing plant be not given permission to operate or be occupied until the fire suppression system is inspected and tested by an independent expert. Without proof of a functioning system and documentation of previous inspections/testing, the County needs to join the City in requesting the inspection and testing of said system and preventing occupation until the documentation is provided. In addition, the County should inspect the entire structure for structural, electrical, mechanical, and plumbing code compliance.

MISSION STATEMENT

The Mission of the City of Cheboygan is to promote economic opportunity and enhance quality of life through innovative commitment of human and natural resources with continued planning, financial allocation, and implementation of goals by responsive staff, and elected and appointed officials.

The City of Cheboygan is an Equal Opportunity Provider and Employer.



403 N Huron St
PO Box 39
Cheboygan, MI 49721
231-627-9931
www.cheboygan.org

The City and County need to jointly request similar actions of other state and federal agencies such as the EPA, EGLE, DNR, OSHA, as well as utility providers such as DTE and Consumers Energy. Both the City and County should send individual letters to these entities to show solidarity on these issues and concerns.

The City is fully aware of the potential consequences of these actions, but we owe this type of response to our community and the entire State of Michigan. Last week, we narrowly avoided a disaster that could have devastated our community and had long term economic and environmental consequences that could have haunted this community for decades. We need to take the necessary precautions to avoid a repeat of what happened at the warehouse in the plant across the street.

If you have any questions, please contact Daniel Sabolsky, City Manager of Cheboygan at (231) 627-9931.

Sincerely,

A handwritten signature in dark ink, appearing to read "Brett Mallory".

Brett Mallory
Mayor

A handwritten signature in dark ink, appearing to read "Daniel Sabolsky".

Daniel Sabolsky
City Manager

MISSION STATEMENT

The Mission of the City of Cheboygan is to promote economic opportunity and enhance quality of life through innovative commitment of human and natural resources with continued planning, financial allocation, and implementation of goals by responsive staff, and elected and appointed officials.

The City of Cheboygan is an Equal Opportunity Provider and Employer.



8067 N Dort Hwy, Mt Morris, MI, 48458
PO Box 219, Mt. Morris, MI, 48458
Phone: 810.686.4630 • Fax: 810.686.0440
wfpc@wolverinefp.com
A4AAZED: WvAD160

February 17, 2023

Mr. Thomas Homco
Great Lakes Tissue Company
437 S Main St
Cheboygan, MI 49721

RE: Fire Protection System, Inspection Results
Great Lakes Tissue Company
437 S Main Street
Cheboygan, MI 49721

During your February 10th inspection of the fire protection systems, WFPC observed that many of the systems had numerous deficiencies. The deficiencies observed included; systems out of service, inefficient water pressure, alarms not hooked up, flow switches not installed or wired, no tamper switches or locks on any valves, fire pumps not in service, jockey pump not on, no check valves on many of the risers, and several OS&Y valves leaking as well as pipe and sprinkler heads leaking.

It was also observed that head spacing on many of the systems throughout the office and plant were also not to code, sprinkler heads were too high above ceiling tile, sprinkler heads too far apart on branch lines, hangers missing on pipe, no signs indicating fire protection systems, drains or inspectors' test valve. It was further noted that there are no design calc placards on risers, no head boxes next to fire protection risers with spare heads and wrench, and all 82 fire extinguishers that were found onsite are outdated.

We have included a brief description of each system below for your reference:

System #1: 8" riser, gauge read 35PSI, Flow switch installed but not wired.

System #2: 6" riser, gauge read 0 PSI.

System #3: Cut off and demolished at base of riser.

System #4: Cut off and capped at the riser.

System #5: 8" riser, gauge read 70 PSI, system out of service shut off at PIV valve.

System #6: 8" riser, no gauges, no check valve, flow switch located on 2nd floor (installed too high above riser per code) all pendant heads are located above ceiling tile.

System #7: 8" riser, gauge reads 55 PSI but PIV valve is shut off, Flow switch installed but not wired.



WOLVERINE
Fire Protection Co.

8067 N Dort Hwy, Mt Morris, MI, 48459
PO Box 219, Mt. Morris, MI, 48458
Phone: 810.686.4630 • Fax: 810.686.0440
wfpco@wolverinefp.com
an AAYUE Workplace

System #8: 6" riser, gauge reads 50 PSI but PIV valve is shut off.

System #9: Riser not accessible, located behind cabinets and built in wall with a sliding wall in front that, also blocked by numerous items on the floor.

System #10: 8" riser, gauge reads 35 PSI.

System #11: 6" Riser, PIV shut off, system out of service.

System #12: 6" riser, PIV shut off, system out of service.

System #13: 6" riser, PIV shut off, system out of service.

System #14: 6" riser, PIV shut off, system out of service.

System #15: 6" riser, PIV shut off, system out of service.

System #16: Does not exist.

System #17: Cut off and demolished at base of riser.

System #18: Cut off and demolished at base of riser.

System #19: Does not exist.

System #20: 8" riser, no gauges, no main drain.

Pump Room: Both fire pumps and jockey pump were shut off or out of order.

Please note, WFPC will not be held liable for any damages should a fire occur. Please feel free to contact our office if you have any questions, or if you should decide to correct any of the noted deficiencies.

Sincerely,

Wolverine Fire Protection Co.

Seth Haas
Project Manager

**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation, TISSUE DEPOT, INC., a
Wisconsin corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin corporation,

Defendants.

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500 Capitol Mall, Ste. 1900
Sacramento, California 95814
Tel: (916) 899-1099
rmcwhorter@buchalter.com

**CORRECTED DECLARATION OF ROBERT S.
MCWHORTER IN SUPPORT OF PLAINTIFFS' VERIFIED
SECOND MOTION
FOR POSSESSION AND INJUNCTIVE RELIEF**

I, Robert S. McWhorter, declare:

1. I am making this Declaration based on personal knowledge and state affirmatively that if called as a witness, I can testify competently to the facts set forth in this Declaration.

2. I am an attorney licensed to practice law in Michigan and California. I am a shareholder at Buchalter, A Professional Corporation. In this case, I am one of the attorneys of record for Prime Alliance Bank, Inc. and Sertant Capital, LLC (collectively, “Plaintiffs”).

Counsel Communications

3. In late September 2023, I learned about the fire at the warehouse across the street from the papermill at 437 S. Main Street, Cheboygan, Michigan. On September 29, 2023, October 2, 2023, October 3, 2023, and October 11, 2023 (“Hansen Emails”), I emailed Tim Hansen and Thomas Janczewski to inquire about the fire and its impact, if any, on the equipment. True and correct copies of these emails are attached to this Declaration as **Exhibits A, B, C, and D**. I did not receive a response to the Hansen Emails until after I received Timothy Hansen’s motion to withdraw as counsel for The Great Lakes Tissue Depot, Inc. (“GLT”) on October 11, 2023. After receiving his motion, I emailed Mr. Hansen a second time on October 11, 2023, to which Mr. Hansen finally responded, stating: “My understanding is that none of the equipment was located in the building that burned. Sorry for the delay in getting back to you.” A true and correct copy of this email is attached to this Declaration as **Exhibit E**.

4. On October 12 and 13, 2023, I spoke with Donald R. Bachand III, an attorney who represents Thomas Homco, a principal of the entity that serves as the landlord (which I believe is Homco Paper, XI, LLC) (“Landlord”) for real property located at 437 S. Main Street, Cheboygan, Michigan (“Property”), where the

papermill for GLT and then Tissue Depot, Inc. Mr. Bachand stated that Tissue Depot, Inc. “shut its doors” and laid off its employees on October 6, 2023. He affirmed that during the week of October 9, 2023, the Landlord served a seven (7) day notice to quit to recover possession of the Property due to nonpayment of rent and that the Landlord intends to file an eviction proceeding. On October 19, 2023, Donald Swenson affirmed to me that all employees had been laid off.

Deposition Transcripts

5. On May 25, 2023, I deposed Kenneth Schleben as GLT’s representative under Rule 30(b)(6) of the Federal Rules of Civil Procedure. After the deposition, my office received a deposition transcript. A true and correct copy of Mr. Schleben’s deposition transcript, including the reporter’s executed certificate, is attached hereto as **Exhibit F**. Exhibit 17 to Mr. Schleben’s deposition is attached as **Exhibit M**.

6. On May 25, 2023, and June 23, 2023, I deposed Donald Swenson as a representative under Rule 30(b)(6) of the Federal Rules of Evidence. After the depositions, my office received deposition transcripts. True and correct copies of Mr. Swenson’s deposition transcripts, including the reporter’s executed certificates, are attached hereto as **Exhibits G and H**. Exhibit 28 of Donald Swenson’s deposition consisted of the statement from First Community Bank, attached hereto as **Exhibit I**. Exhibit 21 of Donald Swenson’s deposition consists of the Merger Agreement and is attached as **Exhibit N**.

7. On September 19, 2023, I deposed Kip Boie. After the deposition, my office received a deposition transcript. A true and correct copy of Mr. Boie’s deposition transcript, including the reporter’s executed certificate, is attached hereto as **Exhibit J**. A true and correct copy of Exhibits 5 and 6 in Mr. Boie’s deposition are attached hereto as **Exhibits K and L**.

Missing Equipment

8. Sertant Capital, LLC retained Quik Pro Equipment Inspection (“Quik Pro”) to inspect the equipment leased to Great Lakes Tissue Company. A true and correct copy of Quik Pro inspection report dated April 21, 2023 is attached hereto as **Exhibit O**. Based on this report, my office prepared the following chart of equipment that was not present during the inspection:

| | Description of Equipment | Serial No. |
|-----|---|-----------------------|
| 1. | 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-1200-8 |
| 2. | 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-490886 |
| 3. | Caterpillar 99F – 3,500 lbs. Cap. | AT81C- 00357 |
| 4. | Caterpillar 99H – 3,500 lbs. Cap. | AT81C- 00944 |
| 5. | Caterpillar V-80 | 932200-14A |
| 6. | Caterpillar #11 Roll Grab – 7,000 lbs. Cap. | AT8701785 |
| 7. | Caterpillar #12 Roll Grab – 7,000 lbs. Cap. | AT8701784 |
| 8. | Genie #1 Scissor lift | 76192 |
| 9. | Genie #2 Scissor lift | 65851 |
| 10. | Halla #11 – 4,400 lbs. Cap. | 1449K |
| 11. | Hyster 50 – 4,800 lbs. Cap. | F187V13647 F |
| 12. | JCB 506C – 6,000 lbs. Cap | 585635 |
| 13. | JCB 506C – 6,000 lbs. Cap. | JCB5CAJLC 61184611 |
| 14. | Linde #3 Roll Grab – 3,700 lbs. Cap. | A11313G00 185 |
| 15. | Linde #24 – 4,500 lbs. Cap. | A11319J00224 |
| 16. | Nissan #8 – 3,500 lbs. Cap. | 23108 |
| 17. | Skid Steer L230 | wbm432589 |
| 18. | Toyota #4 Roll Grab – 4,400 lbs. Cap. | 84988 |
| 19. | Genie #3 Articulating boom | Z34N-3953 |
| 20. | Toyota #1 – 7,700 lbs. Cap. | 77656 |
| 21. | Toyota #30 – 7,250 lbs. Cap. | 63678 |

Environmental Permits

9. Based on the depositions taken in this case, Sertant Capital, LLC and

Prime Alliance Bank, Inc. are justifiably concerned that Defendants may transfer environmental permits to a third party to render them judgment proof and to prevent Plaintiffs from satisfying any judgment obtained. Accordingly, Plaintiffs request that this Court enjoin Defendants from selling, transferring, cancelling, conveying, encumbering, hypothecating, or otherwise disposing of the environmental permits without this Court's authorization, direct Defendants to file copies of the Environmental Permits with this Court, and certify who owns them.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 23, 2023.

/s/Robert McWhorter
ROBERT S. MCWHORTER

**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
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Wisconsin corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin corporation,

Defendants.

_____/

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Counsel for Plaintiffs
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Bloomfield Hills, MI 48304
Tel: (248) 540-3340
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ROBERT S. MCWHORTER (P49215)
Counsel for Plaintiffs
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500 Capitol Mall, Ste. 1900
Sacramento, California 95814
Tel: (916) 899-1099
rmcwhorter@buchalter.com

_____/

**CORRECTED INDEX OF EXHIBITS TO DECLARATION OF ROBERT S.
MCWHORTER IN SUPPORT OF PLAINTIFFS' VERIFIED SECOND
MOTION FOR POSSESSION AND INJUNCTIVE RELIEF**

Exhibit

- A September 28, 2023 email from R. McWhorter to Defendants' counsel
- B October 2, 2023 email from R. McWhorter to Defendants' counsel
- C October 3, 2023 email from R. McWhorter to Defendants' counsel
- D October 11, 2023 email from R. McWhorter to Defendants' counsel
- E October 11, 2023 email from T. Hansen
- F Kenneth Schleben deposition transcript excerpts
- G Donald Swenson 5/25/23 deposition transcript excerpts
- H Donald Swenson 6/23/23 deposition transcript excerpts
- I Exhibit 28 to Donald Swenson deposition
- J Kip Boie deposition transcript excerpts
- K Exhibit 5 to Kip Boie deposition
- L Exhibit 6 to Kip Boie deposition
- M Exhibit 17 to Kenneth Schleben deposition
- N Exhibit 21 to Donald Swenson deposition
- O Quik Pro Equipment inspection report

EXHIBIT A

From: [McWhorter, Robert S.](#)
To: ["Tim Hansen"; Thomas Janczewski](#)
Cc: [Scott, Mark M.](#)
Subject: Sertant Capital/Prime Alliance v. The Great Lakes Tissue Company [IMAN-BN.FID4322580]
Date: Thursday, September 28, 2023 1:10:49 PM

Tim

I recently learned that on September 13, 2023, a fire broke out at the mill at Tissue Depot, formerly known as Great Lakes Tissue. Please confirm that none of the Equipment was damaged due to the fire.

I also understand that the mill is NOT operating because there is no power at the plant due to unpaid gas and electric bills (aside from the fire). Without electricity, there is a concern that the pump in the mill that keeps water out of the plant will not work without electricity, thereby jeopardizing the Equipment. Please confirm the following: (1) is the mill operating; (2) does the mill have electrical power and gas; (3) is the pump in the plant working to prevent damage to the Equipment.

Rob

Buchalter

Robert S. McWhorter

Shareholder

T (916) 945-5188

C 916-899-1099

rmcwhorter@buchalter.com

500 Capitol Mall, Suite 1900

Sacramento, CA 95814-4737

www.buchalter.com | [Bio](#)

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EXHIBIT B

From: [McWhorter, Robert S.](#)
To: [Tim Hansen](#); [Thomas Janczewski](#)
Cc: [Scott, Mark M.](#)
Subject: RE: Sertant Capital/Prime Alliance v. The Great Lakes Tissue Company [IMAN-BN.FID4322580]
Date: Monday, October 2, 2023 11:03:24 AM

Tim

I will be updating the client on this case. Any light you can shed on the issue below or settlement would be appreciated.

We will be filing our amended complaint later this afternoon.

Rob

Buchalter

Robert S. McWhorter

Shareholder

T (916) 945-5188

C 916-899-1099

rmcwhorter@buchalter.com

500 Capitol Mall, Suite 1900

Sacramento, CA 95814-4737

www.buchalter.com | [Bio](#)

From: McWhorter, Robert S.
Sent: Thursday, September 28, 2023 1:11 PM
To: 'Tim Hansen' <thansen@hansenreynolds.com>; Thomas Janczewski <TJanczewski@hansenreynolds.com>
Cc: Scott, Mark M. <mscott@buchalter.com>
Subject: Sertant Capital/Prime Alliance v. The Great Lakes Tissue Company [IMAN-BN.FID4322580]

Tim

I recently learned that on September 13, 2023, a fire broke out at the mill at Tissue Depot, formerly known as Great Lakes Tissue. Please confirm that none of the Equipment was damaged due to the fire.

I also understand that the mill is NOT operating because there is no power at the plant due to unpaid gas and electric bills (aside from the fire). Without electricity, there is a concern that the pump in the mill that keeps water out of the plant will not work without electricity, thereby jeopardizing the Equipment. Please confirm the following: (1) is the mill operating; (2) does the mill have electrical power and gas; (3) is the pump in the plant working to prevent damage to the Equipment.

Rob

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EXHIBIT C

From: [McWhorter, Robert S.](#)
To: thansen@hansenreynolds.com
Cc: tjanczewski@hansenreynolds.com; [Scott, Mark M.](#)
Subject: Prime Alliance Bank v. The Great Lakes Tissue Company [IMAN-BN.FID4322580]
Date: Tuesday, October 3, 2023 1:02:18 PM
Attachments: [Sertant Capital Prime Alliance Letter to Tim Hansen October 3 2023 001.pdf](#)

Tim

Attached is a letter dated today. Please respond by October 6, 2023.

Thanks.

Rob McWhorter

Buchalter

Robert S. McWhorter

Shareholder

T (916) 945-5188

C 916-899-1099

rmcwhorter@buchalter.com

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Buchalter

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916.945.5170 Phone

File Number: S0902-0045
916.945.5188 Direct
rmcwhorter@buchalter.com

October 3, 2023

VIA E-MAIL (THANSEN@HANSENREYNOLDS.COM)

Tim Hansen
Hansen Reynolds LLC
301 N Broadway, Ste. 400,
Milwaukee, Wisconsin 53202

Re: *Prime Alliance Bank et al. v. The Great Lakes Tissue Company et al.*
U.S. District Court for the Eastern District of Michigan, Case No: 1:23-cv-10564-
LJM-PTM

Dear Mr. Hansen:

On behalf of Sertant Capital, LLC and Prime Alliance Bank, Inc. (collectively, “Plantiffs”) we are writing to address several critical issues concerning the above-referenced case.

A. September 13, 2023 Fire

We recently learned that a fire erupted on September 13, 2023, at around 11:30 a.m. at the western warehouse located on Main Street. We understand that state and federal investigators, including from the Bureau of Alcohol, Tobacco, Firearms and Explosives, are exploring the cause of the fire. Given this event, Plaintiffs request the following:

1. Confirm whether the fire damaged any of the equipment in this case, and if so, whether an insurance claim has been or will be filed concerning that damage (if yes, please provide a copy of the insurance claim).
2. Verify and provide evidence of insurance coverage on the equipment and confirm that Prime Alliance Bank, Inc. or Sertant Capital, LLC is listed an additional insured.
3. Provide any communications or information relating to the cause of the fire.

buchalter.com

Los Angeles
Denver
Napa Valley
Orange County
Portland
Sacramento
Salt Lake City
San Diego
San Francisco
Scottsdale
Seattle

Buchalter

Tim Hansen
October 3, 2023
Page 2

4. Confirm whether the paper mill is currently producing products.

Additionally, we have been advised (i) that the paper mill has been without gas and electricity because of unpaid bills, and (ii) that the pump that keeps water from the Cheboygan River out of the paper mill is not functioning, thereby threatening the equipment located within the paper mill. Given the Court's preliminary injunction enjoining any damage to equipment, please affirm the status of the paper mill's gas and electricity, the pump's functioning, and the equipment's condition.

On September 29, 2023, and October 2, 2023, I emailed you requesting this information but did not receive a response. Please respond in writing to this letter by Friday, October 6, 2023, as our clients are concerned about the condition of the equipment.

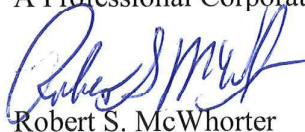
B. First Amended Complaint/Kip Boie

Yesterday, our clients filed an amended complaint, adding Tissue Depot, Inc. and Cheboygan Energies & Biofuel Corp. as defendants. Please confirm whether you will accept the service of the amended complaint. We also need to complete Kip Boie's deposition. I propose that we complete his deposition over the next few weeks. Please circulate dates that you are available. Please provide this information by October 6, 2023. If I do not hear from you by this date, we will pursue personal service of the amended complaint.

Thank you for your cooperation. I look forward to hearing from you.

Respectfully submitted,

BUCHALTER
A Professional Corporation



Robert S. McWhorter

RSM:dp

cc: Mark Scott, Esq. (via email)

EXHIBIT D

From: [McWhorter, Robert S.](#)
To: "Chris Nyenhuis"; Kimberly Genther
Cc: thansen@hansenreynolds.com; tjanczewski@hansenreynolds.com; Scott, Mark M.; "Joe Grekin"; Waldrop, Elizabeth
Subject: RE: Prime Alliance v. The Great Lakes Tissue Company [IWOV-BN.FID4322580]
Date: Wednesday, October 11, 2023 11:25:55 AM
Attachments: [image001.jpg](#)

All

I appreciate that, but I am concerned about the equipment's condition. Please update me on what you know.

Rob

Buchalter

Robert S. McWhorter

Shareholder

T (916) 945-5188

C 916-899-1099

rmcwhorter@buchalter.com

500 Capitol Mall, Suite 1900
Sacramento, CA 95814-4737
www.buchalter.com | [Bio](#)

From: Chris Nyenhuis <cnyenhuis@hilgerhammond.com>
Sent: Wednesday, October 11, 2023 11:21 AM
To: McWhorter, Robert S. <rmcwhorter@buchalter.com>; Kimberly Genther <kgenther@hilgerhammond.com>
Cc: thansen@hansenreynolds.com; tjanczewski@hansenreynolds.com; Scott, Mark M. <msscott@buchalter.com>; 'Joe Grekin' <JGrekin@schaferandweiner.com>; Waldrop, Elizabeth <ewaldrop@buchalter.com>
Subject: RE: Prime Alliance v. The Great Lakes Tissue Company [IWOV-BN.FID4322580]

This message has originated from an External Email. cnyenhuis@hilgerhammond.com
<cnyenhuis@hilgerhammond.com>:

Rob,

I anticipate filing a motion to withdraw shortly.

Regards,

Chris

Christopher E. Nyenhuis

Shareholder



office: 616.458.3600

direct: 616.726.2411

cell: 616.443.2769

hilgerhammond.com

From: McWhorter, Robert S. <rmcwhorter@buchalter.com>

Sent: Wednesday, October 11, 2023 2:19 PM

To: Chris Nyenhuis <cnyenhuis@hilgerhammond.com>; Kimberly Genther
<kgenther@hilgerhammond.com>

Cc: thansen@hansenreynolds.com; tjanczewski@hansenreynolds.com; Scott, Mark M.
<mscott@buchalter.com>; 'Joe Grekin' <JGrekin@schaferandweiner.com>; Waldrop, Elizabeth
<ewaldrop@buchalter.com>

Subject: FW: Prime Alliance v. The Great Lakes Tissue Company [IWOV-BN.FID4322580]

All

I received Tim and Tom's motions to withdraw. Christopher has not filed a motion. Until the motions to withdraw are granted, we still need a response to the issues raised in my letter.

Rob

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From: McWhorter, Robert S. <rmcwhorter@buchalter.com>

Sent: Wednesday, October 11, 2023 8:44 AM

To: thansen@hansenreynolds.com; tjanczewski@hansenreynolds.com

Cc: Scott, Mark M. <mscott@buchalter.com>; Joe Grekin <JGrekin@schaferandweiner.com>;
Waldrop, Elizabeth <ewaldrop@buchalter.com>
Subject: Prime Alliance v. The Great Lakes Tissue Company [IWOV-BN.FID4322580]

Tim/Thomas

I emailed and wrote you on September 9, 2023, October 2, 2023, and October 3, 2023, asking about (i) the fire that occurred at The Great Lakes Tissue Company, (ii) insurance, and (iii) acceptance of service of the amended complaint. My most recent letter is attached. Despite my efforts, I have not heard anything from you. I also recently learned that Tissue Depot, Inc. and Cheboygan Entergeries & Biofuels' purported principal place of business in Wisconsin is boarded up and closed. We have heard rumors that the paper mill is not operating and has no power due to the fire and nonpayment of utilities, which could jeopardize the equipment because the pump in the warehouse keeps water out of it. Please respond today in writing to our request for information.

Rob

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EXHIBIT E

From: [Tim Hansen](#)
To: [McWhorter, Robert S.](#); ["Chris Nyenhuis"](#); [Kimberly Genther](#)
Cc: [Thomas Janczewski](#); [Scott, Mark M.](#); ["Joe Grekin"](#); [Waldrop, Elizabeth](#)
Subject: RE: Prime Alliance v. The Great Lakes Tissue Company [IWOV-BN.FID4322580]
Date: Wednesday, October 11, 2023 1:32:01 PM
Attachments: [image002.jpg](#)
[image003.jpg](#)

This message has originated from an **External Email**. thansen@hansenreynolds.com
<thansen@hansenreynolds.com>:

My understanding is that none of the equipment was located in the building that burned. Sorry for the delay in getting back to you.

Timothy M. Hansen

ATTORNEY AT LAW

D: 414.273.8473

C: 414.403.2155



From: McWhorter, Robert S. <rmcwhorter@buchalter.com>
Sent: Wednesday, October 11, 2023 1:26 PM
To: 'Chris Nyenhuis' <cnyenhuis@hilgerhammond.com>; Kimberly Genther <kgenther@hilgerhammond.com>
Cc: Tim Hansen <thansen@hansenreynolds.com>; Thomas Janczewski <TJanczewski@hansenreynolds.com>; Scott, Mark M. <mscott@buchalter.com>; 'Joe Grekin' <JGrekin@schaferandweiner.com>; Waldrop, Elizabeth <ewaldrop@buchalter.com>
Subject: RE: Prime Alliance v. The Great Lakes Tissue Company [IWOV-BN.FID4322580]

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Rob

Buchalter

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Shareholder

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Sacramento, CA 95814-4737
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To: McWhorter, Robert S. <rmcwhorter@buchalter.com>; Kimberly Genther <kgenther@hilgerhammond.com>
Cc: thansen@hansenreynolds.com; tjanczewski@hansenreynolds.com; Scott, Mark M. <msscott@buchalter.com>; 'Joe Grekin' <JGrekin@schaferandweiner.com>; Waldrop, Elizabeth <ewaldrop@buchalter.com>
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<cnnyenhuis@hilgerhammond.com>:

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Regards,

Chris

Christopher E. Nyenhuis

Shareholder



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cell: 616.443.2769
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Waldrop, Elizabeth <ewaldrop@buchalter.com>

Subject: Prime Alliance v. The Great Lakes Tissue Company [IWOV-BN.FID4322580]

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Rob

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EXHIBIT F

1 UNITED STATES DISTRICT COURT
2 EASTERN DISTRICT OF MICHIGAN - NORTHERN DIVISION
3

4 PRIME ALLIANCE BANK, INC., a
5 Utah banking corporation; and
6 SERTANT CAPITAL, LLC, a Delaware
7 limited liability company,

8 Plaintiffs,

9 v.

Case No. 1:23-cv-

10 THE GREAT LAKES TISSUE COMPANY, 10564-LJM-PTM
11 a Michigan corporation,
12 Defendant.
13

14 VIDEOCONFERENCE DEPOSITION OF KEN SCHLEBEN
15 AS 30(b)(6) REPRESENTATIVE FOR
16 THE GREAT LAKES TISSUE COMPANY

17 DATE: Thursday, May 25, 2023

18 TIME: 10:03 a.m.

19 LOCATION: Remote Proceeding

20 Mount Clemens, MI 48043

21 REPORTED BY: Alexandra Hobrecht, Notary Public

22 JOB NO.: 5936688
23
24
25

A P P E A R A N C E S

ON BEHALF OF PLAINTIFFS PRIME ALLIANCE BANK, INC. AND
SERTANT CAPITAL, LLC:

ROBERT MCWHORTER, ESQUIRE (by videoconference)
Buchalter
500 Capitol Mall, Suite 1900
Sacramento, CA 95814
rmcwhorter@buchalter.com
(916) 945-5170

ON BEHALF OF DEFENDANT THE GREAT LAKES TISSUE COMPANY:

THOMAS JANCZEWSKI, ESQUIRE (by videoconference)
Hansen Reynolds, LLC
301 N. Broadway, Suite 400
Milwaukee, WI 53202
tjanczewski@hansenreynolds.com
(414) 455-0982

I N D E X

| EXAMINATION: | PAGE |
|------------------|------|
| By Mr. McWhorter | 6 |

E X H I B I T S

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D O C U M E N T S R E Q U E S T E D

| NO. | DESCRIPTION | PAGE |
|-----|--|------|
| 1 | Receipt for Compressor - Late Marked Exhibit 4A | 57 |

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

2 THE REPORTER: Good morning. My name
3 is Alexandra Hobrecht; I am the reporter assigned by
4 Veritext to take the record of this proceeding. We
5 are now on the record at 10:03 a.m.

6 This is the deposition of Ken Schleben
7 taken in the matter of Prime Alliance Bank, Inc., et
8 al. vs The Great Lakes Tissue Company on Thursday, May
9 25, 2023, remote via Zoom.

10 I am a notary authorized to take
11 acknowledgments and administer oaths in Michigan.
12 Parties agree I will swear in the witness remotely.

13 Additionally, absent an objection on
14 the record before the witness is sworn, all parties
15 and the witness understand and agree that any
16 certified transcript produced from the recording of
17 this proceeding:

18 - is intended for all uses permitted
19 under applicable procedural and
20 evidentiary rules and laws in the same
21 manner as a deposition recorded by
22 stenographic means; and
23 - shall constitute written stipulation
24 of such.

25 At this time will everyone in

Page 4

1 attendance please identify yourself for the record.

2 MR. SCHLEBEN: My name is Ken Schleben.

3 MR. MCWHORTER: For the record, Robert
4 McWhorter, appearing on behalf of the plaintiffs.

5 MR. JANCZEWSKI: Thomas Janczewski,
6 attorney appearing on behalf of Defendant Great Lakes
7 Tissue Company.

8 THE REPORTER: Thank you. Hearing no
9 objection, I will now swear in the witness.

10 If you could just raise your right hand
11 for me, sir. Thank you.

12 WHEREUPON,

13 KEN SCHLEBEN,
14 called as a witness, and having been first duly sworn
15 to tell the truth, the whole truth, and nothing but
16 the truth, was examined and testified as follows:

17 THE REPORTER: Excellent. We may now
18 begin.

19 MR. MCWHORTER: Tom, before we start I
20 want to just place some of the stipulations -- I think
21 the court reporter may have just covered them just
22 now, but I want to just place some logistical
23 stipulations on the record.

24 Given the fact that we're taking
25 this -- it is stipulated by the parties this

1 deposition can be remote; correct?

2 MR. JANCZEWSKI: Correct.

3 MR. MCWHORTER: And that the location,
4 for purposes of the location of this examination, is
5 Michigan, even though we're remote. Because I believe
6 you're in Wisconsin, I'm in California, and
7 Mr. Schleben is in Michigan; is that correct?

8 MR. JANCZEWSKI: Yes, right. That's
9 correct.

10 MR. MCWHORTER: Okay. That's all I
11 wanted, that's fine.

12 EXAMINATION

13 BY MR. MCWHORTER:

14 Q Mr. Schleben, can you please state your full
15 name for the record?

16 A Kenneth Earl Schleben.

17 Q Okay. Mr. Schleben, have you ever been
18 deposed before?

19 A No, I have not.

20 Q Okay. So I'm going to go over the ground
21 rules. So the court reporter just gave you an oath.
22 So even though this deposition is being taken in a
23 relatively informal setting, you're under oath, you're
24 sworn to tell the truth, and the effect of that oath
25 is the same as if you were testifying in court. Do

Page 6

1 you understand that?

2 A Yes, I do.

3 Q Okay. And you have to give audible answers.
4 Even though the court reporter may be recording this
5 deposition, you have to give audible answers so that
6 the court reporter can take that down. Do you
7 understand that?

8 A Yes, I do.

9 Q Okay. And also, because the court reporter
10 can't type over people, let me finish my questions
11 before you answer; fair enough?

12 A Yes, sir.

13 Q Okay. If there's any question that's
14 unclear, or you don't understand to what that question
15 is, let me know, and I will try to rephrase it; fair
16 enough?

17 A Yes, sir.

18 Q Okay. And if you provide an answer, I'm
19 going to assume that you understood the question.

20 A Yes, sir.

21 Q And if you need a break at any time, let me
22 know. We're happy to take any break.

23 In terms of the deposition transcript,
24 you'll be given an opportunity to review that
25 transcript. And if you make changes to that

1 transcript, we have the right to comment on the
2 credibility of those changes. Do you understand that?

3 A Yes, I do.

4 Q Okay. I'm entitled to your best estimate as
5 to the information. Do you understand the difference
6 between an estimate and a guess?

7 A Yes.

8 Q Okay. Just so you understand, make sure
9 it's clear, you know, if I asked you to estimate the
10 length of the table in your dining room, you could do
11 that because you've seen it. But you couldn't
12 estimate the table in my dining room because you have
13 never been there, and that would be a guess.
14 Understand the difference?

15 A Yes -- yes.

16 Q Okay. Have you taken any medication or is
17 there any reason that would affect your ability to
18 testify truthfully today?

19 A No.

20 Q Okay. And so is there any reason why you
21 can't testify competently today?

22 A No.

23 Q Okay. Great. Mr. Schleben, you reside at
24 6905 US Highway 23, Cheboygan, Michigan; correct?

25 A Yes.

1 Q Okay. What's your educational background
2 briefly?

3 A Twelve years high school, one year college.

4 Q And where did you attend the one year?

5 A Petoskey College.

6 Q What did you study?

7 A Computer.

8 Q Who is your current employer?

9 A Tissue Depot.

10 Q Is that Tissue Depot, Inc.?

11 A Yes.

12 Q Are you currently employed with any other
13 entity?

14 A No.

15 Q How long have you been employed with Tissue
16 Depot, Inc.?

17 A Since first of the year.

18 Q So since January 1, 2023?

19 A Correct.

20 Q Okay. What is your current position with
21 Tissue Depot, Inc.?

22 A President.

23 Q And how long have you been president of
24 Tissue Depot, Inc.

25 A Eight days.

1 Q You became president May 15, 2023?

2 A Yes.

3 Q Prior to May 15, 2023, what position did you
4 hold at Tissue Depot, Inc.?

5 A Team leader for two years, manager for 18
6 years.

7 Q So when you say you were a team leader for
8 two years and a manager for 18 years, so that's a
9 total of twenty years; right?

10 A Yes.

11 Q Okay. So you indicate 20 years, yet you
12 started with Tissue Depot, Inc. as of January 1, 2023.
13 Is that because prior to January 1, 2023, you were
14 employed by The Great Lakes Tissue Company, Inc.;
15 correct?

16 A Correct.

17 Q And just for the ease of sake of not having
18 to say that whole entire lengthy name, I'm just going
19 to call it Great Lakes; is that fair enough?

20 A Correct. Yeah, that's good. That's okay.

21 Q That's a long name. So --

22 MR. JANCZEWSKI: Can I make a point to
23 keep the record clear? Because there are two entities
24 named Great Lakes, can you be clear whether you're
25 talking about the company or the group? There is also

1 an entity called The Great Lakes Tissue Group, so --

2 MR. MCWHORTER: So if I refer to Great
3 Lakes Tissue Group, LLC, I will specifically identify
4 that as opposed -- everything else Great Lakes will be
5 the defendant in this case; is that clear enough?

6 MR. JANCZEWSKI: Okay, perfect.

7 Perfect, yes.

8 BY MR. MCWHORTER:

9 Q Is that fair enough, sir?

10 A Yes.

11 Q Okay. So just so I understand, from May 15,
12 2023 -- sorry. From January 1, 2023, to May 15, 2023,
13 you were a team leader at the Tissue Depot, Inc.;
14 correct?

15 A Yes.

16 Q And then prior to that you were a team
17 leader for Great Lakes?

18 A Correct.

19 Q Okay. What were your duties and
20 responsibilities as team leader?

21 A My duties consisted of employee management,
22 time, safety duties. Also monitoring the entire
23 facility for fire safety.

24 Q Anything else?

25 A No, that's -- that's -- I -- I was the one

1 leading the individuals on my crew.

2 Q So is it fair to say that basically you
3 would oversee operations of the mill; is that fair?

4 A Yes, plant wide.

5 Q And did part of that supervision or
6 oversight involve the equipment located at the mill?

7 A Only as far as runnability and the safe
8 running of equipment that we were currently using.

9 Q What do you mean by runnability?

10 A Make sure it had truck check list done,
11 check the fluids, make sure it was safe to run for the
12 employee to use.

13 Q So runnability means checking the fluids and
14 making sure that it has the proper oil, or whatever
15 other --

16 A Correct.

17 Q Got it. Just so we're clear, where is the
18 mill located?

19 A Cheboygan, Michigan, 49721.

20 Q It's located at 437 South Main; correct?
21 Cheboygan, Michigan?

22 A Correct.

23 Q Okay. With respect to Great Lakes -- I'm
24 talking about Great Lakes -- did Great Lakes, at least
25 prior to January 1, 2023, only operate at one

1 location?

2 A As far as I know, yes.

3 Q Okay. And is that true today that the
4 Tissue Depot only operates at one location?

5 A I don't know all the facts about Tissue
6 Depot. I -- I can't answer that without -- I'm -- I'm
7 confused about the question.

8 Q Okay. So Great Lakes' principal place of
9 business is the 437 South Main, Cheboygan, Michigan,
10 address; correct?

11 A Yes.

12 Q Okay. What is the principal place of
13 business of Tissue Depot, Inc.?

14 A 437 South Main Street.

15 Q Okay. In Michigan, does Tissue Depot, Inc.
16 operate anywhere else, to your knowledge?

17 A No. No, not to my knowledge.

18 Q Okay. Tissue Depot, Inc. also has
19 facilities in Wisconsin; correct?

20 A So I'm told. I don't know that factually.

21 Q Okay. You've never been there?

22 A I've never been there.

23 Q Okay. Are you familiar with the address 502
24 South Main?

25 A Yes, I am.

1 Q What is that?

2 A That is our -- what we call west warehouse.

3 Q Is that connected to 437 South Main?

4 A No, it's a separate building.

5 Q Got it. Who occupies 502 South Main?

6 A I'm told it's a -- a new biofuel company.

7 Q Do you know what the name of the biofuel
8 company is?

9 A No, I don't. Not offhand. Not without
10 guessing.

11 Q Is it Patriot Advanced Environmental
12 Technologies, LLC?

13 A Yes.

14 Q Is someone sitting next to you that's
15 talking to you?

16 A Yes, Sherry. You want her out of the room?

17 Q Well, I'd prefer to have her not answer the
18 questions.

19 MR. JANCZEWSKI: Yeah, Ken, you should
20 have Sherry leave.

21 THE WITNESS: She's leaving.

22 MR. JANCZEWSKI: And if you -- if we
23 need Sherry to answer certain questions, then we can
24 get her sworn in and she can give testimony.

25 THE WITNESS: Got it. I didn't -- I

1 apologize. I'm sorry.

2 MR. MCWHORTER: Okay.

3 BY MR. MCWHORTER:

4 Q So 502 South Main is currently occupied by
5 Patriot Advanced Environmental Technologies, LLC;
6 correct?

7 A The -- all the names -- I -- I don't have
8 the answer for that because they're not even in the
9 set up stage yet. It's -- they bought the building,
10 there's plans to move forward with the business in
11 there, but they not -- they are not currently in there
12 that I know of.

13 Q Prior to January 1, 2023, did Great Lakes
14 occupy 502 South Main?

15 A Yes.

16 Q And what did Great Lakes use that facility
17 for?

18 A To put excess polly in that building.

19 Q I'm sorry, excess polly?

20 A Yes, it's a plastic waste that we get out of
21 our paper making process.

22 Q So does Great Lakes still -- I'm sorry, did
23 you say to store the polly -- the excess polly?

24 A Yes.

25 Q You store it?

1 A Yes. They were moving it from 437 South
2 Main Street to 502 because they had floor space over
3 there, to clean up this side of the building so they
4 could make it cleaner for the employees on this side.

5 Q Got it. So was the cleaning up, was that
6 occurring prior to January 1, 2023?

7 A Yes, it was.

8 Q Okay. How long had that been occurring?

9 A The exact days, I don't know.

10 Q Okay. Was it more than a year?

11 A Months -- months.

12 Q Months?

13 A It was -- I'm going to say four months.

14 Q Okay. And so since January 1, 2023, is that
15 process going forward? Are you continuing to store
16 excess polly -- let me strike that.

17 Since January 1, 2023, is Tissue Depot, Inc.
18 now storing the excess polly at the 502 South
19 warehouse?

20 A There's no -- no, we're -- we're not even
21 running, so we're not making polly at this point in
22 time.

23 Q Got it. Do you know when the biofuel
24 company bought the building at 502 South Main Street?

25 A No, that was before my time sitting here. I

1 don't have that date.

2 Q What do you mean before your time? You've
3 been with the company for 20 years plus.

4 A Right. Some information was not given to
5 just everybody.

6 Q Got it. So you don't have any knowledge or
7 information relating to the purchase of 502 South Main
8 Street?

9 A Yes, that's what I'm saying. I -- I don't
10 know them dates.

11 Q Okay. But prior to January 1, 2023, Great
12 Lakes used 502 South Main Street in its operations?

13 A Yes.

14 Q Okay. And after January 1, 2023, Great
15 Lakes no longer used 502 South Main Street; is that
16 fair?

17 A Yes.

18 Q Okay. So why did you become president on
19 May 15, 2023?

20 A The executive vice president, Brent
21 Herriman, had another job offer and resigned from the
22 position. With a background of management, they asked
23 me if I would step up and help the company. And I
24 said yes. And I'm doing -- oops, sorry.

25 Q No, go ahead. I'm sorry, I didn't

1 mean -- go ahead, sir.

2 A The main reason why I stepped up and took
3 this position is for the 38 employees and families
4 that are currently here needing a job, and the other
5 60 plus employees that are laid off, and their
6 families, hoping to get them all back to work so we
7 can continue to thrive in Cheboygan.

8 Q Was Mr. Herriman the president of Tissue
9 Depot, Inc. prior to May 15, 2023?

10 A No.

11 Q He was the vice president?

12 A What date are you asking about?

13 Q Well, prior to you becoming president, who
14 was the president of Tissue Depot, Inc.?

15 A That I don't know. Brent Herriman was the
16 executive vice president.

17 Q Was Jeff Prange the president of Tissue
18 Depot, Inc. prior to May 15th?

19 A I do not know that answer.

20 Q Who are the other officers of Tissue Depot,
21 Inc.?

22 A I only know of one that is currently here,
23 and that would be Mike Ball.

24 Q And what's Mike Ball's title?

25 A Part owner, officer. I -- like I said,

1 I -- I don't know that -- that list of names.

2 Q Okay.

3 MR. JANCZEWSKI: Can I -- I'm going to
4 object in the sense this is a 30(b)(6), and this
5 witness was specifically put forth to talk about the
6 equipment. And he's being asked a lot of questions
7 about ownership interests, and who owns what, and
8 positions.

9 It's really, you know, it's outside of
10 the scope of what he's here to present. You can ask
11 them but, you know, I don't think it's going to be
12 fruitful information, you know, or binding on Great
13 Lakes Tissue Company.

14 MR. MCWHORTER: Well, I'm just trying
15 to figure out why I have the president of Tissue
16 Depot, Inc. when we're talking about Great Lakes. So
17 I think I have a right to go into this to explore who
18 was designated, and what the background is.

19 MR. JANCZEWSKI: Well, the reason
20 you're talking to Ken first is because you wanted to
21 talk about the equipment. If you want to talk about,
22 you know, some of the other questions you're asking,
23 those would be more appropriate for Don when the time
24 comes.

25 But, you know, I'll let you continue.

1 But I just, you know, maybe it would -- you know,
2 understand that Ken is probably not the correct
3 witness for the questions that you're asking.

4 MR. MCWHORTER: Okay.

5 BY MR. MCWHORTER:

6 Q So Mike Ball is an officer of Tissue Depot,
7 Inc.; correct?

8 A Again, I don't know all that information.
9 His exact title I don't know. I just know that he's
10 here.

11 Q What does Mike Ball do?

12 A He helps us to achieve startup of the tissue
13 machine.

14 Q How long has Mike Ball been employed by
15 Tissue Depot, Inc., if you know?

16 A Oh, I don't know that answer.

17 Q Was Mike Ball employed with Great Lakes
18 prior to January 1, 2023?

19 A No, I -- no.

20 Q You testified that the reason you became
21 president is for the 38 employees and the 60 laid off
22 employees; correct?

23 A Yes.

24 Q Okay. Is that how many employees are
25 currently employed at the mill?

1 A No, 38 is -- that's the number we have right
2 now.

3 Q Thirty-eight employees at 437 South Main;
4 correct?

5 A Yes.

6 Q Okay. And of those 38 employees, were those
7 38 employees employed with Great Lakes prior to
8 January 1, 2023?

9 A Yes.

10 Q And are those same 38 employees now employed
11 with Tissue Depot, Inc.?

12 A Yes.

13 Q And you said that there were 60 laid off
14 employees. What did you mean by that?

15 A Great -- Great Lakes Tissue Group laid off
16 individuals when they shut the paper machine down and
17 took the roof off the north end.

18 Q That was in December of 2022; correct?

19 A Yes.

20 Q So since at least December 2022, Great Lakes
21 laid off 60 employees?

22 A Give or take. I don't know the exact
23 number. Don't quote me just on 60. It could be 58,
24 it could have been 62. I don't have that exact
25 number.

1 Q Understand. But you're confident there are
2 currently 38?

3 A Yes.

4 Q Have there been any layoffs since January 1,
5 2023, of employees?

6 A No.

7 Q Okay. Who is the president of Great Lakes
8 currently?

9 A I don't have that answer -- I don't have
10 that answer.

11 Q Are you a director of Tissue Depot, Inc.?

12 A No.

13 Q Are you a shareholder --

14 MR. JANCZEWSKI: Hold on. What do you
15 mean by director? Director of what?

16 MR. MCWHORTER: There's a board of
17 directors for a corporation. You can -- shareholders
18 elect directors, directors run the company, directors
19 appoint the officers.

20 THE WITNESS: No.

21 MR. MCWHORTER: That's how corporations
22 work.

23 BY MR. MCWHORTER:

24 Q So are you a director?

25 A No.

1 Q Okay. Are you a shareholder of Tissue
2 Depot, Inc.?

3 A They had given me shares just last week.

4 Q So you have shares in Tissue Depot, Inc.?

5 A Yes, that's what they tell me.

6 Q Do you know how many shares you have?

7 A No, I haven't even seen that document. I
8 don't -- to say I have shares, I've signed nothing,
9 I've seen nothing. This is all verbal.

10 Q And Tissue Depot, Inc. is a Wisconsin
11 corporation; correct?

12 A Yes, that's what I'm told.

13 MR. JANCZEWSKI: Again, I'm going to
14 object that it's way outside the scope of this
15 witness' information, and it's not why he's put forth.
16 BY MR. MCWHORTER:

17 Q Mr. Schleben, do you know why is it that as
18 of January 1st you're now employed with Tissue Depot,
19 Inc., whereas prior to that time you were employed by
20 Great Lakes?

21 MR. JANCZEWSKI: Object. This witness
22 is presented to answer questions about the equipment.
23 BY MR. MCWHORTER:

24 Q Mr. Schleben?

25 A Yes, sir?

1 Q Can you answer that question?

2 MR. JANCZEWSKI: You can answer it,
3 Ken.

4 THE WITNESS: Repeat it, please.
5 BY MR. MCWHORTER:

6 Q Why is it that as of January 1, 2023, you
7 were employed by Tissue Depot, Inc., but prior to that
8 time you were employed by Great Lakes?

9 A They sold the company. It changed hands,
10 ownership.

11 Q Were you involved at all in the change of
12 ownership between Great Lakes and the Tissue Depot,
13 Inc.?

14 A No, I was not.

15 Q Okay. Just so I'm clear, I think I asked
16 this. Prior to January 1, 2023, did Great Lakes have
17 any other manufacturing plant other than the 437 South
18 Main?

19 A I don't -- I don't know that. I don't know
20 that.

21 Q Okay. You indicated that in December 2022,
22 they had to take the roof off.

23 A Yes.

24 Q Okay. Why did they have to take the roof
25 off?

1 A They took it off because it was an employee
2 hazard to go underneath it. And they took it off
3 because they have plans on putting a new roof on it,
4 the new building there.

5 Q A new building or a new roof?

6 A A -- it'll be a new building: walls, sides,
7 roof.

8 Q And who's the "they"?

9 A That I don't know -- Tissue Depot, I
10 believe. I'm speculating, I don't know that answer a
11 hundred percent confidently.

12 Q Okay. How many employees currently does
13 Great Lakes have?

14 A I do not know. Zero that I'm aware of,
15 'cause we're Tissue Depo now.

16 Q Okay. And how many employees did Great
17 Lakes have as of December 31, 2022?

18 A Thirty-eight, the others got laid off.

19 Q And how many employees did Great Lakes have
20 as of September 1, 2022?

21 A The 38 plus the laid off individuals.

22 Q Got it. Sherry Caldwell was here a few
23 minutes ago and we asked her to leave. What is her
24 title?

25 A I -- I don't know what title she was given,

1 but she's up front as -- I'm not sure her title.

2 Q Is she a sales and customer service person?

3 A Yes, that's part of her responsibility.

4 Q Okay. And she was a sales and customer
5 service person for Great Lakes?

6 A Yes.

7 Q How long was Sherry Caldwell employed with
8 Great Lakes approximately?

9 A Approximately --

10 MR. JANCZEWSKI: Again, I'm going to
11 object that this has nothing to do with equipment.
12 That's why this witness is testifying, that's why we
13 put him up first. If you want to ask these questions,
14 you should have asked Don to go first.

15 But you may answer, Ken, if you can.

16 THE WITNESS: All right. The whole
17 time Great Lakes was the owner, she was here.

18 BY MR. MCWHORTER:

19 Q And she's now employed with Tissue Depot;
20 correct?

21 A Correct.

22 Q Okay. If you can -- do you have the
23 exhibits that were sent?

24 A No, I don't. What do you mean exhibits?

25 MR. MCWHORTER: Tom, did you provide

1 the exhibits that I emailed last night? You're on
2 mute.

3 MR. JANCZEWSKI: I did not send him the
4 exhibits yet. I assumed you would bring them up on
5 your screen.

6 MR. MCWHORTER: Okay.

7 BY MR. MCWHORTER:

8 Q Mr. Schleben, I'm going to show you what's
9 marked as Exhibit 1.

10 (Exhibit 1 was marked for
11 identification.)

12 It's a Notice of Deposition of The Great
13 Lakes Tissue Company per Rule 30(b)(6) of the Federal
14 Civil Procedure. Have you seen this document before?

15 A Yes, I -- yes. That's one I was working on.

16 Q Okay. When were you given Exhibit 1?

17 A Monday.

18 Q So May 22, 2023; correct?

19 A Correct.

20 Q Okay. And so do you recall whether you were
21 given it in the morning or the evening?

22 A In the morning.

23 Q Morning, okay. And so you were designated
24 for topics 1 through 11 of Exhibit 1; correct?

25 A Yes.

1 Q Okay. And given that you are the president
2 of Tissue Depot, Inc. as opposed to a representative
3 of Great Lakes, why are you the appropriate person to
4 speak on behalf of Great Lakes regarding topics 1
5 through 11?

6 A I believe Tom would have to answer that
7 question.

8 Q You don't know?

9 A No, they -- they asked me to do it.

10 Q Who's "they"?

11 A Tom.

12 MR. JANCZEWSKI: I'm going to object.
13 He is presented because, you know, we needed to
14 educate someone who could get up to speed on the
15 equipment, and, as you can tell, we're operating on a
16 shoestring here. But the witness himself would not
17 know necessarily why he is the most appropriate
18 witness to testify about these topics.

19 BY MR. MCWHORTER:

20 Q Okay. What did you to do prepare for
21 today's deposition to testify regarding topics 1
22 through 11?

23 A I interviewed three individuals that I knew
24 would have helped, or knew, or had information about
25 these 21 pieces of equipment that are in question.

1 And I also got ahold of the company where the
2 equipment was disposed of and asked for documents
3 proving that that equipment did, and when it arrived
4 there.

5 Q Got it. Who were the three individuals that
6 you spoke with or interviewed?

7 A They were my mechanics. One was Darrin
8 Edler.

9 Q Spell it?

10 A D-A-R-R-I-N E-D-L-E-R.

11 Q Okay. What's the next person's name?

12 A Bill, B-I-L-L, Sidlinker, S-I-D-L-I-N-K-E-R.

13 Q And the third person?

14 A I only know his first name, Nate. He's our
15 truck mechanic.

16 Q Okay. What is Darrin Edler's position?

17 A He is supervising the maintenance
18 department.

19 Q Does he have any other title to your
20 knowledge?

21 A No.

22 Q How long has Mr. Edler been employed with
23 Great Lakes?

24 A The whole time they owned it.

25 Q And he's now a Tissue Depot employee?

1 A Correct.

2 Q Bill Sidlinker, I'm not sure if I pronounced
3 that correctly. What is his title?

4 A Maintenance.

5 Q And you have Nate, the truck mechanic.
6 Okay. So let me ask you a question. Did you make a
7 determination -- on the equipment that's identified in
8 topic 1, the 21 pieces of equipment, did you confirm
9 whether or not that equipment is located at 437 South
10 Main?

11 A Yes.

12 Q And what did you determine?

13 A None of that equipment is here in this -- at
14 437 South Main.

15 Q So it's fair to say that -- just for the
16 sake of ease, I'm going to call that the missing
17 equipment, because I need to call it something; is
18 that fair?

19 A Yes.

20 Q Okay. Is it fair to say that neither Tissue
21 Depot, Inc. nor Great Lakes are in possession,
22 custody, or control of any of the missing equipment;
23 correct?

24 A Correct.

25 Q Okay. And so did you come to a

1 determination as to what happened to the missing
2 equipment?

3 A Yes.

4 Q Okay. And what conclusion did you reach?

5 A The equipment was inoperable, unsafe to use,
6 and scrapped.

7 Q And is that for all of the 21 pieces of
8 equipment?

9 A Yes.

10 Q Okay. So if I went through each and every
11 list, your answer would be the same to each of the 21
12 pieces of equipment?

13 A Yes.

14 Q Okay. And how did you learn that the
15 equipment was inoperable or scrapped?

16 A Well, inoperable would have been the truck
17 mechanic, Nate, confirmed it. Scrapped was the
18 receipts received from Kling's, which also had dates
19 on them.

20 Q Okay. So let's do it this way, let's -- you
21 said you spoke to Mr. Edler; correct?

22 A Yes.

23 Q Okay. How many times did you speak with
24 him?

25 A One time.

1 Q Okay. How long was your conversation with
2 him?

3 A Twenty minutes.

4 Q Okay. Was it in person?

5 A Yes.

6 Q Was anyone else present?

7 A No.

8 Q What did Mr. Edler say to you?

9 A I -- all I -- I asked him specific questions
10 and he gave me specific answers.

11 Q Well, do you recall what he said to you?

12 A Yes.

13 Q What did he say to you?

14 A I went down through the list one by one and
15 asked him if the equipment was operable, fixable. And
16 he went down through the list. And then I asked him
17 if he knew where that equipment went, and he gave me
18 an answer.

19 I asked him was it Tissue Depot or Great
20 Lakes and he gave me that answer. And then the next
21 question I asked him is if it was Tissue Depot, what
22 time of the year do you think it happened.

23 Q Okay. And so what did Mr. Edler say
24 regarding whether the -- is there anything else that
25 you asked him?

1 A No, them are the only questions.

2 Q Okay. What did Mr. Edler say relating
3 to -- well, first of all, let me say this -- was
4 Mr. Edler familiar with the list of the equipment?

5 A Every one of them except one.

6 Q Which one was that?

7 A Hold on one minute, let me get the list.
8 Number 16, the Nissan #8.

9 Q He was not familiar with number 16?

10 A Correct.

11 Q Okay. But he was familiar with the other
12 20?

13 A Correct.

14 Q Okay. And Mr. Edler indicated to you that
15 the equipment was inoperable; is that fair?

16 A Yes.

17 Q And he indicated that it couldn't be fixed;
18 correct?

19 A Correct.

20 Q Okay. Did he explain why any of the
21 equipment couldn't be fixed, or why it was inoperable?

22 A No, I -- no. I didn't get -- I didn't get
23 into it that specific.

24 Q Got it. And so you asked him if he knew
25 where or what happened to the equipment?

1 A Yes.

2 Q What did he say?

3 A All equipment went to Kling's.

4 Q Is that K-L-I-N-G-S?

5 A Yes.

6 Q Okay. Did Mr. Edler indicate to you how he
7 knew that it went to Kling's?

8 A Yeah, he was one of them that helped remove
9 it, load it.

10 Q Okay. And you asked him whether it was
11 Tissue Depot or Great Lakes, and what did he say?

12 A If you went down through the list, it would
13 have been probably 80 percent -- I'd -- I'd have to go
14 down the list individually.

15 Q Do you have -- can we go down the list?
16 Let's go down the list.

17 A Number 1 -- and just for reference, Great
18 Lakes -- Great Lakes. Number 2, Great Lakes. Number
19 3, Great Lakes. Number 4, Great Lakes. Number 5,
20 Great Lakes. Number 6, Great Lakes. Number 7, Great
21 Lakes.

22 Number 8, Tissue Depot, early on, January.
23 Number 9, Tissue Depot, early on, January. Number 10,
24 Great Lakes. Number 11, Great Lakes. Number 12,
25 Great Lakes.

1 Number 13, that would have been Tissue
2 Depot, February, March; 14 would have been Tissue
3 Depot, January; 15 would have been Tissue Depot,
4 January.

5 Number 16, didn't know. That was before
6 both. Number 17, Great Lakes. Number 18, Great
7 Lakes. Number 19, Great Lakes. And 20 and 21 he did
8 not know about.

9 Q For the ones that you identified as Great
10 Lakes, do you have an approximate date as to when the
11 equipment would have been disposed of?

12 A I do have receipts with dates on them. I
13 can -- let me look at my information here. I have
14 dates: 6/2 of '22; 7/28 of '22; 9/8 of '22; 9/8 of
15 '22; 12/28 of '22; and 1/13 of '23 -- and 1/13 of '23.

16 Q I have the receipts, we'll go through them.
17 Can you identify what date each of the items were
18 scrapped? So, for instance, number 1, the 1985 Atlas
19 Copco, do you know when that was disposed of?

20 A 12/28 of '22.

21 Q Okay. What about the 1985 Atlas Copco,
22 number 2?

23 A I only -- I don't -- I didn't receive all.
24 I only received what they had as far as receipts.

25 Q So that one you don't know; is that fair?

1 A Unless that one is actually two, because
2 of -- of the weight.

3 Q Okay. So I'm going to share this with you.
4 Is this what you're looking at?

5 A I don't --

6 Q So, Mr. Schleben, I'm going to show you
7 what's marked as Exhibit --

8 A Okay.

9 Q Hold on one second. I'm sorry, Exhibit
10 4 -- we've marked this as Exhibit 4.

11 (Exhibit 4 was marked for
12 identification.)

13 Is this what you're referring to -- what I
14 have as page 6 of 14 -- is this the item number 1,
15 where it says "compressor"?

16 A That one is different than the one I have.

17 Q Okay. So --

18 A Oh, sorry.

19 Q Where are you getting the December 28, 2022,
20 date for item number 1?

21 A It is off the same style receipt that I
22 received yesterday by email when I asked them for
23 more -- more receipts.

24 Q Let's do it this way. So your dates for
25 when Great Lakes would have disposed of it is based

1 solely on the receipts; correct?

2 A Yes.

3 Q Okay. So let's do it this way. Let's just
4 go through each receipt, since you don't have a copy
5 of it. So page 1 of 14 for Exhibit 4, it says,
6 "Electric motors, August 23, 2022." What receipt does
7 that correspond to -- which item on the missing
8 equipment list?

9 A None.

10 Q None. Okay. Hold on. Okay. None. Which
11 item does that correspond to?

12 A It's not on this list.

13 Q Okay. What about page 3, is that
14 on -- correspond to the missing equipment list?

15 A Number 17.

16 Q So page number 3 is number 17. And how do
17 you know that the New Holland skid steer is the same
18 as the skid steer L230 with the serial number
19 MBM432589?

20 A I do not have that serial number. I could
21 only go by what the truck mechanic told me when he
22 loaded it.

23 Q So Nate the truck mechanic told you that he
24 loaded item number 17; correct?

25 A Yes.

1 Q Did he know when he loaded it?

2 A He said it was early in the year. In fact,
3 number 17, he said it was during Great Lakes.

4 Q So Nate told you that he loaded it early in
5 the year, and that it was -- did he tell you anything
6 else about number 17?

7 A Yeah, he was kind of adamant that Kip and
8 Dave Scott, the manager of maintenance, was getting
9 rid of a repairable skid steer.

10 Q So explain that to me. Dave Scott thought
11 that number -- that the skid steer was repairable,
12 fixable?

13 A No, Nate did, the truck mechanic. But he
14 was told by his boss to get rid of it.

15 Q Who is Dave Scott?

16 A No longer employed here.

17 Q In relation to Nate, what relation -- what
18 was his position?

19 A Manager of maintenance.

20 Q I'm sorry, I'm confused. You said that Dave
21 Scott -- was Nate upset because he thought it was
22 repairable? Who thought it was repairable?

23 A Nate, the truck mechanic.

24 Q Nate thought it was repairable. But Dave
25 Scott said go ahead and dispose of it anyways?

1 A Yes, because Great Lakes told him to.

2 Q And specifically, did Mr. Scott tell him to?
3 Who told him to?

4 A Mr. Scott.

5 Q And so how do you know that this receipt,
6 page 3, corresponds specifically to item 17 when
7 there's no serial number on it and it doesn't
8 specifically identify what type of skid steer?

9 A Well, I have -- I come to that conclusion
10 because we only had three skid steers that were
11 inoperable, and I have other receipts here that shows
12 that they got rid of more than just that one.

13 Q Okay. So explain to me, how -- explain your
14 conclusion as to why page 3 of Exhibit 4 corresponds
15 to item 17.

16 A Well, because they do not have the serial
17 number on that receipt, I cannot be a hundred percent
18 positive that is exactly the one.

19 Q Okay. But Nate was sure that he loaded it
20 in early 2022?

21 A Yes. In fact the reason why I'm -- I'm sure
22 one of these three receipts I have is that one is
23 because we only had three in the building that were
24 inoperable, and they were all given to Kling's in
25 about the same month. I don't know that you have the

1 other ones -- the other receipts.

2 Q Well, let's go through, okay? So page 4,
3 which one does that correspond to?

4 A It could be any number of the fork trucks on
5 that list. There's 36,000 -- or is that 38,000 pounds
6 of fork trucks on that list.

7 Q So you don't know whether this receipt
8 corresponds to anything on the missing equipment list?

9 A I do know that there -- all the fork trucks
10 are on -- one of these -- I know the -- no, that's the
11 answer.

12 Q So you don't know?

13 A Because there's no serial numbers.
14 The -- Kling's does not put serial numbers of them,
15 they put what's on the trailer when they're loading
16 it, and how many pounds, and the date they did it.
17 And we only had so many fork trucks here that were
18 inoperable.

19 Q So how many pounds is this forklift?

20 A One forklift -- you could go from the
21 heaviest, which would be 12,000 pounds, to the
22 lightest ones -- like number 6 and 7 only weigh about
23 4,000 pounds.

24 Q So this one on the receipt, it says -- in
25 the right hand corner, it says, "Gross pounds 99,060,

1 net 38,540"; do you see that?

2 A Yes.

3 Q What does that correspond to?

4 A That means there was more than one fork
5 truck on that trailer.

6 Q So does that mean that there could be more
7 than one piece of equipment on this receipt?

8 A Only forklifts.

9 Q So how much -- out of the description of the
10 equipment, the 1 through 21, which ones are forklifts?

11 A Number 3, 4, 5, 6, 7, 10, 11, 14, 15, 16,
12 18, 20, and 21.

13 Q So out of those forklifts, you can't tell me
14 whether this receipt relates to any of these
15 forklifts?

16 A Not by the serial number.

17 Q What about by the weight?

18 A Yes.

19 Q How can you by the weight?

20 A Because I have -- every fork truck has a
21 weight -- they have identification tags on them. I
22 went out and took pictures of all the fork trucks in
23 this building from the biggest one to the smallest
24 one. And that's where I come up with the biggest one
25 at 10 -- around 10,000 pounds, and the smallest one at

1 4,000 pounds. Not based on serial numbers, but just
2 the size, the capacity of them.

3 Q Okay. So you went out to the shop -- you
4 went out to the mill and looked at all the forklifts,
5 and took pictures of each of the forklifts that Tissue
6 Depot currently has; correct?

7 A Correct.

8 Q And the range of weight was between 10,000
9 and -- or 4,000 and 10,000 pounds?

10 A Correct.

11 Q Okay. So how does that show that this
12 receipt, page 4 of Exhibit 4, corresponds to any of
13 the missing equipment, based on weight?

14 A Based on weight -- like Exhibit 4 in front
15 of me -- the trailer was loaded up with forklifts.
16 The weight is 38,540 pounds. Even if they were the
17 heaviest ones, there's at least three fork trucks on
18 trailer.

19 And we did not -- and the only fork trucks
20 that were gotten rid of are the ones that were
21 inoperable, unusable, and unsafe, which are no longer
22 in this building. The only ones left are the ones
23 left in this building.

24 Q So the only forklifts that Great Lakes had
25 in 2022 or 2023 are either currently in the building

1 or on the list of missing equipment; correct?

2 A Correct.

3 Q Okay. So because of that, if there's 38
4 [sic] pounds, that means it must be some of the
5 forklifts?

6 A Correct. And there's more than just that
7 one that says forklifts.

8 Q Okay. No, I understand. So there's 38,000
9 pounds for this -- so the net 38 -- what's the tare,
10 T-A-R-E, what does that mean?

11 A The weight of the trailer.

12 Q Got it. So the gross weight with the
13 trailer and everything is 99,060; the trailer is
14 60,520; and the net would be the equipment itself?

15 A Correct.

16 Q Got it. I appreciate that. I'm not, you
17 know, a machine guy, so I appreciate that. This is
18 how it was sent to me, so anyways.

19 Exhibit 6 -- page 6 is the compressor, net
20 47,080 pounds. Which item does this correspond to?

21 A Either number 1 or number 2. And I do have
22 a receipt here for the other one, which I received
23 yesterday. That's why it was not -- it was late
24 yesterday, that's why it is not on your exhibit.

25 Q Okay. Understood. And that was December

1 28, 2022, as well -- or December 20th?

2 A No, this one is 12/28 of '22.

3 Q So we have two receipts for compressors.
4 One is December 20, 2022, and one is December 28,
5 2022; correct?

6 A Correct.

7 Q Okay. How do you know -- because again,
8 there is no serial number -- how do you know that
9 these receipts correspond to these compressors?

10 A Because we only have three compressors, and
11 two of them were removed to be replaced with newer
12 ones. And these are the only two removed from this
13 building in the time that I've been here.

14 Q Okay. And what did you learn about why the
15 two compressors were removed?

16 A One of them was a hundred percent
17 inoperable, unfixable, unused. The other one would
18 not run and keep up our plant air. So it was -- it
19 would cost too much to repair it versus putting
20 another one there.

21 Q Okay. Did you speak with Mr. Edler,
22 Mr. Sidlinker, or Nate about the two compressors?

23 A Yes.

24 Q What did they tell you?

25 A That was the best thing that's happened in a

1 while. We needed new ones.

2 Q Who told you that?

3 A All three of them.

4 Q All three, okay. Does Tissue Depot, Inc. or
5 Great Lakes, did they obtain new compressors?

6 A No, they were installed prior to them buying
7 the business.

8 Q So you've had three compressors, you
9 disposed of two of them, but Great Lakes obtained
10 additional new compressors?

11 A Used, off eBay.

12 Q And they brought two used compressors?

13 A Yes, that were -- had -- they were -- they'd
14 run better than the other ones.

15 Q Got it. And Tissue Depot -- I'm sorry. It
16 was Great Lakes purchased the two used compressors;
17 correct?

18 A Correct.

19 Q And now Tissue Depot, Inc. owns those two
20 used compressors; correct?

21 A Correct.

22 Q How much did Tissue Depot, Inc. pay Great
23 Lakes to purchase the two used compressors?

24 A That I don't know.

25 Q Do you know when Great Lakes acquired the

1 two used compressors?

2 A I can only estimate.

3 Q What's your estimate?

4 A July.

5 Q So before it actually disposed of the other
6 compressors?

7 A Yes.

8 Q Okay. Do you know how much the two
9 compressors cost?

10 A No. I did not purchase them, nor did I see
11 the purchase order.

12 Q What is the value of two used compressors
13 roughly?

14 A I -- I don't -- I have not looked up the
15 price of compressors, so I'm not going to guess.

16 Q Got it. Okay. And so this is page 7 of 14.
17 It's kind of hard to read, but this is how it was
18 sent.

19 A Yes.

20 Q This says forklifts, and this says -- I
21 can't read the net weight.

22 A Let me see if I have one that's clearer,
23 'cause I also have that one.

24 Q It looks like the receipt's dated June 2,
25 2022; correct?

1 A Yes. All right. Mine's a little clearer,
2 'cause on the computer itself it was clearer. 36,880
3 pounds, and it was dated 6/2/22.

4 Q And again, this must correspond to some of
5 the forklifts that you identified previously, but we
6 can't tell which forklifts.

7 A Correct. We can only go by the weight.

8 Q And I think I asked this, but just so I'm
9 clear, the only forklifts that Great Lakes or Tissue
10 Depot has are the forklifts that are on this list or
11 that are currently at the plant; correct?

12 A Correct.

13 Q They didn't own any other forklifts in the
14 last year and a half; correct?

15 A Correct.

16 Q Okay. So if Great Lakes disposed of
17 forklifts, it would have been on this list -- it must
18 be included in this list?

19 A Correct.

20 Q Okay. And again -- okay, we already went
21 through this. All right. So just to clear, so they
22 paid \$2,329 for the forklifts; correct?

23 A Yes, they -- they pay according to weight
24 and the price of that style steel at the market price.

25 Q Okay. Again, forklifts on page 8, again,

1 that's July 28, 2022. I can't read the net weight.

2 Can you read the net weight?

3 A Let me make sure I got the right one, and I
4 do. This one's 7/28 of '22, 38,540 pounds.

5 Q And the same answer, it must correspond to
6 some of the forklifts that are on the missing
7 equipment list. Is that your conclusion?

8 A Correct, yes.

9 Q Okay. The next page, which is page 9, it
10 says two skid steers.

11 A Yes.

12 Q Which item does this correspond to?

13 A None on this list, but it could include the
14 230. Because they didn't put the serial number on
15 them.

16 Q So Exhibit 9 [sic], you don't know who it
17 goes to. How many skid steers did Great Lakes have in
18 2022?

19 A They had four -- four of them over in what
20 we call the west warehouse used as parts, junk ones.
21 And then they had two on this side. Six.

22 Q And how many skid steers does Tissue Depot
23 currently have?

24 A One.

25 Q And on this list, there's only one skid

1 steer identified; correct?

2 A Yes.

3 Q And that's 17. So we don't know which skid
4 steer -- the receipts, you don't know which skid steer
5 would apply to number 17. It could be any of them?

6 A Any one of these five, but it is one of them
7 five. But because they don't put serial numbers on
8 it, I can't be exact.

9 Q Okay. So the next page is page 10, and that
10 is September 8, 2022. Again, it's two skid steers and
11 a forklift, and I can't read the poundage. Looks like
12 18,400?

13 A Hold on, I'm looking. I have it right
14 here -- 9/8/22, I have 10,400.

15 Q And so that would be the skid steers and the
16 forklift. And again, you don't know which forklift or
17 which skid steers it necessarily corresponds to?

18 A No -- no. But the one -- one skid steer,
19 Tissue Depot has just one skid steer in this plant,
20 and it's a Kubota.

21 Q How long has Tissue Depot had the Kubota
22 skid steer?

23 A Since they bought it.

24 Q Did Great Lakes have that Kubota skid steer
25 prior to that time?

1 A Yes, they did.

2 Q Okay. Going to page 11, again, a New
3 Holland skid steer. We don't know which skid steer,
4 it could be the other one.

5 A It could be one of the -- like I said, one
6 of the five that they removed from here. We only had
7 the six of them, and the other ones were for parts.

8 Q Okay. Page 13, it says electric motors.
9 Any idea which one this corresponds to?

10 A Not on this list.

11 Q So page 13 is not on the missing equipment
12 list?

13 A No.

14 Q Okay. What about 14?

15 A No.

16 Q Okay. We talked about your interview with
17 Darrin Edler. Is there anything else that you recall
18 that you discussed with him?

19 A That was it, what I told you earlier.

20 Q Okay. What about Bill Sidlinker? What did
21 you discuss with Bill?

22 A Same questions.

23 Q And what did he tell you?

24 A A lot of his was unknown. Far as what you
25 would call a credible witness, I -- I would not use

1 him, because his answers were everywhere. He could
2 not give me a straight answer. It was early on, early
3 on, early on. So I realized -- but I -- I completed
4 the interview, but it wasn't very credible.

5 Q I understand. And Nate the truck mechanic,
6 you asked Nate the same questions?

7 A Yes. He is a credible witness.

8 Q And what did Nate tell you?

9 A Nate told me he has a whole list
10 of -- I -- he told -- I'd have to go down through them
11 1 through 21.

12 Q Sure. Go ahead.

13 A Okay. Number 1, repairable, went to
14 Kling's. Kip -- when I say Kip, that was Great Lakes.
15 All right?

16 Q That was Kip -- that means Kip Boie?

17 A Yeah. Yeah, Great Lakes.

18 Q So it was repairable, and -- I'm sorry,
19 finish what you were saying?

20 A He was told to remove it.

21 Q So Kip Boie told him to remove item number 1
22 even though it was repairable.

23 A Right. Because the one they were putting in
24 there was better than the one they took out. He said
25 he -- Kip understood that it was repairable, but the

1 one they're putting in there is -- was supposedly
2 better.

3 Q So is there a new compressor that is now
4 installed?

5 A The used -- new used, yes.

6 Q Oh, the two new used ones. I understand.
7 Okay. All right, keep going. Number 2?

8 A Non-repairable, Kling's, Kip. Number 3,
9 non-repairable, Kling's, Kip. Non-repairable number
10 4, Kling's, Kip. Number 5, non-repairable, Kling's,
11 Jeff -- January. Just so you know, I -- I guess I
12 should be saying Tissue Depot or Great Lakes.

13 Q Well, that's all right. So Jeff Prange is
14 the person who told him to go ahead and dispose of it?

15 A Jeff Gardner.

16 Q Jeff Gardner.

17 A He was the individual sent here to help us
18 clean up the plant to make it a safer work environment
19 for the employees.

20 Q And who sent Jeff?

21 A I'm not sure who sent them. He just -- he
22 was here one day, or for a while, helping us clean up
23 the plant. Said he was -- that that was his position.
24 That's why he was here.

25 Q Okay. You don't know who he works for?

1 A No -- no, I don't.

2 Q Okay. So Jeff Gardner told Nate to get rid
3 of it, it was non-repairable, and that was in January
4 2023. Okay. Did Nate -- you know, if Nate disputed
5 any of this, can you let me know that?

6 A Repeat that question?

7 Q Did Nate agree with Mr. Gardner on getting
8 rid of the number 5?

9 A Yes.

10 Q Okay. Number 6?

11 A Non-repairable, Kling's, Kip, no dispute.
12 Number 7, non-repairable, Kling's, Kip. Number 8,
13 non-repairable, Kling's, Kip. Number 9,
14 non-repairable, Kling's, Kip. Number 10,
15 non-repairable, Kling's, Kip.

16 Number 11, he disputed that one. He said it
17 was repairable, Kling's. But Kip told him to get rid
18 of it anyways. Number 12, non-repairable, Kling's,
19 Kip. Number 13, disputed that one, said it was
20 repairable, Kling's, Jeff, about April -- April.

21 Q So hold on. So 13 is a JCB 506C. What is
22 that?

23 A It's a JCB. It's a --

24 Q What does it do? If you were going to
25 explain it to a third grader, what does it do?

1 A It's big tractor with a bucket to load
2 things.

3 Q Got it. And so the JCB, Nate disputed it,
4 and it was Jeff -- Jeff who said to get rid of it?

5 A Gardner. Because, honestly, he disputed it
6 but it was actually an employee safety hazard.

7 Q Why is that?

8 A It was in really, really rough shape, bad
9 shape. The bucket wobbled all over the place, like it
10 was going to fall off all the time. It
11 was -- personally it was garbage, it was junk.

12 Q Do you know how much it was sold for?

13 A \$1,176, scrap metal.

14 Q Okay. And that was disposed of in April of
15 2023?

16 A Yes. I do want to point out that was
17 disposed of before we got this information here in
18 front of us. We received that information on 4/21.

19 Q You're talking about the temporary
20 restraining order?

21 A This whole list of stuff.

22 Q Okay.

23 A We didn't know we wasn't supposed to get rid
24 of it. We didn't even know there was a lien against
25 it.

1 Q Okay.

2 A Number 14, non-repairable, Kling's, Kip.
3 Number 15, disputed, repairable, Kling's, Kip. He
4 thought he could fix that one. Number 16, the Nissan
5 number 8, he said it was before either one of them.
6 They got rid of that because it hasn't been in there.
7 He doesn't even remember it.

8 Q So it was before Nate started working there?

9 A No, it was -- you have Tissue Depot, it was
10 before them and it was before Great Lakes they got rid
11 of that one.

12 Number 17, disputed that one. The L230,
13 thought it was still a runnable piece of
14 equipment -- or fixable. It went to Kling's, and that
15 was Kip, 'cause he remembers having the disagreement
16 with David Scott, his manager at the time.

17 Number 18, non-repairable, Kling's, and Kip.
18 Number 19, he disputed that one, said it was
19 repairable, Kling's. Had the same discussion with his
20 manager David Scott at the time, but was told to cut
21 it up in pieces and load it up as scrap. He did what
22 he was told.

23 Q Do you know how much it was sold for?

24 A No. No, that one I do not. Hold on.

25 Q Well, we can come back to the amounts,

1 because I was going to ask you if you had the amounts.
2 We got two more, 20 was you don't know, right -- 20,
3 21?

4 A No, that was with Darrin. Nate did know, he
5 called it repairable, Kling's, and Kip. Same with 21.

6 Q Did Nate know when -- the ones that he
7 identified, did he know when they were disposed of?
8 Did he give you any timeframes?

9 A Kip.

10 Q Yeah, but besides that. Was that -- so if
11 it's Kip, it's in 2022; correct?

12 A Yes, and/or at the transition time between
13 the two owners.

14 Q So the transition occurred in roughly
15 January 20 of 2023; right?

16 A Yes.

17 Q So any time prior to 2023, when you say Kip,
18 that's what you're referring to?

19 A Correct.

20 Q Okay. And when you say Kip, you're
21 referring to Kip Boie specifically, individually,
22 directing that the equipment be disposed of?

23 A Correct.

24 Q Okay. Were any of the items in 1 through 21
25 disposed of between September 1, 2022, and January

1 2023 the ones we were talking about for Great Lakes?

2 A Yes, just -- I can only go by the receipts I
3 have in front of me.

4 Q Okay. What about what Nate told you?

5 A No, he -- he didn't give specific dates.

6 Q So it could have been before September of
7 2022 or after September 1, 2022; correct?

8 A Yes. Yeah, he didn't know specific times or
9 dates.

10 Q Okay. So other than the receipts that you
11 have, that's the only thing else that you have in
12 terms of dates?

13 A Yes.

14 Q Okay. You mentioned that you had one other
15 receipt for the compressor. I'd like to have that
16 produced if you could give me that one copy. So if
17 you can give it to your counsel.

18 MR. MCWHORTER: Tom, if you don't mind,
19 I'd like to just go ahead and mark that as Exhibit,
20 say 4A, so we have it as an extra exhibit.

21 (Exhibit 4A was marked for
22 identification.)

23 MR. JANCZEWSKI: Sounds good. And
24 actually, is now a good breaking time? We've been
25 going for over an hour and a half, and actually, I

1 could use a biological break if we could.

2 MR. MCWHORTER: That's fine -- that's
3 fine. Thank you.

4 MR. JANCZEWSKI: And then, Ken, if you
5 can send that to me right now.

6 Robert, I'll send it to you during our
7 break, and if you want to ask him --

8 MR. MCWHORTER: Let's go off the
9 record.

10 THE REPORTER: All right. We are now
11 off the record at 11:36 a.m.

12 (Off the record.)

13 BY MR. MCWHORTER:

14 Q Mr. Schleben, we're back on the record. In
15 conducting your investigation, did you reach a
16 conclusion as to why any of the 21 items fell into
17 disrepair?

18 A Years, age -- age. Lots and lots of hours
19 on them beyond usable anymore. Wore, you know.

20 Q I'm sorry, what was that last word?

21 A Wore right out. They were junk.

22 Q Got it. Was any of it due to lack of
23 funding or cash -- let me rephrase that. Was any of
24 it due to Great Lakes' financial condition and its
25 inability to finance the repair or maintenance of the

1 equipment?

2 A I don't know that answer. I don't know what
3 kind of funds they had.

4 Q Okay. During your 20 years at Great Lakes,
5 was it Great Lakes' customer practice to dispose of
6 equipment that was unrepairable -- to dispose of it
7 with Kling's?

8 A Yes. Yes, they're our primary scrap yard
9 that takes anything and everything that we want to
10 scrap metal wise.

11 Q So you're aware of Great Lakes' scrapping
12 over the years equipment and selling them to Kling's
13 in the past, other than the equipment that we just
14 went over?

15 A Yes.

16 Q Okay. And that's based on your personal
17 experience; right?

18 A Correct.

19 Q Okay. Has Tissue Depot or Great Lakes
20 obtained replacement equipment? I understand you've
21 identified the two compressors. Besides the two
22 compressors, has Great Lakes or Tissue Depot obtained
23 replacement equipment?

24 A No.

25 Q So it hasn't replaced any of the forklifts

1 that it disposed of?

2 A No.

3 Q And none of the scissor lifts; correct?

4 A Scissor lifts? Right now we are borrowing
5 and renting them.

6 Q Who are you borrowing or renting them from?

7 A Right now we're borrowing, we're not
8 renting. But we're borrowing it from a gentleman by
9 the name -- first name of Rocky. I don't know his
10 last name though.

11 Q So do you know who -- Rocky's last name?

12 A No, I do not.

13 Q Is Rocky --

14 A I only met him once.

15 Q Okay. Is Rocky in Cheboygan?

16 A Yes, he lives here.

17 Q And Rocky is allowing you to borrow how many
18 scissor lifts?

19 A One right now.

20 Q One scissor lift. Is Rocky being paid rent
21 for those scissor lifts?

22 A No. He knows the landlord quite well.

23 Q And who is the landlord?

24 A Tom Homco -- Thomas Homco.

25 Q And so did Tom Homco arrange for Rocky to

1 loan the scissor lift for free to Great Lakes?

2 A Rocky reached out to us and asked if we
3 needed scissor lifts.

4 Q Okay. Got it. What about the JCB 506C, did
5 you replace that?

6 A No.

7 Q What about the skid steers, have you
8 replaced any of the skid steers?

9 A No, we still have that Kubota.

10 Q Okay. And what about the articulating boom?

11 A No, we do not have any.

12 Q Okay. Was Prime Alliance Bank notified at
13 any time of the disposal of the missing equipment?

14 A That -- I have no recollection of anything
15 like that. Or I don't know, they never told me.

16 Q Who never told you?

17 A It would be Tom Homco, my boss.

18 Q Who's your boss?

19 A Right now it's Tom Homco, the landlord.

20 Q What is Tom Homco's position with Tissue
21 Depot, Inc.?

22 A Helping them get it back running.

23 Q Does he have a title?

24 A Landlord, that's all I know him as.

25 Q Is he an officer, director, or shareholder

1 of Tissue Depot, Inc.?

2 A No, he is the owner of the property.

3 Q So why do you think that he's your boss if
4 he's the landlord and he's not employed?

5 A We have a conference call with him every
6 day.

7 Q And what's the purpose of those conference
8 calls?

9 A Direction to get the machine running.

10 Q So to the best of your knowledge, Prime
11 Alliance was never notified of the disposal of any of
12 the missing equipment; correct?

13 A I can't answer that because I'm not part of
14 them phone calls or that -- that part of the
15 operation.

16 Q Okay. Do you know whether Sertant Capital
17 was ever notified of the disposal of any of the
18 missing equipment?

19 A Again, I don't -- I'm not privy to that
20 information. They don't tell me those things.

21 Q You haven't seen anything that tells you
22 that Prime Alliance or Sertant Capital was notified of
23 the disposal of the missing equipment?

24 A Nothing that I have seen or read.

25 Q Okay. And if Prime Alliance or Sertant

1 Capital took the position that it was never notified
2 of the disposal of that equipment, you're not aware of
3 any facts to dispute that; correct?

4 A Correct.

5 Q In your investigation, did you come to a
6 conclusion as to the value of the missing equipment?

7 A I did not total it all up, no.

8 Q Well, do you have a value for each item?

9 A Only the receipts I have.

10 Q So the items that are on Exhibit 4, the
11 receipts that we went through, and the Exhibit 4A that
12 you're going to provide to me, that's the only value
13 that you have?

14 A Yes, that's the only monies that those items
15 were worth as scrap price.

16 Q And do you have an opinion as to the value
17 of any of the items that we don't have receipts for?

18 A No, they -- they're low. I -- no, I have no
19 opinion on it other than I'm surprised they got
20 anything for them.

21 Q One of the topics we have is the value of
22 the missing equipment. What is your best estimate as
23 to the value of the missing equipment for items 1
24 through 21?

25 A Maybe \$5,000. There's a couple on

1 there -- I would say more like \$10,000 is my personal
2 opinion on the value of it.

3 Q And what's that based on?

4 A Their -- the age of the equipment and it
5 wasn't repairable.

6 Q So if I told you that roughly the appraised
7 value of items 1 through 21 was \$294,000, what would
8 you say to that?

9 A That's crazy. It's worth scrap price, not
10 that price --

11 Q So --

12 A Sorry.

13 Q Go ahead, keep going.

14 A That was just based on the condition of that
15 equipment. It was --

16 Q So the \$10,000 -- your opinion is that 1
17 through 21 items are only worth the scrap value as to
18 what they are; correct?

19 A Correct.

20 Q Okay. And \$294,000, would that be a fair
21 value if the items were operable?

22 A If they were brand new.

23 Q So if you look at the receipts that we went
24 through -- hold on one second, I'm pulling them up.
25 So these various receipts, the dollar amounts,

1 \$9,673 -- although electric motors, which one did that
2 correspond to?

3 A None.

4 Q None. Two, that was --

5 A None.

6 Q -- none. So 3 was \$694, that was a skid.
7 You don't know which one.

8 A Correct.

9 Q Forklift, \$3,441, is that right?

10 A Yes, that's why it tells me there was a lot
11 of them, because one forklift -- or scrap metal is not
12 worth that much.

13 Q Well, how much is scrap metal worth for a
14 forklift?

15 A I'm going to -- I'm going to go around five,
16 six hundred dollars maybe.

17 Q Okay. A compressor, that was \$427. What
18 was the price of the other compressor, the one that
19 you have that I don't have?

20 A Hold on, I got to find it -- \$529.

21 Q Okay.

22 A Can you see it?

23 Q Yep. And then this was \$2,329. Okay, three
24 thousand. So in terms of the dollar amounts, the
25 funds that were used, what happened to the money that

1 was paid for the missing equipment? Did you --

2 A I have no idea.

3 Q You have no idea?

4 A No -- no. It's -- with Great Lakes they did
5 things, they didn't tell us why they did things. They
6 just -- we just did what we were told to do.

7 Q What did you do to investigate what was done
8 with the funds?

9 A I didn't --

10 MR. JANCZEWSKI: I'm going to object on
11 the basis that, you know, the scope of his
12 investigation was the whereabouts of the equipment,
13 but not necessarily tracing funds.

14 MR. MCWHORTER: Well, number 3 says,
15 "All facts relating to the receipt or disposal of any
16 proceeds from the scrapping, destruction, the transfer
17 or conveyance, sale, or disposal of the missing
18 equipment." It's number 3. I'm just trying to figure
19 out what happened to the money.

20 THE WITNESS: Right, and I
21 don't -- they don't give me that information.

22 BY MR. MCWHORTER:

23 Q Okay. Did you talk with anyone to find out
24 what happened to the money?

25 A No, I -- I couldn't get a -- I don't even

1 know Kip's number.

2 Q Okay. What about the equipment that was
3 sold during the time that -- for Tissue Depot in 2023?
4 So let's go down, number 8 was Tissue Depot; it was a
5 Genie #1 scissor lift. How much did that sell for?
6 Do you know?

7 A Hold on. Again, all it says is "Genie
8 lift." It does not specify serial numbers or the
9 exact one. But here it says \$842, and all it says is
10 "Genie lift." Can you see that right there?

11 Q Yes. I don't think I have any of those
12 receipts.

13 A I sent those to Tom, all as a group. And as
14 you can see, on the bottom it says -- and, like I
15 said, I received these last night, last minute.
16 That's why Tom -- I apologize, you should have already
17 got these.

18 And I am looking for the other -- I had two
19 scissor lifts here. Okay. The other one says "Genie
20 lift boom." So that one was worth \$55.

21 Q When was that disposed of?

22 A 1/13 of '23. And again, here's that one.

23 Q Got it.

24 THE WITNESS: Tom, that's also in that
25 email.

1 BY MR. MCWHORTER:

2 Q Do you have any idea what happened to the
3 proceeds for these two pieces of equipment?

4 A None of the people here knew where it went
5 or what it was used for. We're assuming payroll, to
6 help pay the employees. That's only assumptions.

7 Q You don't know personally?

8 A No, I -- I do not know personally. I
9 tried -- I tried to find out that information, but I
10 could not track it down.

11 Q Number 13, the JCB 506 6,000, I think you
12 had Tissue Depot?

13 A Yes, that's that one for \$1,176.
14 I -- again, I don't know what they did with the
15 proceeds. And no one here knows exactly -- they
16 probably -- I -- I can only guess, and guessing is not
17 what we're doing here.

18 Q And what's your best estimate of what
19 happened to the proceeds?

20 A Payroll, to pay the 38 employees, help pay
21 us to keep it going.

22 Q And number 15, the Linde #4, when was that
23 disposed of? That was January 2023 you said?

24 A Yes, that -- that one right there -- hold
25 on, I have it right here. Right here, I got

1 it -- 3/16 of '23, \$703. Do you have that one?

2 Q No.

3 A It's this -- it's this one right here.

4 Q Yeah, I don't have any -- I don't have that.

5 THE WITNESS: All right. Tom, that's
6 another one I just sent you.

7 MR. JANCZEWSKI: Okay. I haven't
8 received your email yet. So please make sure you're
9 sending it to the right email. I will email Sherry as
10 well to make sure she sent it.

11 MR. MCWHORTER: I only have the 14 that
12 you sent. That's the only -- the 14 pages I have.

13 THE WITNESS: Okay.

14 MR. MCWHORTER: Which some of them are
15 blank.

16 BY MR. MCWHORTER:

17 Q And any other items that were done in 2023?

18 A None that we haven't already mentioned.

19 Q Okay. Who appointed you as president of
20 Tissue Depot, Inc.?

21 A Tom Homco.

22 Q So your landlord appointed you as president?

23 A Yes, I was -- I was actually surprised.

24 Q Why were you surprised?

25 A 'Cause I've never met Tom Homco.

1 Q Did he call you? How did that conversation
2 occur?

3 A That conversation occurred by a phone call.

4 Q Do you know when that call was?

5 A Not the exact date, no.

6 Q Well, you became president May 15, 2023.
7 Was it that day, was it before that?

8 A It was two days prior to that.

9 Q So about May 13, 2023, Mr. Homco called you,
10 and what did he say?

11 A Now the -- Tom Homco appointed me president,
12 and it was a morning meeting conference call. When I
13 said call, that's the call I meant. I was invited to
14 that meeting.

15 Q So at the conference call on May 13th, he
16 invited you to a meeting?

17 A Yes, with the other -- the plant manager,
18 Dan Robydek.

19 Q I'm sorry, the plant manager who?

20 A Dan Robydek.

21 Q Can you spell that?

22 A R-O-B-Y-D-E-K.

23 Q So you were on your morning conference call
24 with Mr. Homco, and he asked you to attend a meeting;
25 is that right?

1 A Yes, and he announced it during the meeting.

2 Q When did the meeting take place?

3 A Eight-thirty.

4 Q On May 13, 2023?

5 A The exact date I'm not sure.

6 Q Well, was it the same day as the conference
7 call, or after the conference call?

8 A Same day as the conference call.

9 Q Okay. So at 8:30 you attended a meeting.
10 Who was at that meeting?

11 A It would have been Dan Robydek and Mike
12 Ball.

13 Q Anyone else?

14 A Yes, during the conference call it's Sherry
15 Caldwell, I believe Don, who's -- who you're going to
16 talk to here soon.

17 Q And Sherry Caldwell and Don Swenson were on
18 the conference call. Were they at the meeting as
19 well?

20 A Just during the conference call, yes. It
21 wasn't -- it wasn't in the same room. It's like
22 it's --

23 Q So --

24 A Go ahead.

25 Q No, go ahead, sir.

1 A It's like this Zoom meeting where you have
2 other individuals on at the same time, but they're in
3 different states.

4 Q Understand -- understand. So your meeting
5 was Sherry and Don via video, Mike Ball and Dan
6 Robydek in person?

7 A Yes.

8 Q Anyone else?

9 A No.

10 Q Okay. And Tom Homco, obviously. Was he in
11 person, or was he by video?

12 A By video. Prior to that it was Ron
13 Vandenheuvel is the one that I talked to. He asked me
14 if I would step up into a management role.

15 Q So Ron Vandenheuvel asked you if you would
16 step up to a management role?

17 A Yes. And then Dan invited me to this
18 conference call, and Tom's the one that announced that
19 I was going to be president. Prior to that I did not
20 know that it was the position I was coming into.

21 Q When did Mr. Vandenheuvel ask you to step up
22 to a management role?

23 A That would have been the 12th at 5:30 p.m.
24 It would have been the day that Brent Herriman
25 resigned. That exact date -- these dates, I'd have to

1 go back and look for exact dates. 'Cause to say the
2 12th and the 13th are the exact dates, I'm not
3 confident with them dates unless I go back and look.

4 Q Those are your best estimates?

5 A Yes, estimates.

6 Q Okay. And Brent Herriman resigned. Why did
7 he resign?

8 A Found a different job. Better pay, better
9 for his family.

10 Q Do you know where he's currently working?

11 A No. He didn't -- I haven't asked him that
12 question.

13 Q You don't know the job he was going to?

14 A No -- no, I do not.

15 Q Okay. And so how did you learn that
16 Mr. Herriman resigned?

17 A The phone call from Ron.

18 Q So Ron told you on May 12, 2023, that Brent
19 Herriman had resigned?

20 A Yes.

21 Q And you understood Mr. Herriman to be the
22 vice president; correct?

23 A Yes.

24 Q And at that time, did you know who the
25 president was?

1 A No.

2 Q And you don't know who the president is now;
3 correct?

4 A Me.

5 Q Well, no. I'm sorry. Before then, before
6 you.

7 A No.

8 Q Okay. And so what did Mr. Vandenheuvel say
9 to you on May 12, 2023?

10 A He asked me if I was interested in stepping
11 up into a management role to help get the tissue
12 machine running.

13 Q What else did he say?

14 A He said Clarence Roznowski, the previous
15 owner of Great Lakes Tissue, he talked to him. And
16 Clarence recommended me after 22 years of service I
17 did for Clarence, and the experience I had. I was the
18 best fit for the job, and highly recommended by him to
19 fill this position.

20 Q Okay. Say anything else?

21 A No, that was it. "Talk to you tomorrow."

22 Q How long was your call with
23 Mr. Vandenheuvel?

24 A Probably not even five minutes.

25 Q Okay. What was Mr. Vandenheuvel's position

1 or title with Tissue Depot, Inc.?

2 A Consultant -- long distance, out of town
3 consultant. Helps out when they have issues,
4 answering questions.

5 Q And was he a consultant also for Great
6 Lakes?

7 A At the beginning.

8 Q What do you mean by at the beginning?

9 A At the beginning we seen him, and then he
10 was no longer around here. I'm not sure what
11 happened. I wasn't part of that.

12 Q Are you referring to 2022?

13 A Yes, Great Lakes.

14 Q So was that the first half of 2022, second
15 half of 2022; do you know?

16 A It was right after Kip and Jim bought the
17 plant -- or, not the plant, the tissue making
18 department.

19 Q Before they bought the shares in Great
20 Lakes?

21 A Yes, when they bought -- after they bought
22 the shares.

23 Q So after Kip and Jeff Hoffman became
24 shareholders of Great Lakes, they hired Ron
25 Vandenheuvel to be a consultant?

1 A I don't know the specifics, but he was part
2 of that group when they come in.

3 Q And since Tissue Depot, Inc. took over, what
4 has Ron Vandenheuvel's role been with Tissue Depot,
5 Inc.?

6 A Out of town answering questions, basically.

7 Q Was he an employee?

8 A Not that I'm aware of. I don't know.

9 Q Was he paid for being a consultant?

10 A That I don't know either.

11 Q Did Mr. Vandenheuvel ever come to the plant?

12 A I've never seen him.

13 Q Have you ever met Ron Vandenheuvel in
14 person?

15 A Yeah, once. Or a couple times probably.
16 And that's when Kip first bought the plant, or bought
17 the shares, or however you're putting it.

18 The one thing I want to point out is a lot
19 of this -- these questions you're asking right now was
20 beyond me knowing.

21 Q I'm just trying to ask -- I'm just trying to
22 get your background on what your position is. So when
23 you went to the meeting in May -- on May 13th
24 roughly -- the meeting that we talked about with --

25 A Yes.

1 Q -- with Sherry Caldwell, and Mike Ball, and
2 Don Swenson, and Tom Homco, and Dan Robydek, what was
3 the purpose of that meeting; do you know?

4 A At the time I didn't know, but now I know
5 that it was just their normal 8:30 conference call.
6 Remember, I've only been in this for a week. So I'm
7 new at this and trying to learn as I go what their
8 day-to-day responsibilities are.

9 Q So the morning conference call that you were
10 talking about, that didn't start until you became
11 president; is that correct?

12 A No, they've been doing it all along is what
13 I'm finding out.

14 Q I understand. But you didn't participate in
15 those morning calls until May 15th?

16 A Correct.

17 Q Okay. So I got it. So you were asked to
18 join the 8:30 conference call, and you had not been
19 asked before then; correct?

20 A Correct.

21 Q Got it -- got it. Okay. So at that
22 meeting, Mr. Homco announced that you'd be president?

23 A Yes, and he wanted it to be sent to the news
24 reporter at UpNorthLive.

25 Q Okay. Do you recall anything else from that

1 meeting?

2 A No, I -- it was all -- no. I never attended
3 one, so I didn't know what was going to happen, and
4 what was going on, and -- so I was just -- no, I don't
5 remember a lot from it.

6 Q And so they have an 8:30 meeting every week
7 you said?

8 A Every day.

9 Q Every day.

10 A Five days a week, Monday through Friday.

11 Q And is it always the same individuals?

12 A No -- yes, yeah. It's pretty much the same
13 individuals. There's a couple more on there that I
14 don't know because I'm not the one logging in. I'm
15 not the one sitting in front of the computer. I'm in
16 a chair like Mike, just sitting in the background
17 listening. 'Cause they're not -- it's not -- it's
18 audio, not visual.

19 Q Got it. So there may be people online that
20 you don't know who are online?

21 A Right. Yes.

22 Q Got it.

23 A There's round circles up. I just don't know
24 all their names.

25 Q Got it. Understand.

1 A So one of the items that we talked -- it's
2 on your list, is the remaining equipment. The
3 equipment that's not scrapped, that was listed in the
4 complaint, and it's also listed in the temporary
5 restraining order. Do you see that?

6 A No. I was -- the only thing I was shown is
7 the 1 through 21, and the ten items -- ten things.
8 That's what I was supposed to focus on. Not the
9 entire list of everything. That was Brent Herriman
10 that had the entire list and walked around -- that's
11 what I was told.

12 Q You were told that Brent Herriman walked
13 around, explain that to me.

14 A They -- they had someone -- they had an
15 individual come here, I don't know their name, to
16 verify all this equipment was still in this building.
17 And that's how they come up with this 21
18 thing -- items. That's what I was told. It's a fact?
19 I don't know, I didn't talk to Brent Herriman
20 personally.

21 Q Okay. So let me do this. I'm going to go
22 back to Exhibit 1, which is the 30(b)(6) notice. And
23 if you go to number 4, it says, "All facts relating to
24 the operation and use of the equipment from September
25 1, 2022, to the present." And it says, "The term

1 equipment has the same meaning as defined in
2 Plaintiff's complaint." Do you see that?

3 A Yes.

4 Q Okay. And you received Exhibit 1; correct?

5 A Yes.

6 Q Okay. And you reviewed Exhibit -- you
7 reviewed item number 4; correct?

8 A Yes. I assumed that it was this -- these 21
9 items.

10 Q Got it. So you didn't go and look at what
11 is defined in the complaint?

12 A No, just these 21 items, and I thought
13 that's what this referred to.

14 Q So I'm going to show you what's marked as
15 Exhibit 18, which is a copy of the complaint.

16 (Exhibit 18 was marked for
17 identification.)

18 Have you ever seen this document? Does this
19 look familiar to you?

20 A No.

21 Q Okay. So if you go to Exhibit --

22 A Oh, no, that -- I haven't seen that one.

23 Q Okay. So you haven't seen any of this list
24 of equipment?

25 A No. Like I said, I thought it was just this

1 21 items, that's all I had to investigate.

2 Q Do you recognize any of the equipment --

3 A Yeah.

4 Q -- on this list?

5 A The names, yes. I know the Babcock Wilcox
6 boiler, the exchangers that are on it, yes.

7 Q Okay. So let me ask you a question. The
8 equipment that is currently being used in the
9 mill -- strike that.

10 There are pieces of equipment and machinery
11 that are currently being used -- that are currently
12 located in the mill on 437 South Main; correct?

13 A Yes.

14 Q Okay. Is the equipment that is located
15 there being used currently?

16 A No.

17 Q None of the equipment that's located at that
18 location is being used?

19 A Now define the equipment. We're -- we got
20 our lights on. I don't know that it --

21 Q Okay. I'm talking about --

22 A I'm confused.

23 Q -- the equipment that's listed here. If you
24 could look through it, you'll see, all of this
25 equipment, except for the ones that are missing, and

1 that are located in 437 South Main, is that equipment
2 being used currently?

3 A As fast as you went through that list, the
4 air compressor. No, that -- that air compressor isn't
5 running. We're running the air compressor that we
6 just -- they just purchased in December.

7 Q You're talking about the one from eBay?

8 A Yeah, that's the one we're running right
9 now.

10 Q Okay. Other than the eBay air compressor,
11 is there any other equipment that's being used
12 currently at the mill?

13 A No. Not -- not that I know of. We're not
14 making paper, we're not even running. All we're doing
15 is -- was welders on there? See, as fast as you went
16 through that list -- if welders are on there, we're
17 running a welder.

18 Q I'll tell you what, how about --

19 A I can't say no -- I can't say no to
20 something that I haven't specifically looked at.
21 Like, the Lincoln Wire -- that -- no, that isn't
22 running. The Miller Bobcat's running.

23 Q When I say running --

24 A We're using it -- we're using it.

25 Q You're using it. How are you using it if

1 you're not making paper?

2 A We're trying to get things ready so we can
3 when the time comes.

4 Q Got it.

5 A We're repairing pieces that were destroyed
6 when they took the roof off. Like, everything on this
7 list that I'm looking at that you have in front of me,
8 we're not running any of that, except for the Miller
9 welder.

10 MR. MCWHORTER: I'll tell you
11 what -- Tom, I think that I should give him -- I
12 should send him a copy of the complaint so he can go
13 through this. I don't know how else to go through
14 these. Tom, can you --

15 MR. JANCZEWSKI: Actually I sent --
16 Ken, I sent it to you -- a copy of this
17 earlier today while we've been on this deposition.
18 So, you know, I sent you all of these exhibits. So
19 you can open them up and then print them off if that
20 makes it easier for you.

21 THE WITNESS: Yes, it does.

22 MR. JANCZEWSKI: If you want to take
23 another, like, five-minute break, Robert?

24 MR. MCWHORTER: That'd be great.

25 THE WITNESS: Let me get that

1 information.

2 MR. MCWHORTER: Okay. Let's go off the
3 record.

4 MR. JANCZEWSKI: And, Ken, can you
5 resend those receipts to me. I haven't received them.

6 THE WITNESS: Yes.

7 MR. MCWHORTER: Let's go off the
8 record, so we save the court reporter.

9 THE REPORTER: Okay. We're off the
10 record.

11 (Off the record.)

12 THE REPORTER: We are now back on the
13 record.

14 BY MR. MCWHORTER:

15 Q Mr. Schleben, during the break we provided
16 you a copy of Exhibit 18, which is the verified
17 complaint in this matter. And I'd like to go to
18 paragraph 8, starting on page 3, which lists certain
19 equipment.

20 But before I go to this equipment, I want to
21 ask you a couple just general questions. What was
22 Great Lakes' business? What did it do?

23 A Made parent rolls, tissue parent rolls.

24 Q In other words, it made toilet paper. It
25 was a toilet paper business?

1 A Yes. Tissue plant -- tissue.

2 Q So tissue paper. So did it make -- it made
3 toilet paper, and it made Kleenex, that type of thing?

4 A Correct.

5 Q Okay. And during the 22 years that you were
6 there, that is what Great Lakes' business was?

7 A Yes.

8 Q Okay. What business is Tissue Depot, Inc.?

9 A That isn't a hundred percent clear yet.
10 They have many plans for the future.

11 Q Well, is it in the tissue business as well?

12 A Yes. And they have --

13 Q Do they -- go ahead.

14 A To start out with it's going to be running
15 the same tissue machine, making tissue -- toilet
16 paper, parent rolls. And then they have future plans,
17 which I'm told, is making cups. None of that
18 machinery's in here. That's a -- a future plan. And
19 biodiesel -- biodegradable diesel out of our polly
20 waste.

21 Q When you say "parent rolls," what do you
22 mean by a parent roll?

23 A All right. The tissue plant here has two
24 businesses -- basically two separate businesses in
25 one. One side of the mill we make tissue rolls,

1 called parent rolls, 102-inch by 55-inch
2 diameter -- 102 inches long, parent rolls.

3 So we can sell them or convert it in our
4 converting department making toilet paper out of it.
5 It's a hundred percent recyclable. So we take old
6 juice carton, milk cartons, cup scrap, and we'll get
7 the tissue out of it and make parent rolls out of it
8 so people can make toilet paper out of it. Recycled.

9 The other half of the business is called
10 converting. And they take our parent rolls and make
11 toilet paper rolls out of them. Currently that's all
12 we have down there is either what they call JRT -- big
13 rolls for dispensers in bathrooms at all your public
14 facilities, and/or they also make regular two-ply,
15 one-ply tissue paper.

16 Q So do you sell -- there's two parts, one is
17 the parent rolls, and one is the conversion to toilet
18 paper. Do you sell the parent rolls to companies?

19 A Yes.

20 Q Okay. And then you also sell tissue paper,
21 toilet paper, to other companies?

22 A Correct. That is how it was.

23 Q Okay. And those two areas is what Great
24 Lakes' business has been for 22 years; correct?

25 A Correct, yes.

1 Q Okay. And Tissue Depot, Inc. will do the
2 same business; correct? As that -- it will do those
3 two areas of business, the parents rolls and the
4 conversion to toilet paper?

5 A Yes.

6 Q And then in the future, plans are to also
7 make cups, and then to do biodiesel?

8 A Biodiesel. Yeah, it's a biofuel
9 they -- yes. They make diesel -- biodiesel.

10 Q Okay. And the biodiesel is going to be
11 through the PAET, Patriot Advanced Environmental
12 Technologies, LLC; correct?

13 A That I don't know the exact name. But, yes,
14 that name's familiar. But I don't know the exact -- I
15 got it written down here somewhere if you want me
16 to -- you want me to try to find it?

17 Q Sure.

18 A Cheboygan Energy and Biofuels is what it's
19 going to be called.

20 Q Is that going to be a separate entity, or is
21 that a fictitious name; do you know?

22 A Separate.

23 Q And is that going to operate out of the 437
24 South Main address, or is that the 502 South Main
25 address, or another address?

1 A 502 South Main.

2 Q Prior to January 2023, was Great Lakes in
3 the business of biofuels?

4 A No.

5 Q Okay. And to do the biofuels, additional
6 equipment will have to be brought in; is that correct?

7 A From what I'm told, yes.

8 Q Okay. The equipment that's in the complaint
9 is not used for biofuels; correct?

10 A No -- no.

11 Q Okay. And the future plans to do cups, that
12 will require additional equipment as well; correct?

13 A Yes.

14 Q Okay. So for the immediate future, Tissue
15 Depot, Inc. is going to be doing the same exact
16 business that Great Lakes' business was; correct?

17 A Yes.

18 Q Okay. In 2022, when you went to work, Great
19 Lakes Tissue Company was on the outside of the
20 building; correct?

21 A Yes.

22 Q There's a sign out in front of the building;
23 correct?

24 A Correct.

25 Q When you show up to work today, or

1 currently, what is the sign outside the building?

2 A It was painted over, and I'm supposed to get
3 a -- a sign made that said Tissue Depot on the front
4 of it, at 437 South Main.

5 Q Okay. But you haven't done that yet?

6 A No, not yet. And the one across the street
7 at 502, that sign is to read Cheboygan Energy and
8 Biofuel.

9 Q Okay. And who told you to change the names
10 on the outside of the buildings?

11 A Ron Vandenheuvel.

12 Q When did he tell you that?

13 A 5/18 of '23.

14 Q How do you know it was May 18, 2023?

15 A 'Cause I kept a record, a daily record.

16 Q Did Ron call you and tell you to change the
17 name?

18 A Yes.

19 Q What else did he say during that telephone
20 call?

21 A That was it.

22 Q How long was your call on May 18, 2023?

23 A Probably about two and a half minutes, three
24 minutes maybe. Long enough to talk -- suggest that.

25 Q Did he say why he wanted the name changed?

1 A No, not really, other than there's
2 confusion. People think that it's still Great Lakes
3 Tissue.

4 Q Did he say that?

5 A No, that -- that's what I assumed.

6 Q That was your perception of why he --

7 A The perception of why, yeah -- yes, my
8 perception.

9 Q Do you have an email address?

10 A Yes, I do.

11 Q What's your current email address?

12 A kschleben@tissuedepotproducts.com.

13 Q In 2022, what was your email address?

14 A I had no business address here.

15 Q You never an email address when you were at
16 Great Lakes?

17 A No, I was a team leader at the time.

18 Q You never had an email?

19 A At home, my personal one.

20 Q Okay. Were you familiar with the email
21 addresses of people at Great Lakes prior to January of
22 2023?

23 A No. No, I -- no, I did not know their
24 personal addresses.

25 Q No, no. So you didn't obtain a work email

1 address until you became president; is that right?

2 A Right. I had one prior when I was manager
3 at Great Lakes Tissue --

4 Q Correct.

5 A -- when Clarence owned it.

6 Q And what was that email address?

7 A kschleben@greatlakestissue.com.

8 Q And did you have that email address all the
9 way though until the end of December of 2022?

10 A No. That address -- that was removed when
11 the business was sold.

12 Q Sold to whom?

13 A Kip and Jim.

14 Q And what did your email address become?

15 A My own personal address at home,
16 kschleben@yahoo.com is my personal home -- you're
17 looking confused.

18 Q Yeah, why would he take your email address?

19 A Because there was two years -- I mentioned
20 that -- there was two years I was a team leader. No
21 need for a company email as team leader.

22 Q Okay. So the end of it you said was
23 greatlakestissue.com?

24 A Yes.

25 Q Okay. Were the employees' email

1 addresses -- greatlakestissue.com -- was that the
2 employees ending email in 2022; do you know?

3 A I don't know that.

4 Q Okay. When's the last time you spoke with
5 Ron Vandenheuvel?

6 A I believe -- hold on, got it written down
7 here. It was yesterday.

8 Q Why did Mr. Vandenheuvel contact you
9 yesterday?

10 A About some tissue that -- a certain grade of
11 tissue. He wondered if we could make it, a 9.2 pound
12 for ACI.

13 Q So is it fair to say that Mr. Vandenheuvel
14 is still serving as a consultant to Tissue Depot,
15 Inc.?

16 A Yes. If we -- yes. Like I said, if we have
17 questions, we can reach out to him and ask him.

18 Q Okay. Got it. So is Tissue Depot, Inc.
19 making paper currently?

20 A No, we have not made paper since December.
21 I believe it was December 18th of 2022.

22 Q And what happened on December 18, 2022?

23 A OSHA shut the north end of the building down
24 because it was unsafe for employees.

25 Q And so since December 18, 2022, effectively,

1 no paper has been made?

2 A They started it up to run eight sample rolls
3 for one day. We used a different way of doing it and
4 it didn't work very well. And haven't -- just other
5 than that one day -- exactly what day, I don't
6 remember the date.

7 Q Got it. So other than one day of running
8 eight sample rolls, no paper has been made?

9 A No.

10 Q And has any paper been sold to customers?

11 A No. You don't make it, you don't sell it.

12 Q Does Tissue Depot have inventory on hand
13 that it can sell to customers?

14 A There are cases of stuff down in the
15 warehouse. But I'd -- but that's the other end. When
16 I say no paper was made, that was on this end -- on
17 the parent roll side. And that's where I work.

18 Q So no paper on the parent roll side. What
19 about the conversion side?

20 A That -- they did convert some of the parent
21 rolls we had left over from before the shutdown.

22 Q So they converted parent paper rolls prior
23 to December 18, 2022, but since December of 2022,
24 there's been no parent rolls or conversion of parent
25 rolls taking place; correct?

1 A Right. Correct.

2 Q You said that there's currently 38 employees
3 at Tissue Depot; correct?

4 A Yes -- yes.

5 Q So if no paper is being made and no paper is
6 being sold, how is Tissue Depot paying its 38
7 employees?

8 A Tom Homco.

9 Q What do you mean?

10 A We're -- what do I mean, as far as?

11 Q Yeah. Tom Homco is paying them directly,
12 or --

13 A From what I'm told, yes.

14 Q You're an employee; correct?

15 A Yes.

16 Q Okay. And you receive a regular paycheck?

17 A Yes.

18 Q Okay. And so I'm going to show you a copy
19 of a check.

20 (Exhibit 19 was marked for
21 identification.)

22 Does this look like a typical check that
23 you'd receive for your paycheck?

24 A Yes, it does.

25 Q And so since roughly January of 2023, you

1 receive a check from Tissue Depot, Inc.?

2 A Correct, with that address and that
3 signature.

4 Q Got it.

5 A And prior -- prior to that it was direct
6 deposit. Now it's just a check, live check.

7 Q But it was direct deposit from Great Lakes
8 Tissue Company; correct?

9 A Yes -- yes.

10 Q So if we could go back to the equipment, you
11 mentioned there was a few pieces of equipment that you
12 thought they might be using. So if you could look
13 at -- pull up the complaint, Exhibit 18/

14 A Yep.

15 Q So except for the missing equipment that
16 we've already gone over -- so I don't want to go back
17 over that pieces of equipment. But other than the
18 missing equipment, none of the other equipment is
19 currently being used?

20 A Except for the Miller Bobcat welder.

21 Q And which item is that?

22 A I don't have item numbers here. The second
23 page, three-quarters of the way down, Miller Bobcat
24 225 NT welding set.

25 Q Number 34 -- 34, Miller Bobcat 225 NT

1 welding set -- got it. And what is that being used
2 for?

3 A Welding up individual pieces of equipment so
4 we can start the tissue machine again.

5 One thing I want to clarify. When they
6 removed -- when Great Lakes removed the roof on the
7 north end, they took two major pieces of equipment
8 that allowed us to make parent rolls on this end.

9 And they removed them, probably to Kling's
10 or the scrap yard. They're no longer here, so we've
11 been trying to rebuild that equipment here. And the
12 welder is part of that. We got to weld stuff
13 together.

14 Q Got it. So in terms of the only equipment
15 that's being used currently is the Miller Bobcat
16 welding set, and one of the used eBay compressors that
17 you purchased?

18 A Yes -- yes. I went down through this list
19 and even the Nirvana isn't running right now. So,
20 yes, the only one running is one of the eBay
21 compressors.

22 Q Okay. The two pieces of equipment -- so
23 when they removed the roof, you said in December of
24 2022; is that correct?

25 A Yeah, around that time.

1 Q Okay. There were two pieces of equipment
2 that you said had to be scrapped -- that were
3 scrapped?

4 A Yeah, when they removed the roof, they also
5 removed the equipment that was out there.

6 Q Do you know what pieces of equipment that
7 was?

8 A Select purge drum, a sludge press, frog pond
9 pump, frog pond agitator.

10 Q Are those pieces of equipment listed on
11 paragraph 8 of the complaint, Exhibit 18?

12 A No. No, that -- that stuff isn't on there.

13 Q Okay. So let's talk about the roof, since
14 we're on that topic. The roof has been an issue for a
15 while; correct?

16 A Yes.

17 Q And so in June of 2022, the Cheboygan County
18 Department of Building Safety notified Great Lakes
19 that the property may be in danger of collapse due to
20 structural deficiencies. Are you aware of that?

21 A Yes, I'm aware of that.

22 Q Okay. And in July of 2022, RCL Engineering
23 Group came in and did an analysis of the roof, and
24 indicated that the roof had collapsed in certain
25 locations; is that right?

1 A Correct.

2 Q Okay. And then ultimately in July of 2022,
3 again, the Department of Building Safety notified
4 Great Lakes that there were reported unsafe building
5 conditions; correct?

6 A Correct.

7 Q Okay. And so in December of 2022,
8 effectively, part of the roof collapsed; is that fair?

9 A I don't remember anything collapsing in
10 December.

11 Q Okay. When did the roof collapse?

12 A Years before that.

13 Q Okay. But the unsafe condition -- in
14 December 18th of 2022, you said OSHA came in and shut
15 the plant down?

16 A Yes, based on the engineer.

17 Q And what was the engineer's concern?

18 A I -- that the structure was unsafe.

19 Q Okay. And have repairs been made to the
20 roof since December of 2022?

21 A Yeah, it's no longer there.

22 Q What do you mean it's no longer there? The
23 roof is no longer there?

24 A Yeah, the north end. That's what
25 they -- that's the only -- that's the only roof in

1 question is the one they removed.

2 Q Okay. So in December of 2022, they removed
3 the roof; that's correct?

4 A Yes.

5 Q And has the roof been replaced?

6 A Not yet.

7 Q And why is that?

8 A Funding, I don't know -- I don't know. I
9 don't know that answer. Tom and Don will have a
10 better answer for that.

11 Q Okay. The building's what -- a three-story
12 building; is that right?

13 A No, it's a one-story building.

14 Q The 437 South Main, can you describe the
15 building generally?

16 A Yeah, it's a one-story building with a flat
17 roof. Takes up probably a city block.

18 Q And it's the north end of the building that
19 does not have a roof?

20 A Correct. The walls -- they took the walls,
21 everything. Walls, roof, they removed that building.
22 It's now just a concrete slab.

23 Q Okay. Got it.

24 A And their plans -- and I can only go by
25 what -- hearsay -- is they plan on rebuilding that

1 roof. But Tom and Don know that answer, I don't,
2 accurately -- factually .

3 Q Is any of the equipment that's identified in
4 paragraph 8 of the complaint -- is any of that in
5 jeopardy because of the condition of the roof?

6 A Oh, no -- no. No, none of that is even
7 located out there, and the roofs over top of the rest
8 of the facility are in really good shape.

9 Q Okay. Is there any threat to the equipment
10 due to the condition of the building, to your
11 knowledge?

12 A No -- no. And I'd -- I would say no. And,
13 you know, you can -- I don't feel uncomfortable
14 walking anywhere else in this building. The north end
15 was the hazard.

16 Q Okay. So other than the missing
17 equipment -- putting that aside -- the equipment
18 that's there, the remaining equipment -- we'll call it
19 the remaining equipment -- you don't have any concerns
20 that the remaining equipment will be destroyed,
21 damaged, or harmed where it's currently located?

22 A No -- no, not at all.

23 Q Okay. What about use of the remaining
24 equipment? Will continued use of the remaining
25 equipment substantially impair its value?

1 A No. No, I think --

2 Q Why do you say that?

3 A Well, with anything, if I had to go drive my
4 car, if I just leave it parked, it'll probably keep
5 value. So to say no when you continue to use
6 something, you know, that's time and age.

7 Q So is it fair to say that the remaining
8 equipment needs constant repair and maintenance?

9 A Not constant repair and maintenance, more
10 like preventative maintenance. Grease it, oil
11 it -- grease it, oil it, tighten up valves, just make
12 sure it's running -- functionally running to the best
13 of its ability without being harmed.

14 Q Are there employees whose job it is to
15 repair and maintain the equipment?

16 A Yeah, the maintenance personnel.

17 Q Okay. And how many maintenance personnel is
18 currently at Great Lakes?

19 A I don't know the exact number. Six?

20 Q So 6 out of the 38 --

21 A We're short staffed --

22 Q Pardon me?

23 A Yeah, we're short -- yeah, we're short
24 staffed, and 6 out of the 38.

25 Q So 6 out of the 38, their job is to repair

1 and maintain the equipment?

2 A Throughout the whole facility, yes.

3 Q Okay. Do you have any idea what the cost is
4 to repair and maintain the remaining equipment on a
5 yearly basis?

6 A No, I don't. No, not yearly -- no, I don't.
7 Outside of -- no, I don't. Nope.

8 Q If the paper is not being sold -- if the
9 mill's not running and there's not any money being
10 generated, how is the equipment being repaired and
11 maintained currently?

12 A Well, right now it isn't being used.

13 Q Well, is there any damage to having the
14 equipment just sit there?

15 A No, not if it's not running.

16 Q So there's no damage to having it just sit
17 there -- like having a car just sit in one spot,
18 there's no issues with it?

19 A No -- nope. No.

20 Q Okay. So the remaining equipment on Exhibit
21 8, who is in possession of the remaining equipment?

22 A Who is in possession? Tissue Depot.

23 Q Okay. And so that'd be Tissue Depot, Inc.;
24 correct?

25 A Yes. Now the -- hold on, it's on here.

1 Number 1, I'm being told, and -- there's another one
2 on here -- sorry, can't seem to find it. It would be
3 number 8, 1 and 8 -- Tom Homco says he has the lien on
4 that. What that means, I don't know.

5 Q And how did you learn that?

6 A One of the conference calls.

7 Q So Tom Homco says that he has a lien on the
8 Babcock and Wilcox gas fired BTU boiler and the
9 Beloit/Proctor & Gamble 128 tissue machine?

10 A Yes, and that -- the facts could actually
11 come from Don and Tom on that subject.

12 Q Have you reviewed any documents that --

13 A None.

14 Q -- show that Tom Homco has a lien on items 1
15 and 2 in paragraph 8 of the complaint?

16 A No, I -- I haven't seen it. Again, it's
17 hearsay.

18 Q You have no personal knowledge one way or
19 the other as to whether Tom Homco has a lien or
20 doesn't have a lien?

21 A No, I do not have any facts.

22 Q Okay. Don Swenson or Tom Homco would be the
23 person to direct that; correct?

24 A Correct.

25 Q Okay. So Tissue Depot, Inc. is in

1 possession of the remaining equipment; correct?

2 A It's in 437 South Main building, yes.

3 Q Which is now in the possession of Tissue
4 Depot, Inc.; correct?

5 A Correct.

6 Q Okay. Did Great Lakes transfer the
7 remaining equipment to Tissue Depot, Inc.?

8 A I'm -- I don't have that information. I
9 wasn't shared that information.

10 Q Did you do anything to investigate how the
11 equipment was transferred, if at all, from Great Lakes
12 to Tissue Depot, Inc.?

13 A No, I did not.

14 Q Okay. But Tissue Depot, Inc. is currently
15 the entity that's in possession of the remaining
16 equipment?

17 A Yes.

18 Q Do you know what Tissue Depot, Inc. paid
19 Great Lakes for the remaining equipment?

20 A No, I do not.

21 Q Do you know if Tissue Depot, Inc. entered
22 into any contracts with Great Lakes Tissue relating to
23 the remaining equipment?

24 A No, I do not.

25 Q Do you know any of the details as to how

1 Tissue Depot, Inc. came into possession of the
2 remaining equipment?

3 A The only knowledge I have is this equipment,
4 a lot of it, is non-removable. You cannot remove it.
5 It is part of the fixture, it's bolted to the floors,
6 to the piping. A lot of what's on this list, like the
7 Babcock Wilcox, number 1, for instance, is -- you
8 would have to take it -- you'd have to scrap it --
9 take it out piece by piece.

10 It was actually put in -- the building was
11 formed around it. The tissue machine, 128, that's
12 part of the structure. It's cemented into the floor.
13 You would have to cut it out piece by piece. All the
14 equipment that's in the machine shop, the fab shop,
15 whatever they called it, is bolted to the floor.

16 It's been there for 23 years, longer than
17 that. Proctor & Gamble put it in. So a lot of this
18 has been there for -- and I don't -- you'd have to cut
19 it out to get it out.

20 Q Got it. Understand. But as of January
21 2023, Great Lakes ceased to operate; correct?

22 A Yes.

23 Q And Great Lakes' employees all became
24 employees of Tissue Depot; correct?

25 A Other than the ones that got laid off, yes.

1 Q And all of the assets of Great Lakes became
2 the assets of Tissue Depot; correct?

3 A I assume so because it's still here.

4 Q Okay. So as of today, it's fair to say that
5 Great Lakes is a defunct company; correct?

6 A Yes.

7 Q Did Great Lakes or Tissue Depot ever obtain
8 Prime Alliance or Sertant Capital's consent to
9 transfer the remaining equipment from Great Lakes to
10 Tissue Depot, Inc.?

11 A That wouldn't be for me to know. I'm not
12 involved in meetings like that.

13 Q You don't know?

14 A I don't know -- I don't know the answer to
15 that question.

16 Q Did you ever try to find anyone who knew the
17 answer to that question as to the transfer of the
18 equipment?

19 A No -- no. Not -- up until I received this
20 21 items, I didn't know -- I didn't even know who
21 Sertant was. I didn't even know they had a lien on
22 anything. I didn't know this equipment had liens on
23 it until I received this, and that would have been
24 April, last month.

25 Q Let me just share something. I'm going to

1 go back to Exhibit 1. In paragraph 9, which is one of
2 the topics that you are designated to testify to, it
3 says, "All facts relating to the transfer, assignment,
4 conveyance, license, sale, or use of the equipment,
5 Defendant's assets, or Defendant's operations, to any
6 third party or entity from September 1, 2022, to the
7 present." Do you see that?

8 A Yes, I see that.

9 Q Okay. So --

10 A I read that.

11 Q So the equipment that you testified was
12 transferred from Great Lakes to Tissue Depot, Inc. --

13 MR. JANCZEWSKI: I'm going to object.
14 I think that mischaracterizes the testimony. I think
15 the questions were who has possession of the
16 equipment. It wasn't transfer, or title, or anything
17 like that.

18 BY MR. MCWHORTER:

19 Q Well, okay. First of all, Mr. Schleben,
20 what did you do to obtain information on that topic?

21 A Again, I thought it -- I thought it referred
22 to the 21 items that we first went through. I did not
23 know that it meant everything -- that I now know there
24 was the bigger list.

25 Q Yeah. And so you didn't --

1 A And I -- I did -- I did investigate that,
2 but I thought it was the transfer of those 21
3 items -- the assets and 21 items.

4 And I thought -- I come to that conclusion
5 when I found out that they went to Kling's, and they
6 no longer were in this plant at 437 South Main.
7 I -- that's what I -- that's as far as I went with it
8 because that's all the more I thought I had to do.

9 Q Got it. So going to Tom's point, who holds
10 title currently to the remaining equipment?

11 A The remaining equipment? With what I know
12 now, I would say that'd be Sertant. And from -- I
13 don't know -- the city, Tom Homco?

14 Q So in terms of the equipment identified in
15 the complaint, in paragraph 8, do you know, for any of
16 that equipment, who currently holds title?

17 A I -- I thought it was Tissue Depot, Inc.

18 Q Okay. And so what's your basis for that
19 belief?

20 A Because most of it is permanent fixtures of
21 this mill, and when -- when you buy a plant, I assume
22 that that stuff went with it.

23 Q So it's your belief that Tissue Depot, Inc.
24 holds title to the equipment?

25 A Yes. The permanent -- if it's permanent, it

1 would be the landowner.

2 Q Do you know whether Sertant or Prime
3 Alliance Bank has title to the equipment, or you don't
4 know?

5 A No, I don't know that they -- I don't know
6 who has the title to them -- any of this.

7 Q Okay. But the possession of the equipment
8 was transferred from Great Lakes to Tissue Depot in
9 January of 2023; correct?

10 A Correct.

11 Q And Tissue Depot, Inc. retains possession of
12 the remaining equipment today?

13 A Correct.

14 Q And you don't know whether either of the
15 plaintiffs in this case consented to that transfer or
16 not; correct?

17 A Correct. I wasn't a part of --

18 Q To the best of your knowledge, the
19 plaintiffs never consented to the transfer of the
20 possession of the equipment from Great Lakes to Tissue
21 Depot, Inc.; correct?

22 A I can only assume. Like I said, I wasn't in
23 that meeting.

24 Q You're not aware of anything to say that
25 they were notified; correct?

1 A I read no documents, I don't -- I have no
2 facts -- I have no facts on that -- that statement at
3 all.

4 Q Right.

5 A So I'm not aware.

6 Q Right. So to the best of your knowledge,
7 Plaintiffs Prime Alliance and Sertant Capital were
8 never notified that Great Lakes transferred the
9 remaining equipment from Great Lakes to Tissue Depot,
10 Inc.; correct?

11 A I would have to assume.

12 Q That they were not; correct?

13 A Correct. I'm -- I'm not sure.

14 Q You're not aware of anything?

15 A I'm not aware -- I wasn't told anything.
16 I'm not aware of it.

17 Q And you didn't do anything to investigate
18 that; correct?

19 A I didn't know who to talk to about it.

20 Q Who would you talk to if you were going to
21 investigate it?

22 A Sertant.

23 Q Anyone else?

24 A Tissue Depot, Inc.

25 Q Who at Tissue Depot, Inc.?

1 A One of the leadership.

2 Q So you're the president of Tissue Depot,
3 Inc.; correct?

4 A Yes.

5 Q Okay. And we had previously identified as
6 Exhibit 19 -- hold on one second. The check -- the
7 check that was in Wisconsin. Do you remember that?
8 The address in Wisconsin?

9 A Yes -- yes.

10 Q Have you ever been to that building?

11 A No.

12 Q Is the headquarters of Tissue Depot, Inc. in
13 Wisconsin?

14 A We're not sure. We're wondering why the
15 check doesn't say 437 South Main.

16 Q Who's that who says we're not sure?

17 A Employees. So, no, we haven't been there.
18 And I don't know if that's the headquarters.

19 Q Are you aware of any equipment whatsoever
20 being moved or relocated from 437 South Main,
21 Cheboygan, Michigan, to Wisconsin, or anywhere else?

22 A No -- no. Nothing -- no.

23 Q Other than the missing equipment that we
24 talked about?

25 A The 21 items.

1 Q Yeah. Other than those 21 items, you're not
2 aware of any other equipment being moved or relocated?

3 A No, nothing's been removed from here that
4 I'm aware of.

5 Q Okay. And specifically, you're aware that
6 the court entered a temporary restraining order
7 restraining the damage, destruction, concealment,
8 disposal, moving of the equipment; you're aware of
9 that?

10 A Yes, I was told that. Yes.

11 Q And to your knowledge, there has been no
12 other equipment moved?

13 A Correct.

14 Q You identified one piece of equipment that
15 was liquidated in April of 2023?

16 A Yes, the -- that would be the -- hold on,
17 let me get my list -- JCB 506C.

18 Q And what was the date of that -- or that
19 disposal?

20 A 4/9/23.

21 Q So April 9th, so that's -- are you aware
22 that the court entered its order on April 12th?

23 A No.

24 Q So three days before the court entered its
25 injunction, it disposed of that equipment?

1 A Yes.

2 Q Do you know if -- strike that. Did Tissue
3 Depot, Inc., or Great Lakes, or anyone on their
4 behalf, contact anyone at Sertant Capital or Prime
5 Alliance to let them know that that equipment would be
6 disposed of?

7 A At the time I was a team leader, and they
8 wouldn't have told me anything like that.

9 Q You don't know one way or the other;
10 correct?

11 A I do not know one way or the other. It
12 could be yes, it could be no. I don't know.

13 Q And how much was that equipment sold
14 for -- scrapped for? Do you have that?

15 A \$1,171 -- or 76 dollars.

16 Q Got it.

17 MR. MCWHORTER: Can we take a
18 five-minute break? I need to see what else I have
19 left.

20 THE WITNESS: Yes.

21 THE REPORTER: All right. We are now
22 off the record.

23 (Off the record.)

24 THE REPORTER: All right. We are now
25 back on the record at 1:52 p.m.

1 BY MR. MCWHORTER:

2 Q Mr. Schleben, you indicated there are 38
3 employees currently; correct?

4 A Yes.

5 Q And you said there are six repair and
6 maintenance employees?

7 A Yes.

8 Q If the plant's not operating, what are those
9 repair and maintenance employees doing?

10 A Rebuilding the equipment to get us back
11 running.

12 Q And what is the anticipated date that Tissue
13 Depot will begin making paper products?

14 A Mid-June.

15 Q And what's that based on?

16 A A restraining order.

17 Q Well, the restraining order says that you
18 can't use it to substantially impair its value. It
19 doesn't say you can't use it.

20 A Right. That's -- that's my assumption. I
21 assumed that. Our date is -- June is what we're
22 trying to shoot for to start up. Just -- just the 102
23 parent roll machine.

24 Q Okay. So your plan is in June of 2022 [sic]
25 just do to one parent roll machine?

1 A Yes. Not the converting side, but just the
2 parent roll.

3 Q And why just the parent roll?

4 A The other side cannot do anything until we
5 make parent rolls.

6 Q And so out of the equipment in paragraph 8
7 of Exhibit 18, which is the complaint, what equipment
8 is needed to make the parent rolls?

9 A Number 1, number 2, number 3, number 4,
10 number 5 -- it could be 5 or 6, just a stretch
11 wrapper. I think it's number 6. I'm not sure -- they
12 don't have names out here on this antique equipment.

13 I believe -- well, definitely number 8,
14 7 -- 7 and 8. That's pretty much it, except for -- as
15 I say, the printout for some reason didn't give me
16 numbers. I'm only counting down and --

17 Q Understand. So 1, 2, 3, 4, 5 or 6, 7, and
18 8. Is 7 included in that list?

19 A Hold on. Yes.

20 Q Okay. So basically items 1 through 8 are the
21 items that you need to do the parent roll machine.
22 The other remaining equipment is not needed to run the
23 parent roll machine -- to do the parent roll
24 operations; correct?

25 A Except for -- I'm looking on page 2, the

1 second and third one -- or the -- the last two on
2 there -- Caterpillar #11 roll grab. We'll need that
3 to run. If that's not on the 21-item list. We need a
4 roll grab 'cause you got to pick these 102s up, and
5 that's what we use.

6 Q So the roll grab, you mean number 58, 59,
7 the Linde roll grab, is that what you're referring to?

8 A Yeah -- yeah.

9 Q Okay. So one of the Linde roll grabs. So,
10 like, 58. Okay. Is that right?

11 A Yes.

12 Q Okay. So that's the equipment that's needed
13 for the parent roll machine operations. How soon do
14 you expect to start doing the conversion?

15 A That we're unsure of. Right now we're just
16 focused and concentrated on selling 102 parent rolls.

17 Q How much does a parent roll run, in terms of
18 when you sell it? What do you get for a parent roll?

19 A \$800 to maybe \$1,200. That all -- that
20 depends on the market at the time, the paper market.

21 Q And how long does it take to make a parent
22 roll?

23 A Twenty minutes.

24 Q So I have a question. Does Great Lakes have
25 set customers that it uses that buys its products?

1 A Great Lakes or Tissue Depot?

2 Q Well, let's -- prior to January 2023?

3 A Yes, they -- yes, they did.

4 Q What kind of customers did Great Lakes have?

5 A Other converting mills would buy our parent
6 rolls so they can convert into toilet paper rolls,
7 tissue paper, napkins.

8 Q And does Great Lakes have contracts with
9 those companies?

10 A Yeah, they did have.

11 Q How many customers did Great Lakes have?

12 A The exact amount I don't know. I don't know
13 that. Four?

14 Q Four customers. So Great Lakes had four
15 customers that it used --

16 A Just for the parent rolls.

17 Q Parent rolls.

18 A Like I said, I don't know the exact number.
19 Could have been six, it could have been four. I'm
20 not -- Sherry would have that answer.

21 Q Do you know who the four to six customers
22 are?

23 A I only know one, ACI.

24 Q What does ACI stand for?

25 A That I don't know. That's just how we

1 referred to that company.

2 Q And where is that company based out of?

3 A Not sure. I am not part of sales.

4 Q Got it. So Great Lakes had four to six
5 customers. How long did it have those four to six
6 customers?

7 A Man, on and off? Probably 15 years or
8 longer.

9 Q So it's fair to say that Great Lakes had an
10 established relationship with these customers?

11 A Yes.

12 Q And did Great Lakes have written contracts
13 to provide parent rolls to them?

14 A I would have to ask Sherry that. My part of
15 the whole thing was they just told me what to make and
16 who I was making it for.

17 Q You don't know whether the customers submit
18 quotations, or you don't know how they bid the work;
19 correct?

20 A Correct. I don't know that part of it, no.

21 Q Okay. And so on the parent rolls, there's
22 four to six customers. And on the conversion side,
23 how many customers did Great Lakes have?

24 A Now on the conversion side -- as I said, I
25 work on the parent roll side. I've never worked on

1 the conversion side. I know nothing about their
2 business on that end.

3 Q Okay. So you don't know how many customers
4 they had?

5 A No. I'm sorry, I do not know.

6 Q So when Tissue Depot, Inc. operates going
7 forward, it will be selling parent rolls to the same
8 four to six customers; correct? That Great Lakes sold
9 to?

10 A That's what -- that's what our hope is.

11 Q Do you have any facts to base that hope on?

12 A No -- no, I don't. And again, we'd have
13 to -- I'd have to get with Sherry to see if there is
14 any. I believe the -- the one that keeps coming up
15 for the last couple days is ACI. They're trying to
16 figure out a way and agree upon taking our tissue to
17 start up. That'll get us going.

18 Q At any time since Tissue Depot, Inc. took
19 over the operations of Great Lakes, did anyone to your
20 knowledge ever send any notice out to the customers of
21 the name change, so to speak?

22 A That I don't know.

23 Q To your knowledge, do you know if the
24 customers of Great Lakes are now the customers of
25 Tissue Depot, Inc.?

1 A That I don't know. We haven't made paper,
2 we haven't sold paper, they haven't -- I don't know.

3 Q Does Tissue Depot, Inc. have letterhead?
4 When you used letterhead after January 'til now, does
5 your letterhead say Great Lakes Tissue Company, or
6 does it say Tissue Depot, Inc.?

7 A Tissue Depot, Inc.

8 Q And how long has Great Lakes done business
9 with ACI? Any idea?

10 A Not the exact amount of years. Years.

11 Q Like, more than ten years?

12 A Yes.

13 Q And so it's fair to say that Tissue Depot,
14 Inc. is hoping to use the relationship that Great
15 Lakes had built with ACI to sell products to it;
16 correct?

17 A Correct.

18 Q And the same is true as with the other
19 customers of Great Lakes?

20 A Correct.

21 Q Did -- go ahead. Do you have more to
22 answer?

23 A No -- no.

24 Q Okay. What did Tissue Depot, Inc. -- strike
25 that. Does Great Lakes have a customer list?

1 A Prior to -- when Clarence owned it, yes,
2 they had a customer list.

3 Q And when Kip took over, did they have a
4 customer list?

5 A I can only assume it was the same ones
6 because we're told the same thing.

7 Q Okay. And that customer list now belongs to
8 Tissue Depot, Inc.; correct?

9 A Correct.

10 Q What did Tissue Depot, Inc. pay to Great
11 Lakes to acquire that customer list?

12 A I don't know.

13 Q Did you do anything to investigate
14 what -- is it fair to say that a customer list is an
15 asset of a business?

16 A Yes.

17 Q Okay. Did you do anything to investigate
18 what Tissue Depot, Inc. paid to Great Lakes, Inc. to
19 acquire its customer list?

20 A Not as far as paying for a customer list.
21 The customer -- the customers, yes. The customers
22 that we had throughout all this just come with the
23 company. You know, we just call them. They still
24 want our paper no matter who owns it.

25 It ain't a matter of paying for it. I -- I

1 don't know of anybody paying for that list because
2 they just automatically call Sherry and see if we're
3 making paper yet, and let us know when you do, 'cause
4 we still want it.

5 Q Because Sherry has got a relationship with
6 those customers?

7 A Many, many years of it, yes. A
8 relationship.

9 Q And that's for many, many years of working
10 for Great Lakes of building that relationship?

11 A Correct.

12 Q And that relationship now -- Sherry now
13 works for Tissue Depot, Inc.; correct?

14 A Correct.

15 Q And you don't know what, if anything, Tissue
16 Depot, Inc. paid to acquire that customer list or
17 relationship?

18 A No -- no.

19 Q Did Great Lakes have any patents or
20 copyrights?

21 A No, not that I'm aware of.

22 Q Do you know what an environmental permit is?

23 A Yes. I've heard of it, yes.

24 Q What is an environmental permit?

25 MR. JANCZEWSKI: I'm going to, again,

1 reassert the objection that Mr. Schleben has been
2 called to testify about the equipment.

3 Now you've been asking about patents,
4 copyrights, environmental licenses that are clearly
5 outside the scope of what he's been prepared to
6 testify to.

7 MR. MCWHORTER: Well, I said assets,
8 but I hear you.

9 BY MR. MCWHORTER:

10 Q Let me just ask you this question. Do you
11 know if Great Lakes sold environmental permits to any
12 third party?

13 A I wasn't made aware of it.

14 Q Okay. So you don't know; correct?

15 A No, I don't know that. I don't know that
16 answer.

17 Q Insurance. I'm going to show you what's
18 marked as Exhibit 15.

19 (Exhibit 15 was marked for
20 identification.)

21 It's an evidence of property insurance. Do
22 you recognize this insurance certificate?

23 A I've never seen it.

24 Q Okay. The court required the defendant in
25 this case to provide proof of insurance. Do you know

1 if the equipment is insured?

2 A No, I don't know that.

3 Q Do you know if either Sertant Capital or
4 Prime Alliance Bank -- are they named as an insured on
5 any policy?

6 A I haven't seen any policies. I can't answer
7 that question 'cause I -- I've never read anything on
8 insurance on the building.

9 Q So what about on the equipment? You don't
10 know one way or the other whether any of the remaining
11 equipment is insured; correct?

12 A Yes. I -- correct. I don't know that
13 answer. I haven't read anything.

14 Q And do you know if this policy is currently
15 in effect?

16 A Tom Homco said he has insurance on this
17 building and the building across the street.

18 Q Okay. And this is Homco Thermo Warehouse is
19 the -- having the additional interest? Is that what
20 you're referring to?

21 A I didn't see that name on the bottom. I got
22 that from -- Tom mentioned that to me.

23 Q Tom mentioned to you that he has --

24 A He has insurance on the building, which is
25 everything in it.

1 Q Does that include the equipment?

2 A Yes.

3 Q And do you know who is the insurer for the
4 equipment?

5 A No, he doesn't share that information with
6 me.

7 Q Do you know if either of the plaintiffs are
8 designated as a payee on the insurance?

9 A That I -- no, I don't know that. The
10 only -- the only thing I know on the insurance part is
11 what I'm told by Tom that he has insurance on both
12 buildings.

13 Q Do you know if that is insurance for him
14 personally, or insurance for Tissue Depot, Inc.?

15 A That information -- that I don't know. I
16 don't know that answer.

17 Q Do you know if it's insurance for Great
18 Lakes Tissue, Inc. -- I'm sorry, Great Lakes. Let me
19 strike that.

20 Do you know if Great Lakes has insurance on
21 the equipment?

22 A No, I don't know that.

23 Q So you have 38 employees, 6 doing repair,
24 what do the other 32 employees do?

25 A We have been cleaning -- extensive cleaning.

1 Scraping, painting, making it a better work
2 environment. Cleaning it up. And as of right now, we
3 are helping get the equipment that was removed with
4 the roof back running -- rebuilding it.

5 Q And when you begin manufacturing the paper
6 rolls in June, will it be with the same 38 employees,
7 or is Tissue Depot, Inc. intending on hiring
8 additional employees?

9 A Thirty-eight current, and fourteen more
10 employees is what we plan on hiring now.

11 Q When do you plan on hiring the 14 employees?

12 A Next month, June.

13 Q And why is it necessary to hire 14 employees
14 when you're simply doing the parent rolls?

15 A Takes seven people on each crew, we run
16 24/7. We run four different shifts, seven people on a
17 crew.

18 Q Got it. I think I asked you this. Before
19 you testified today, is there anyone else that you
20 spoke with other than the individuals that you already
21 identified?

22 A No -- no.

23 Q Okay. I'm going to show you what's marked
24 as Exhibit 3.

25 //

1 (Exhibit 3 was marked for
2 identification.)

3 Do you recognize this document?

4 A No.

5 Q Were you provided a copy of this document?

6 A No.

7 Q Okay. This is the inspection that was done
8 in April of 2023. So you have never seen this
9 document?

10 A No.

11 Q Okay. I'm going to show you what's marked
12 as Exhibit 6.

13 (Exhibit 6 was marked for
14 identification.)

15 Have you ever seen this document?

16 A No, sir.

17 Q Have you ever seen Kip Boie's signature?

18 A Once I believe, yes. Just once.

19 Q Do you know if that's Kip Boie's signature
20 on page 8?

21 A Yes, it is.

22 Q Okay. What about Exhibit 7, which is a
23 Lease Schedule No. 1, have you ever seen this
24 document?

25 //

1 (Exhibit 7 was marked for
2 identification.)

3 A No.

4 Q Again, do you recognize this signature?

5 A No. It's too fuzzy, it's too grainy.

6 Q I'm going to show you what's marked as
7 Exhibit 8.

8 (Exhibit 8 was marked for
9 identification.)

10 Have you seen this document before?

11 A No.

12 Q Do you know what a UCC Financing Statement
13 is?

14 A Nope.

15 Q You've never seen this list of equipment?

16 A That equipment is what we've been going
17 over?

18 Q Correct.

19 A I recognize the names.

20 Q Right. I'm going to share what's marked as
21 Exhibit 9.

22 (Exhibit 9 was marked for
23 identification.)

24 Have you seen this temporary restraining
25 order?

1 A No, they didn't show me one. No.

2 Q How did you come to learn about this
3 temporary restraining order?

4 A Employees, hearsay, news, UpNorthLive.

5 Q Got it.

6 A Social media.

7 Q As the president of the company, are you
8 taking any steps to make sure that the temporary
9 restraining order is being complied with?

10 A Yes. Once I get that, I'll read it and
11 understand it more.

12 Q Have you given instructions to your
13 employees not to move any of the equipment?

14 A The plant manager, I believe, has done that.

15 Q Are you aware, in roughly April or May of
16 2023, equipment being moved at night?

17 A Am I aware of that?

18 Q Yes.

19 A It wasn't equipment, it was I-beams. We
20 were getting I-beams from one warehouse to the -- this
21 warehouse.

22 Q What's an I-beam?

23 A It's a steel structural -- structural steel
24 used in bases, holding up floors, walls, ceilings,
25 roofs. We use it -- we used it to support the wall

1 and one of the pieces of equipment that was removed
2 and we're rebuilding.

3 Q And so you moved the I-beams or you moved
4 equipment?

5 A The -- the equipment moved the I-beam over
6 here. We didn't remove -- we didn't remove equipment.
7 We were moving an I-beam from one side of the street
8 that weighed -- the I-beam was probably almost two,
9 three thousand pounds. So you needed a fork truck to
10 carry it across. And the best time to do it is at
11 night when there's less traffic, so you can cross Main
12 Street.

13 Q Did the Cheboygan sheriff or police
14 department become involved in the movement of that
15 equipment?

16 A Yes, they stopped once to see what we were
17 doing and what we were up to, and told us to be safe.
18 And we explained why, and they said okay.

19 Q Okay. And so there was no movement of
20 equipment, it was just simply the I-beams?

21 A Simply, yeah, just simply I-beams crossing
22 the main highway. And we told -- we told the sheriff,
23 or the police officer, at the time that it's much
24 safer -- safer for us to cross Main Street at night
25 'cause there's less people, less traffic, than during

1 the day.

2 So safety wise, we try to move -- if we got
3 to move stuff from one warehouse to the other and it's
4 long and heavy, we try to do it without obstructing
5 traffic.

6 Q The Cheboygan city manager has placed
7 barricades on the outside of the building; correct?

8 A That's when they were removing the north
9 roof.

10 Q Are those barricades still there?

11 A No, they since moved them since the wall was
12 taken down.

13 Q When was the roof and the wall taken down?

14 A December. By -- yes, by Great Lakes.

15 Q That can't be --

16 A There was other -- I don't know what
17 barricades. That's the only barricades I know of.

18 Q So I'm going to -- okay. This is not in
19 your binder, but I will mark it as Exhibit -- I think
20 I'll make it as Exhibit -- what number do we
21 have -- 20. This is Exhibit 20.

22 (Exhibit 20 was marked for
23 identification.)

24 A Okay.

25 Q Okay. So I'm going to go through this.

1 A I know what that's for. To remove that
2 dangerous piece up there.

3 Q Okay. Has that been fixed?

4 A Yeah, it's been removed. So -- we put those
5 barricades up.

6 Q The city manager didn't put those barricades
7 up?

8 A No, we did. Rocky was the one that went up
9 there and removed that dangerous part of the corner of
10 that building. It's now safe.

11 Q And when was that done?

12 A I don't know the exact date. I was on -- I
13 was team leading. I come to work one day, the
14 barricades were up, and I seen him up there removing
15 it. That's what I know of it.

16 Q Okay. I'll represent to you that the
17 picture I just showed you was our process server
18 taking pictures when he was going to serve the papers.

19 A Oh. Yeah. All right.

20 Q Let me see if I've got anything else.

21 A Yeah, that corner of that building been
22 slowly trying to fall down for a while, and we thought
23 we better get up there and remove it.

24 Q And none of the remaining equipment is
25 located near there?

1 A No -- no. No, that's -- that corner's
2 been -- it was repaired probably twice. The inside of
3 the cement blocks -- the inside of the building is
4 still there. That's just -- that's just for looks
5 type of bricks on the outside of cement blocks.

6 Q Okay. Do you know what is the anticipated
7 cost of repairing the rest of the building? Do you
8 have any idea?

9 A Just by a number I overheard, 21 million.

10 Q Did you do any investigation -- topic 7
11 says, "All facts relating to Defendant's plans, if
12 any, and anticipated costs for repairing and securing
13 the property." What did you do to determine the
14 anticipated costs?

15 A Just asked what it was going to cost to
16 repair the roof, put this building back up, and any
17 other repairs. And they told me the cost was
18 somewhere around 21 million.

19 Q Who told you it was 21 million?

20 A Again, I -- any questions I asked Ron
21 Vandenheuvel. That's what he's there for, if we have
22 questions. He gets the answers, gets back to me.
23 Consult him by phone, he -- he lives out of town, I
24 believe downstate somewhere. Supposed to go to
25 Florida, I don't know.

1 Q Is Mr. Vandenheuvel still paid for those
2 services?

3 A I don't know if he's paid or not paid.

4 Q Okay. So Mr. Vandenheuvel told you that it
5 was 21 million. When did he tell you that?

6 A Day before yesterday. What's today's date?

7 Q Today is -- so it's the 23rd.

8 A Yeah, the 23rd is when I asked him that
9 question.

10 Q And that was in anticipation of today's
11 deposition?

12 A Yes.

13 Q Okay. What else --

14 A And that's -- that's the nearest I
15 could -- that's -- that's all I could come up with on
16 that.

17 Q And how is those funds going to be raised?

18 A I'm not sure on how the funds are going to
19 be raised.

20 Q Well, do you know what Defendant's plans, if
21 any, are to obtain that money?

22 A I'm not part of the how he gets money part
23 of it. I'm assuming -- I'm assuming we got to make
24 paper.

25 Q And that would be Tissue Depot, Inc. coming

1 up with the money to make those repairs; right?

2 A Correct.

3 Q Are you aware of any inventory, machinery,
4 equipment, anything being sold out of the ordinary
5 course of business from September 1, 2022, to the
6 present?

7 A No. Nope.

8 Q What did you do to make a determination of
9 that?

10 A I've been here, and I know that nothing's
11 been removed from here. They had some equipment that
12 was repossessed, but that was about it.

13 Q Do you know if -- when's the last time that
14 there was an appraisal of the equipment done by either
15 Tissue Depot, Inc. or Great Lakes?

16 A None that I'm aware of, none. I -- there's
17 nothing in our records that says it was appraised.

18 Q Did you look to see if there was an
19 appraisal of the equipment?

20 A As much as I could. When Great Lakes
21 Tissue -- Great Lakes went out, a lot of the
22 information was tossed out. So a lot of the records I
23 can't find.

24 Q So when Tissue Depot, Inc. took over the
25 business operations -- or took over Great Lakes

1 business, the business records of Great Lakes were
2 disposed of?

3 A That I don't -- I'm assuming --

4 MR. JANCZEWSKI: Objection. I think
5 that mischaracterizes the testimony. I think the
6 testimony was that he's not able to find them. But I
7 don't think there's anything to suggest that Great
8 Lakes/Tissue Depot disposed of any information.

9 BY MR. MCWHORTER:

10 Q Mr. Schleben, can you finish your answer?

11 A My answer is I can't find that information.
12 It isn't in the same location it was. I'm not saying
13 they disposed of it. It's moved, I don't know where
14 it went. I -- I asked people. They don't have -- no,
15 I don't know where it's at.

16 But I wrongfully said disposed of. I should
17 not have said that. That was a wrong answer. I
18 shouldn't -- that was wrong.

19 Q Got it. So are there records that you have
20 looked for in the past that you cannot locate now?

21 A No, they're just in different locations.
22 I've only been back at this for seven days now. And
23 it was two years ago. Things have changed in two
24 years. People have moved offices, moved stuff around.
25 It's a matter of finding it.

1 Q Well, did Great Lakes use a network and
2 computers?

3 A Yes.

4 Q Okay. And are those same computers still at
5 Tissue Depot?

6 A No.

7 Q What happened to those computers?

8 A Don't know. I'm -- I'm not sure. This
9 whole -- the network I'm on right now that I'm using
10 is Tissue Depot's network. It hasn't -- nothing's the
11 same as far as one network to the other.

12 Q So are you connected to Tissue Depot in
13 Wisconsin, or is it just local?

14 A Whoever is on the board.

15 Q Got it. I understand. You don't --

16 A No, it's all over. It's -- it could be
17 Minnesota, it could be I think St. Louis, Michigan.
18 It's a network -- we're all on the same network.

19 Q How did Great Lakes maintain its books and
20 records prior to January of 2023?

21 A I haven't a clue. I don't know. I was on a
22 team.

23 Q But when you did it, if you had documents
24 that you were using, did you store them on the
25 computer, did you have a paper file?

1 A Yes. Prior to 2022, 2020, when I was in
2 management, we used a -- stored it on the computer. I
3 don't know what Great Lakes Tissue did in 2022 'cause
4 I wasn't on the computers.

5 Q You didn't use a computer in 2022?

6 A Correct. And I haven't used the computers
7 until this week of 2023.

8 Q Okay. Got it. And you used -- that's why
9 you now have a new email address?

10 A Correct. And that's why I say I can't find
11 the information because the information was on a
12 different network. I said -- like I said, I misspoke.
13 I said it wrong.

14 Q Understand.

15 A The information I'm looking for isn't on the
16 computer I'm on now, that I'm used to in 2020. I
17 apologize for that. I did not mean to say it wrong.

18 Q Got it. Understood. Okay. Got it. So you
19 don't know one way or the other what happened to the
20 books and records, or the computers, that Great Lakes
21 may have used prior to January 1, 2023?

22 A Correct. Yes. The last time I was on the
23 computer was 2020.

24 Q So Tissue Depot could have possession of
25 them, or they might not have possession of them, you

1 just don't know?

2 A I just don't know. I know it's not on the
3 one I'm using -- the network.

4 Q Kip Boie was the CEO of Great Lakes;
5 correct?

6 A Yes.

7 Q Okay. And he ceased being the CEO when
8 Tissue Depot, Inc. acquired Great Lakes' business
9 operations; is that fair?

10 A That's fair to say, yes.

11 Q Okay. Did Kip Boie have an office at Great
12 Lakes?

13 A A specific office? Not that I'm aware of.

14 Q When he left, are you aware, did he take any
15 books and records with him?

16 A I'm not aware of that. I don't know. I
17 wasn't -- I was on a team. No. I didn't even know if
18 one was going from the other at that time.

19 Q Got it.

20 A I was a team leader on the team. Not in
21 management, and not in that loop, so to speak.

22 Q Got it. Okay. Give me one second, sir.

23 A Yes, sir.

24 MR. MCWHORTER: So I think I've
25 concluded my questions for today. I'd like to just

1 say this.

2 There were certain topics such as the
3 transfer of assets other than in the ordinary course
4 of business, the transfer of assets from Great Lakes
5 to Tissue Depot, Inc. I think it's clear that
6 Mr. Schleben does not have, or did not investigate
7 that, is not the person most knowledgeable, doesn't
8 have any knowledge in terms of what was paid, if
9 anything.

10 So to that extent, and to the extent
11 that there were certain topics -- and I won't go
12 through all of them -- where he did not have the
13 opportunity or wasn't aware that he had to -- that he
14 did a diligent search for information, to that
15 extent -- to the extent it becomes necessary, I
16 reserve the right to recall Mr. Schleben at a later
17 time.

18 But I think for purposes of today given
19 what he's done up to this point to prepare, given the
20 fact that he's only been president since May 15th, and
21 he got this May 22nd -- three days ago -- I guess I
22 would reserve the right to recall Mr. Schleben at a
23 later date and give him the opportunity to look at the
24 issues that he had.

25 So, for instance, the equipment -- he

1 didn't know that it was the equipment, he thought it
2 was the missing equipment only. And that's just
3 another example. So that's my only reservation, Tom.
4 I just want to put that on the record.

5 MR. JANCZEWSKI: Okay.

6 MR. MCWHORTER: And you're welcome to
7 ask him any questions today, if you wish.

8 MR. JANCZEWSKI: I do not.

9 MR. MCWHORTER: Okay. I'd like to work
10 out one logistical issue. We have a hearing June
11 12th. Typically it's 30 days to review a transcript.
12 I'd like to stipulate to at least shorten that time.

13 If Mr. Schleben could read through his
14 transcript and make any changes that he thinks is
15 appropriate, he can do that. But I'd like to do it,
16 if possible, as soon as possible, if we could agree
17 upon a shortened time schedule.

18 MR. JANCZEWSKI: I'm certain we can
19 agree to a shortened time schedule. I'm not sure if I
20 can do it right this second, but I'll have to talk to
21 Ken. But your point is well taken that, you know, the
22 hearing's on the 12th so, you know, we need to do
23 something.

24 MR. MCWHORTER: So let me ask this
25 question. Could we go off the record for one second?

1 THE REPORTER: Sure. We are now off
2 the record at 2:40 p.m.

3 (Off the record.)

4 THE REPORTER: We're back on the
5 record.

6 MR. MCWHORTER: Okay. So Counsel have
7 discussed, and so we will order an expedited
8 transcript. Given the fact that we have a June 12th
9 hearing date, Mr. Schleben's agreed to review his
10 deposition and return any changes that he has within
11 three business days -- but no later than June 7th at
12 the very latest -- but three business days once he
13 receives it. And we will send it via email to Counsel
14 for the defendant. Is that fine?

15 MR. JANCZEWSKI: Yeah, we are fine with
16 that.

17 MR. MCWHORTER: Okay. And with that,
18 subject to my reservations --

19 You don't have any questions, I assume,
20 Tom?

21 MR. JANCZEWSKI: I have no questions.

22 MR. MCWHORTER: So that's it. Then we
23 can go off the record.

24 THE REPORTER: All right. We are now
25 off the record at 2:44 p.m.

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(Whereupon, at 2:44 p.m., the
proceeding was concluded.)

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CERTIFICATE OF DEPOSITION OFFICER

I, ALEXANDRA HOBRECHT, the officer before whom the foregoing proceedings were taken, do hereby certify that any witness(es) in the foregoing proceedings, prior to testifying, were duly sworn; that the proceedings were recorded by me and thereafter reduced to typewriting by a qualified transcriptionist; that said digital audio recording of said proceedings are a true and accurate record to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.



ALEXANDRA HOBRECHT

Notary Public in and for the
State of Michigan

CERTIFICATE OF TRANSCRIBER

I, LISA OUIMETTE, do hereby certify that this transcript was prepared from the digital audio recording of the foregoing proceeding, that said transcript is a true and accurate record of the proceedings to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.



LISA OUIMETTE

1 ROBERT MCWHORTER, ESQ.

2 rmcwhorter@buchalter.com

3 June 2, 2023

4 RE: PRIME ALLIANCE BANK, INC. vs. THE GREAT LAKES

TISSUE COMPANY

5 May 25, 2023 -KEN SCHLEBEN-JOB NO.5936688

6 The above-referenced transcript has been

7 completed by Veritext Legal Solutions and

8 review of the transcript is being handled as follows:

9 ___ Per CA State Code (CCP 2025.520 (a)-(e)) - Contact Veritext
10 to schedule a time to review the original transcript at
11 a Veritext office.

12 ___ Per CA State Code (CCP 2025.520 (a)-(e)) - Locked .PDF
13 Transcript - The witness should review the transcript and
14 make any necessary corrections on the errata pages included
15 below, notating the page and line number of the corrections.
16 The witness should then sign and date the errata and penalty
17 of perjury pages and return the completed pages to all
18 appearing counsel within the period of time determined at
19 the deposition or provided by the Code of Civil Procedure.

20 ___ Waiving the CA Code of Civil Procedure per Stipulation of
21 Counsel - Original transcript to be released for signature
22 as determined at the deposition.

23 ___ Signature Waived - Reading & Signature was waived at the
24 time of the deposition.

25

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1 ___ Federal R&S Requested (FRCP 30(e)(1)(B)) – Locked .PDF
2 Transcript – The witness should review the transcript and
3 make any necessary corrections on the errata pages included
4 below, notating the page and line number of the corrections.
5 The witness should then sign and date the errata and penalty
6 of perjury pages and return the completed pages to all
7 appearing counsel within the period of time determined at
8 the deposition or provided by the Federal Rules.
9 _X_ Federal R&S Not Requested – Reading & Signature was not
10 requested before the completion of the deposition.

1 PRIME ALLIANCE BANK, INC. vs. THE GREAT LAKES
TISSUE COMPANY
2 KEN SCHLEBEN-JOB NO.5936688
3 E R R A T A S H E E T
4 PAGE_____ LINE_____ CHANGE_____
5 _____
6 REASON_____
7 PAGE_____ LINE_____ CHANGE_____
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21 REASON_____
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23 _____
24 WITNESS Date
25

[& - 2022]

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| & 103:9 105:17 146:23 147:9 | 42:8,9 64:1,16 10,400 49:14 102 86:1,2 114:22 116:16 102s 116:4 10564 1:10 10:03 1:18 4:5 11 27:24 28:5 28:22 34:24 41:11 50:2 53:16 116:2 11:36 58:11 12 34:24 53:18 73:18 74:9 12,000 40:21 12/28 35:15,20 44:2 123 3:13 126 3:14 127 3:16,17 128 3:18,19 103:9 105:11 12th 72:23 73:2 112:22 141:11 141:22 142:8 13 35:1 50:8,11 53:19,21 68:11 70:9 71:4 131 3:20 13th 70:15 73:2 76:23 14 3:9 35:2 36:14 37:5 41:11 46:16 | 69:11,12 126:11,13 15 3:13 10:1,3 11:11,12 17:19 18:9 35:3 41:11 55:3 68:22 70:6 118:7 123:18 123:19 15th 18:18 77:15 140:20 16 33:8,9 35:5 41:11 55:4 17 35:6 37:15 37:16,24 38:3,6 39:6,15 49:3,5 55:12 18 3:11 10:5,8 35:6 41:12 55:17 80:15,16 84:16 89:14,22 92:22,25 93:23 95:13 97:11 115:7 18,400 49:12 18th 92:21 98:14 19 3:12 35:7 55:18 94:20 111:6 1900 2:6 1985 35:18,21 1:23 1:9 | 1st 23:18 2 2 34:18 35:22 43:21 46:24 52:7 103:15 115:9,17,25 146:3 2,329 47:22 65:23 20 3:20 10:11 17:3 33:12 35:7 41:12 44:4 56:2,2,15 59:4 131:21,21 131:22 2020 138:1,16 138:23 2022 21:18,20 24:21 25:17,20 36:19 37:6 39:20 42:25 44:1,4,5 46:25 48:1,18 49:10 56:11,25 57:7,7 75:12,14,15 79:25 88:18 90:13 91:9 92:2,21,22,25 93:23,23 96:24 97:17,22 98:2,7 98:14,20 99:2 107:6 114:24 135:5 138:1,3,5 |
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[disposed - environment]

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[transfer - vandenheuvel]

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[vandenheuvel - work]

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[work - zoom]

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Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

DISCLAIMER: THE FOREGOING FEDERAL PROCEDURE RULES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY.

THE ABOVE RULES ARE CURRENT AS OF APRIL 1, 2019. PLEASE REFER TO THE APPLICABLE FEDERAL RULES OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

VERITEXT LEGAL SOLUTIONS
COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

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EXHIBIT G

1 UNITED STATES DISTRICT COURT
2 EASTERN DISTRICT OF MICHIGAN - NORTHERN DIVISION
3

4 PRIME ALLIANCE BANK, INC., a
5 Utah banking corporation; and
6 SERTANT CAPITAL, LLC, a Delaware
7 limited liability company,
8 Plaintiffs,

9 v.

Case No. 1:23-cv-

10 THE GREAT LAKES TISSUE COMPANY, 10564-LJM-PTM
11 a Michigan corporation,
12 Defendant.
13

14 VIDEOCONFERENCE DEPOSITION OF
15 DONALD SWENSON AS 30(b)(6) REPRESENTATIVE FOR
16 THE GREAT LAKES TISSUE COMPANY

17 DATE: Thursday, May 25, 2023

18 TIME: 3:30 p.m.

19 LOCATION: Remote Proceeding

20 Mount Clemens, MI 48043

21 REPORTED BY: Alexandra Hobrecht, Notary Public

22 JOB NO.: 5936688
23
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A P P E A R A N C E S

ON BEHALF OF PLAINTIFFS PRIME ALLIANCE BANK, INC. AND
SERTANT CAPITAL, LLC:

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

2 THE REPORTER: Good afternoon. My name
3 is Alexandra Hobrecht; I am the reporter assigned by
4 Veritext to take the record of this proceeding. We
5 are now on the record at 3:30 p.m.

6 This is the deposition of Don Swenson
7 taken in the matter of Prime Alliance Bank, Inc., et
8 al. vs The Great Lakes Tissue Company on Thursday, May
9 25, 2023, remote via Zoom.

10 I am a notary authorized to take
11 acknowledgments and administer oaths in Michigan.
12 Parties agree I will swear in the witness remotely.

13 Additionally, absent an objection on
14 the record before the witness is sworn, all parties
15 and the witness understand and agree that any
16 certified transcript produced from the recording of
17 this proceeding:

18 - is intended for all uses permitted
19 under applicable procedural and
20 evidentiary rules and laws in the same
21 manner as a deposition recorded by
22 stenographic means; and
23 - shall constitute written stipulation
24 of such.

25 At this time will everyone in

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1 attendance please identify yourself for the record.

2 MR. SWENSON: Donald C. Swenson,
3 witness.

4 MR. MCWHORTER: Robert McWhorter on
5 behalf of Prime Alliance and Sertant Capital.

6 MR. JANCZEWSKI: Thomas Janczewski on
7 behalf of Defendant Great Lakes Tissue Company.

8 THE REPORTER: Thank you. Hearing no
9 objection, I will now swear in the witness.

10 If you could just raise your right hand
11 for me, sir. Thank you.

12 WHEREUPON,

13 DONALD SWENSON,
14 called as a witness, and having been first duly sworn
15 to tell the truth, the whole truth, and nothing but
16 the truth, was examined and testified as follows:

17 THE REPORTER: Excellent. We may now
18 proceed.

19 MR. MCWHORTER: Just to place one
20 additional stipulation on the record. Given the fact
21 that we're doing this deposition remotely and the
22 various parties are in different states, we've agreed
23 that the place of this deposition will be Michigan.
24 So stipulated?

25 MR. JANCZEWSKI: So stipulated.

1 MR. MCWHORTER: Okay.

2 EXAMINATION

3 BY MR. MCWHORTER:

4 Q Mr. Swenson, please state your full name for
5 the record,

6 A Donald Craig Swenson.

7 Q Okay. And, Mr. Swenson, you reside in
8 Minnesota; correct?

9 A Correct.

10 Q And you're an attorney licensed to practice
11 law in Minnesota; correct?

12 A I am a retired attorney.

13 Q When did you retire as an attorney?

14 A 1998, but I'm still licensed.

15 Q Correct. You've been licensed to practice
16 law since 1974; correct?

17 A Correct.

18 Q And are you licensed in any other states?

19 A No.

20 Q Okay. You obtained your JD from Washington
21 University in 1974; correct?

22 A Correct.

23 Q And you obtained your BA from St. Olaf
24 College in 1971?

25 A Correct.

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1 Q Okay. What is your primary area of
2 specialty as an attorney?

3 A It was bankruptcy -- corporate bankruptcy
4 law.

5 Q Okay. And that was prior to 1998; correct?

6 A Correct.

7 Q Was it Chapter 11, Chapter 7, Chapter 13?
8 What type of bankruptcy law?

9 A Chapter 11.

10 Q On debtor side or creditor side?

11 A Debtor.

12 Q Debtor side. Okay. Are you currently
13 practicing law?

14 A No.

15 Q Okay. What is your position, if any, with
16 The Great Lakes Tissue Company?

17 A I am chairman.

18 Q So you are a director of The Great Lakes
19 Tissue Company?

20 A Correct.

21 Q And just for the record, so we're clear, I'm
22 going to refer to the defendant in this case, The
23 Great Lakes Tissue Company, as Great Lakes. If I
24 refer to Great Lakes Tissue Group, LLC, I'll refer to
25 it by that name; fair enough?

1 A Fair enough.

2 Q Okay. And so you are a director of The
3 Great Lakes Tissue Company?

4 A Yes.

5 Q How long have you been a director of The
6 Great Lakes Tissue Company?

7 A Since January.

8 Q Do you recall when in January?

9 A I do not know the date.

10 Q Was it about January --

11 A It was sometime after the acquisition. The
12 acquisition was somewhere between January 13th and
13 January 20th.

14 Q So sometime between January 13th and January
15 20, 2023, you became a director of The Great Lakes
16 Tissue Company?

17 A Right.

18 Q Are you an officer of The Great Lakes Tissue
19 Company?

20 A Just chairman.

21 Q Are you a shareholder of The Great Lakes
22 Tissue Company?

23 A No.

24 Q Okay. How many members of the board of
25 directors are there for The Great Lakes Tissue

1 Company?

2 A Three, I believe.

3 Q Who are the three directors of The Great
4 Lakes Tissue Company?

5 A I'd have to look it up. I don't know.

6 Q Well, is Kip Boie a director?

7 A No.

8 Q Is Gordon Nameni a board -- a director?

9 A No longer.

10 Q Paul Jilek?

11 A Yes.

12 Q Thomas Homco?

13 A No longer.

14 Q Charlie Albers?

15 A No.

16 Q Bernard Dahlin?

17 A No.

18 Q So Paul Jilek, you --

19 A And one other that I don't know.

20 Q Is it a man or a woman?

21 A Man.

22 Q Dan Robydek -- is he a director?

23 A No.

24 Q Okay. How long have you served as -- I'm
25 sorry. How long has Paul Jilek served as a director?

1 A Same as me.

2 Q And the man that you can't remember, he
3 served as well that length; is that correct?

4 A Yes.

5 Q Okay. Who were the directors before the
6 three of you became directors?

7 A Don't really know other than I'm guessing
8 that it was -- was Kip Boie and probably the lawyer
9 Kranich.

10 Q Spell that.

11 A K-R-A-N-I-C-H. And the secretary was a guy
12 by the name of Hoffman. I don't know if he was a
13 director or not.

14 Q That would be Jeff Hoffman; correct?

15 A Jeffrey Warren Hoffman, correct. And
16 I -- I'm guessing on those.

17 Q Okay. Is Jeffrey Hoffman currently a
18 secretary?

19 A No.

20 Q When did he cease to be a secretary of The
21 Great Lakes Tissue Company?

22 A Behind the acquisition of Great Lakes
23 Tissue.

24 Q So sometime in January of 2023?

25 A Correct.

1 Q And same with the other directors that you
2 mentioned, Kip Boie, potentially Mr. Kranich -- they
3 all ceased to be directors in January of 2023?

4 A Yes.

5 Q Okay. How many board of directors meetings
6 have occurred since January of 2023?

7 A None.

8 Q So the board of directors has not met at all
9 this year?

10 A Correct.

11 Q When is the annual board of directors
12 meeting scheduled?

13 A It's not scheduled yet.

14 Q Do you know when it's supposed to be
15 scheduled, or will be scheduled?

16 A No, I don't.

17 Q Okay. Who are the current officers of The
18 Great Lakes Tissue Company?

19 A I don't know.

20 Q You're a director of The Great Lakes Tissue
21 Company and you don't know who any of the officers
22 are?

23 A Correct.

24 Q Is Jeff Prange the CEO of The Great Lakes
25 Tissue Company?

1 A No, he -- he resigned due to the illness of
2 his father.

3 Q When did he resign?

4 A I want to say February.

5 Q So Jeff Prange was the CEO of The Great
6 Lakes Tissue Company from what -- roughly January 2023
7 to February 2023, for a month?

8 A Correct.

9 Q And then who succeeded Jeff Prange as CEO of
10 The Great Lakes Tissue Company?

11 A Brent Herriman. And he's resigned also
12 because he took a job on the east coast.

13 Q He left about May 15, 2023; correct?

14 A If you say so.

15 Q Well, it was this month; correct?

16 A Yeah. Two, three weeks ago.

17 Q Do you know where he's currently working?

18 A No.

19 Q Is it an entity that's at all affiliated
20 with the defendant?

21 A No.

22 Q Okay. So after Mr. Herriman left, who
23 replaced Mr. Herriman as CEO?

24 A That would be Ken, that you just deposed.

25 Q Ken Schleben?

1 A Correct.

2 Q Whose idea was it to appoint Mr. Schleben as
3 CEO?

4 A It was a discussion among those involved
5 with Great Lakes Tissue.

6 Q Well, who are those involved?

7 A Jim Jilek.

8 Q I'm sorry, could you say that one more time?

9 A Jilek.

10 Q Okay. Paul Jilek?

11 A Paul Jilek, Thomas Homco, and I'm not sure
12 if there were others.

13 Q What about Ron Vandenheuvel?

14 A No. He's just a consultant.

15 Q What about Tim Hansen?

16 A He is a lawyer.

17 Q So, to the best of your knowledge, the
18 decision to hire Ken Schleben was between Mr. Homco,
19 Mr. Jilek, and yourself; is that right?

20 A Yes.

21 Q What about the man that you can't remember
22 that was the other director, was he involved?

23 A No.

24 Q Any particular reason why there wasn't a
25 board of directors meeting to decide who to hire?

1 A It was all very sudden, and we needed to
2 find a president, and he was named it.

3 Q So Mr. Schleben is the CEO and president?

4 A I don't know if I -- if he got the CEO
5 title. He's president.

6 Q Okay. And was Mr. Prange also president, or
7 was he just CEO?

8 A He was president before he resigned.

9 Q And the same with Mr. Herriman, he was
10 president?

11 A Right.

12 Q Okay. So you testified you didn't know who
13 the officers were of The Great Lakes Tissue Company.
14 Mr. Schleben is the president. Do you know if there's
15 a vice president or secretary?

16 A Secretary might be Sherry Caldwell.

17 Q You don't know?

18 A Not positive.

19 Q Okay. Any vice presidents, any other
20 officers?

21 A Not that I know of.

22 Q When did Sherry Caldwell become secretary?

23 A Probably in January after we acquired the
24 company.

25 Q Is she still secretary?

1 A Yes.

2 Q Who are the shareholders of The Great Lakes
3 Tissue Company as of now?

4 A I don't know, I'd have to look it up.

5 Q Well, is --

6 A I mean, this is all beyond the scope of what
7 I was led to believe was the reason for the
8 deposition.

9 Q Well, that's not true. In fact, it's right
10 within the core of it. It's right within the core of
11 what you were asked to talk about.

12 Is Patriot Advanced Environmental
13 Technologies, LLC -- is that entity a shareholder?

14 A I believe so.

15 Q And is the other shareholder Great Lakes
16 Tissue Group, LLC?

17 A They have a small interest.

18 Q And when you say small interest, it's about
19 a 10 percent interest; right?

20 A Correct.

21 Q And Patriot Advanced Environmental
22 Technologies, LLC, has a 90 percent interest; is that
23 right?

24 A I believe that's correct.

25 Q Are you also a director of Tissue Depot,

1 Inc.?

2 A Yes.

3 Q Is Mr. Jilek -- how many directors are
4 directors of Tissue Depot, Inc.?

5 A I don't know, I'd have to look it up.

6 Q Well, is Mr. Jilek a director?

7 A I believe so. If you'll hold on a minute,
8 I'll look it up.

9 Q Mr. Swenson, while you're looking that up, I
10 forgot -- I'm sorry, I got so fast into your
11 deposition. Have you had your deposition taken
12 before?

13 A Yes.

14 Q Okay. How many times you been deposed?

15 A Once before this.

16 Q Okay. How long ago was that?

17 A Several years ago.

18 Q It had nothing to do with Great Lakes Tissue
19 Company; correct?

20 A Correct.

21 Q Okay. So I forgot to go over the ground
22 rules with you. Let me go over the ground rules with
23 you real quickly.

24 You understand that the oath that you were
25 given at the beginning of the deposition to swear to

1 tell the truth is the same oath and same effect as if
2 you were testifying in court; correct?

3 A Yes.

4 Q And, again, you have to give audible answers
5 so that the court reporter can take down what you're
6 saying.

7 If you do not understand anything that I'm
8 asking you, let me know, and I will rephrase it. If
9 you provide an answer, I'm going to assume that you
10 heard and understood it; is that fair enough?

11 A That's fair enough.

12 Q If you need to take a break, let me know.
13 At the end of the deposition, you'll be given an
14 opportunity to review the deposition transcript. And
15 if you have to make any changes, we have the right to
16 comment on those inconsistencies at trial to question
17 your veracity. You understand that?

18 A I understand.

19 Q Okay. Is there any reason why you can't
20 testify truthfully today?

21 A No. Other than you're asking me questions
22 that I have not reviewed the information for.

23 Q Okay. Well, have you been provided
24 deposition exhibits for today?

25 A What are the deposition exhibits?

1 Q I had sent 19 exhibits to your counsel last
2 night. I can share screen so you don't have to look
3 for them.

4 A I haven't seen them.

5 Q I'm going to show you what's marked as
6 Exhibit 1.

7 (Exhibit 1 was marked for
8 identification.)

9 This is the Notice of Deposition of The
10 Great Lakes Tissue Company per Rule 30(b)(c) of the
11 Federal Civil Procedure. Do you recognize this
12 document?

13 A Yes.

14 Q Okay. And it's my understanding that you
15 have been asked to testify as to topics relating to 12
16 through 32; is that right?

17 A Twelve through thirty-something.

18 Q Thirty-two, there's thirty-two of them.

19 A Thirty-two. Okay.

20 Q Okay. So one of the topics, topic 25, says,
21 "All facts relating to Defendant's ownership,
22 management, and organization from September 1, 2022,
23 to the present." Do you see that?

24 A Yes.

25 Q What did you do to prepare for today's

1 deposition actually regarding the topics 12 through
2 32?

3 A I asked people questions. And with respect
4 to number 25, I simply referred to the presidents of
5 the company from Kip through Jeff, Brent, and Ken.

6 Q What people did you speak with to ask
7 questions, other than your lawyer -- the lawyer for
8 the defendant?

9 A Paul Jilek.

10 Q Anyone else?

11 A No. Not for that question.

12 Q Well, so how about any of the other
13 questions, did you speak with anyone else?

14 A Yeah, I spoke with the city attorney of
15 Cheboygan. I spoke with Thomas Homco concerning
16 Homco's interests as lessor.

17 Q Anything else?

18 A Not that I can think of off the top of my
19 head. I'm sure I did talk to other people, but --

20 Q The city attorney for Cheboygan, who was
21 that?

22 A Stephen Lindsay.

23 Q And what did Mr. Lindsay tell you?

24 A That the City of Cheboygan has a blanket
25 lien on the assets of Great Lakes Tissue.

1 Q When did he tell you that?

2 A Day before yesterday.

3 Q So that was May 23, 2023?

4 A Or thereabouts, yeah.

5 Q Okay. Did you discuss anything else with
6 Mr. Lindsay?

7 A Just generally what the position of the city
8 was with respect to Great Lakes Tissue. He
9 said -- said that the city is a creditor along with
10 the state. I didn't ask him how long ago the loan was
11 made, but it was, as I understand, a number of years
12 ago.

13 Q So you are referring to topics 18 and 19;
14 right?

15 A Yeah. I think others, too -- 17, 18, 19,
16 20.

17 Q Okay. Let's talk about your conversation
18 with Mr. Lindsay. How long was your conversation with
19 Mr. Lindsay?

20 A Ten minutes, thereabouts.

21 Q It was a telephone call; correct?

22 A Correct.

23 Q Who was present on that telephone call?

24 A Mr. Lindsay and myself.

25 Q Was anyone else present when you were

1 talking?

2 A No.

3 Q Okay. And what did you say to Mr. Lindsay?

4 A I said, "Hello, I'm with Great Lakes
5 Tissue." And I asked him whether the city had a lien
6 on Great Lakes Tissue, and said that they have a loan
7 outstanding and -- and, yes.

8 Q And what did he say in response?

9 A He said that they had a loan and that -- had
10 a blanket lien on the assets of Great Lakes Tissue.

11 Q Did he say the amount of the lien, or the
12 amount of the loan?

13 A No, but I -- it's my understanding that it
14 exceeds a million dollars.

15 Q What's that understanding based on?

16 A Discussions long ago with Clarence
17 Roznowski.

18 Q When you say long ago, how long ago?

19 A Probably a couple years.

20 Q Is that two, three years? So are we talking
21 2020?

22 A I don't know. I'd be guessing.

23 Q What's your best estimate?

24 A 2020 is the best.

25 Q So I'm going to call him Clarence. So

1 Clarence told you that there was a loan of a million
2 dollars roughly owed to the City of Cheboygan?

3 A Yes.

4 Q Okay. Do you recall anything else that
5 Clarence told you?

6 A Nothing other than he'd be willing to sell
7 the company if we could come up with the cash.

8 Q And what was the purpose of the loan?

9 A My -- I don't -- I didn't ask that question.

10 Q Do you know what the purpose of the City of
11 Cheboygan's loan is or was?

12 A General operating capital, but that's a
13 guess.

14 Q Do you know when the loan was made?

15 A No.

16 Q Do you know if there was a promissory note
17 signed?

18 A I'm told that there was.

19 Q Have you ever seen a promissory note?

20 A No.

21 Q Do you have possession of the promissory
22 note?

23 A No.

24 Q Has the City of Cheboygan made any demand
25 for payment?

1 A No.

2 Q Are you aware of the last time the City of
3 Cheboygan has made a demand for payment?

4 A Not aware.

5 Q Do you know if the loan's been paid in full?

6 A It's my understanding that it has not.

7 Q And what's that understanding based on?

8 A Talking with Mr. Lindsay.

9 Q Did he say what the outstanding balance is?

10 A No, but I believe it was something north of
11 a million dollars.

12 Q Again, that's based on your belief talking
13 with Clarence right?

14 A Correct.

15 Q Okay. Mr. Lindsay didn't say what the
16 amount was; right?

17 A No, and I didn't ask him.

18 Q Okay. Do you know if City of Cheboygan
19 signed -- if there's a security agreement granting a
20 lien in favor of the City of Cheboygan?

21 A That's my understanding talking to
22 Mr. Lindsay.

23 Q Have you seen a copy of the security
24 agreement?

25 A No.

1 Q Did you ask Mr. Lindsay for a copy of the
2 promissory note or the security agreement?

3 A No.

4 Q Why not?

5 A I was taking his word for it -- not my
6 business.

7 Q Are you aware that -- excuse me, sir?

8 A I was taking his word for it. It wasn't my
9 business to cross-examine him.

10 Q Are you aware of the fact that the court had
11 asked, or directed, The Great Lakes Tissue Company to
12 produce documents relating to the City of Cheboygan's
13 lien?

14 A I -- I saw that, but I believe that the
15 period of time hasn't lapsed yet.

16 Q No, that's not true. They were supposed to
17 be produced shortly after the hearing we had. But you
18 don't have a --

19 A Thirty days.

20 Q That's a document request, sir. That's not
21 the order that the court ordered. But you are aware
22 that the court ordered it, but you didn't bother to
23 ask Mr. Lindsay to produce any of the documents?

24 A I wasn't aware that the court ordered that.

25 Q Okay. And you didn't bother to ask for

1 copies of the security agreement or the promissory
2 note?

3 A No. I'm sure that you can -- you can ask
4 him for it and he'll provide it.

5 Q And you didn't ask how much was owed?

6 A Correct.

7 Q Do you know how much is in arrears, if any?

8 A I don't know.

9 Q Do you know if -- strike that. Were you
10 involved at all in Patriot Advanced Environmental
11 Technology, LLC's acquisition of the stock in The
12 Great Lakes Tissue Company?

13 A Yes.

14 Q Okay. As part of that, was there a UCC
15 search conducted?

16 A I did not conduct one, no.

17 Q Do you know if one was conducted?

18 A I don't know.

19 Q Okay. You know, as a bankruptcy lawyer,
20 surely you're aware that secured creditors have to
21 file liens?

22 A Yes, I'm aware.

23 Q Okay. And so have you ever seen any
24 recorded liens by the City of Cheboygan?

25 A I have seen none. Just been told about it.

1 Q Mr. Swenson, I'm going to show you what's
2 marked as Exhibit 10.

3 (Exhibit 10 was marked for
4 identification.)

5 This is the Declaration of Donald Swenson
6 that was filed with the United States District Court
7 on April 14, 2023. Do you recognize this document?

8 A Yes.

9 Q Is that your signature on page 3 of Exhibit
10 10?

11 A Yes.

12 Q Did you prepare Exhibit 10?

13 A It was prepared with Counsel.

14 Q Okay. But you reviewed it before you signed
15 it; correct?

16 A I reviewed it.

17 Q You reviewed it before you signed it to make
18 sure it was accurate; right?

19 A Yes.

20 Q Okay. So paragraph 10, it says, "For
21 example, the City of Cheboygan assisted in providing
22 funds to the mill and took a security interest in
23 those assets." Do you see that?

24 A That's my understanding.

25 Q Okay. And that understanding is based on

1 your conversation with Clarence in 2020; correct?

2 A Yes.

3 Q Okay. It's not based on your conversation
4 with Stephen Lindsay because that occurred after the
5 declaration was signed; right?

6 A It was -- the fact that it was a security
7 interest and the debt's still outstanding was based
8 upon talking to Mr. Lindsay.

9 Q Yeah, but you spoke with Mr. Lindsay two
10 days ago, May 23rd, and that was a month and 13 days
11 roughly after you signed the declaration; right?

12 A Right.

13 Q Okay. So you based your statement in
14 paragraph 10 on your conversation with Clarence back
15 in 2020; correct?

16 A That was the original basis of it, yes.

17 Q Okay. Was it based on anything else?

18 A General discussion that it was still
19 outstanding, and I don't remember who it was with.

20 Q General discussion with whom?

21 A I don't remember who it was with.

22 Q When was this general discussion?

23 A It was in -- in the course of -- it would
24 have been in the end of December or January.

25 Q It would have been in the discussions about

1 Patriot Advanced Environmental Technologies, LLC,
2 acquiring the stock in The Great Lakes Tissue Company;
3 right?

4 A Right.

5 Q Well, Patriot Advanced Environmental
6 Technologies, LLC, if it became a shareholder of The
7 Great Lakes Tissue Company, then that liability still
8 would have remained outstanding; correct?

9 A Correct.

10 Q So what did you do, if anything, to
11 determine whether that debt was valid or not?

12 A Made no further inquiry.

13 Q So you don't know who told you -- you've
14 never seen a copy of the security agreement; right?

15 A Right, yes.

16 Q You've never seen the promissory note, you
17 haven't seen a financing statement. What other basis
18 did you have other than this general discussion that
19 you can't think of?

20 A Just the general discussion.

21 Q Okay. It says, "The City of Cheboygan in
22 turn subordinated its interest to a bank." How did
23 you know that?

24 A That was based upon discussions with Thomas
25 Homco.

1 Q When did you have that discussion?

2 A I suppose the initial one was in January.

3 Q So what did Mr. Homco say to you in January
4 of 2023 about the City of Cheboygan's subordination of
5 its interest?

6 A Mr. Homco said that he has a -- a blanket
7 security interest in all of the equipment, or the
8 equipment on a list that was attached to the lease,
9 which was executed in March -- excuse me, of -- I
10 guess it would have been '22.

11 Q Is Mr. Homco INB -- is he a bank?

12 A INB is the bank for Homco -- Homco
13 Properties.

14 Q It's INB Bank, NA; is that right? That's
15 the name of the bank?

16 A I think so, but I'm not positive.

17 Q Okay. And did INB Bank make a loan?

18 A My understand was that they're the lender to
19 Homco.

20 Q That INB lent money to Thomas Homco?

21 A It would have been Homco's company, not him
22 personally.

23 Q Do you know the name of the company?

24 A There are numerous Homco entities, Homco
25 Properties -- but I don't know which one he used in

1 the acquisition of the real estate.

2 Q So INB, NA made a loan to Mr. Homco's entity
3 that owns the real property located at 437 South Main,
4 Cheboygan, Michigan; correct?

5 A That's my understanding.

6 Q Okay. And have you ever seen any of the
7 documents relating to that loan?

8 A No.

9 Q Have you ever seen the subordination
10 agreement between --

11 A No.

12 Q -- INB and the City of Cheboygan?

13 A No.

14 Q You're aware that a subordination agreement
15 has to be in writing; correct?

16 A Yeah.

17 Q How has the MBD [sic] loan enabled Great
18 Lakes Tissue to perform necessary plant improvements
19 and upgrade allowing Great Lakes Tissue to remain a
20 going concern?

21 A Through advances from Homco.

22 Q So Mr. Homco made advances to Great Lakes
23 Tissue Company?

24 A Yes.

25 Q So it's your testimony that INB, NA made a

1 loan to Homco Properties, and that Homco Properties
2 then made a payment of money to Great Lakes Tissue
3 Company; is that right?

4 A That's right. I don't know whether it was
5 the INB money or Homco's personal money.

6 Q Okay. And what was that money used for?

7 A Working capital, payroll.

8 Q And what's your basis for this?

9 A Discussions with Thomas Homco.

10 Q In January of 2023?

11 A And -- and since then, yes.

12 Q When's the last time you spoke with
13 Mr. Homco regarding this?

14 A I was on a call probably Monday when he was
15 talking about money he -- that he had advanced.

16 Q How much money did Mr. Homco advance?

17 A I don't know the -- the total. The
18 last -- last one was 300,000.

19 Q Is that what he said when you last spoke to
20 him on Monday?

21 A There was a discussion about that, yes.

22 Q So that would be Monday, May 22nd?

23 A I think that's correct. Could have been
24 Friday, but --

25 Q So either May 19th or May 22, 2023?

1 A Correct.

2 Q And Mr. Homco indicated he was owed \$300,000
3 from money that he -- that Homco Properties extended
4 to The Great Lakes Tissue; correct?

5 A Correct. Plus other amounts, and I don't
6 know the other amounts. Could be in the magnitude of
7 millions.

8 Q You don't know?

9 A I don't know the -- the total.

10 Q Did you talk with Mr. Homco in preparation
11 for today's deposition?

12 A Not specifically, no.

13 Q Did you ever ask Mr. Homco how much is owed
14 on his advance?

15 A No.

16 Q Why didn't you talk to Mr. Homco in
17 preparation for this deposition?

18 A I didn't see any reason to.

19 Q You understand that you're the person
20 designated to testify as to the City of Cheboygan's
21 subordination of interest and INB's purported loan,
22 and you submitted a declaration to the Federal Court
23 in opposition to a motion that the court's considering
24 on June 12th, and you didn't think that it was
25 necessary to speak with Mr. Homco; is that your

1 testimony?

2 A I didn't speak -- I didn't speak to
3 Mr. Homco specifically about the amount of this debt.

4 Q Okay. Who did you speak to to determine how
5 much, if anything -- let's do this. Have you ever
6 requested from anybody a copy of the subordination
7 agreement between the City of Cheboygan and INB?

8 A I believe I asked Homco for it and did not
9 receive it.

10 Q When did you ask Mr. Homco for a copy of the
11 subordination agreement?

12 A Sometime after we found out that Sertant was
13 even involved in this. So it was after January.

14 Q So March, April, that time period?

15 A Probably.

16 Q Did Mr. Homco agree to provide a copy of the
17 subordination agreement?

18 A No.

19 Q Mr. Homco didn't agree to produce it to you?

20 A No, he said that he was hiring counsel, and
21 he hired counsel to participate in this matter. I
22 don't know who the counsel is.

23 Q Well, is the counsel Mr. Tim Hansen's firm?

24 A No.

25 Q Different law firm?

1 A I believe it was a different law firm.

2 Q Did you ever ask anyone for a copy of the
3 promissory note or lien that is covering the equipment
4 at issue in this case involving INB?

5 A I asked -- I asked for it in conjunction
6 with asking for the -- the note.

7 Q You asked Mr. Homco for the promissory note
8 and the security agreement in connection with asking
9 for the subordination agreement; right?

10 A Correct.

11 Q And Mr. Homco's response was, "No, I'm not
12 going to give it to you. I'm going to hire a lawyer."

13 A His response was, "I've hired a lawyer."

14 Q Did you ask him to still produce it to you?

15 A No.

16 Q Why not?

17 A Because I already asked once and --

18 Q Did you ask anyone else for a copy of the
19 note, security agreement, or subordination agreement?

20 A No.

21 Q Have you ever seen a recorded lien -- a UCC
22 financing statement for INB?

23 A No.

24 Q Have you ever seen a UCC financing statement
25 for any of Mr. Homco's entities?

1 A No.

2 Q Have you seen a security agreement relating
3 to Great Lakes Tissue involving any of Mr. Homco's
4 entities?

5 A No.

6 Q When you were doing your due diligence on
7 the acquisition of the interest in Great Lakes Tissue,
8 didn't you want to know how much was possibly owed to
9 Mr. Homco?

10 A I was told that the amount owed to Homco was
11 in the millions with respect to the lease on the
12 property and other advances.

13 Q But in terms of the loan that is the INB
14 loan, you don't know the amount of the loan?

15 A Correct.

16 Q And you don't know what the lien covers, or
17 if there is any lien; correct?

18 A All I know is what I was told.

19 Q In your declaration, you say, "The City of
20 Cheboygan in turn subordinated its interest to a bank,
21 INB, to enable Great Lakes Tissue to perform necessary
22 plant improvements and upgrade allowing Great Lakes
23 Tissue to remaining a going concern." You didn't
24 qualify it, did you?

25 A No.

1 Q And you made that statement even though
2 you've never seen the subordination agreement?

3 A Correct.

4 Q Do you know in fact that there is a
5 subordinated interest?

6 A All I know is what I was told.

7 Q So that was based on hearsay; right?

8 A If you want to call it that, yes.

9 Q You don't have any personal knowledge
10 whether the City of Cheboygan subordinated its
11 interest to INB; do you?

12 A No.

13 Q Did Mr. Lindsay tell you that the City of
14 Cheboygan subordinated its interest?

15 A No.

16 Q You don't know if INB loaned funds directly
17 to Great Lakes Tissue or it loaned funds to Mr. Homco;
18 is that correct?

19 A As far as I know, INB loaned the -- loaned
20 money to Homco.

21 Q Okay. So when you said, "The City of
22 Cheboygan in turn subordinated its interest to a bank,
23 INB, to enable G to perform necessary plant
24 improvements and upgrade," what did you mean to
25 perform necessary plant improvements and upgrade?

1 A When -- when we acquired Great Lakes Tissue,
2 Great Lakes Tissue was in shambles. OSHA had shut
3 down the plant operations, Kip Boie instructed the
4 teardown of 71,000 square feet of -- of the building
5 without any permission from Homco, which was required
6 according to the lease. And that was done two days
7 before our merger. It was a big hole in the ground.

8 When that was torn down, there was equipment
9 that was damaged, and Kip Boie, or however you
10 pronounce his name, said he didn't care -- reportedly
11 said he didn't care about the equipment.

12 The Department of Natural Resources had
13 warned -- warned PAT of the environmental pollution.
14 And which we now know was intentional, Kip Boie
15 instructed people to drill holes in the frog pond,
16 which drained unprocessed water into the river.

17 We were aware that the roof had multiple
18 leaks, but we were unaware of the magnitude of -- of
19 the -- of the leaks. We were told that there was a
20 million and a half dollar reserve fund to take care of
21 the roof and there was not.

22 We were told that there was insurance
23 coverage on all the buildings, the warehouse, and the
24 equipment. And there was not -- that was not true.

25 We were told financial statements had been

1 completed. Despite asking for them from their counsel
2 repeatedly, they said that they couldn't rely on their
3 numbers because the -- their former owner that they
4 bought from, Clarence Roznowski, wasn't
5 reliable -- didn't have reliable numbers.

6 Ultimately, we subpoenaed the bank records
7 of First Community Bank, which was a new bank that we
8 had never heard of, and that was the bank that Sertant
9 wired the money to. And in that account, we learned,
10 based upon the subpoena, that several hundred thousand
11 dollars was conveyed to shareholders of Great Lakes
12 Tissue Group.

13 We learned that there were undisclosed
14 overdrafts exceeding \$164,000, and the controller was
15 told to cut the checks anyway, even though there
16 weren't funds. So, in essence, we acquired a mess.

17 MR. MCWHORTER: Got it. Can we take a
18 five-minute break. I've got a -- I need to take a
19 break for a second.

20 THE REPORTER: Okay.

21 THE WITNESS: That's fine. I need to
22 break at five.

23 MR. MCWHORTER: Okay.

24 THE REPORTER: Okay. We're off the
25 record.

1 (Off the record.)

2 THE REPORTER: Okay. We're back on the
3 record at 4:37 p.m.

4 BY MR. MCWHORTER:

5 Q Mr. Swenson, do you know when the City of
6 Cheboygan subordinated its interest to INB?

7 A I -- I don't know, but it would have been
8 about when Homco did the real estate transaction,
9 which I believe was March of '22. He did that
10 transaction when Kip Boie was running the show.

11 Q Okay. And so when you say in paragraph 12
12 of your declaration, "Both the City of Cheboygan and
13 INB may have a superior claim of possession," you
14 don't have personal knowledge one way or the other as
15 to whether the City of Cheboygan or INB may have
16 superior claim of possession; is that correct?

17 A I only know based -- based upon what I was
18 told and if -- if what I was told is correct, I
19 believe that they would have a superior interest.

20 Q Well, you don't have any personal knowledge.
21 You never witnessed any of the documents --

22 A Correct.

23 Q -- relating to the City of Cheboygan; right?

24 A No, that's correct.

25 Q And you were not involved in the transaction

1 involving Great Lakes and the City of Cheboygan;
2 correct?

3 A Correct.

4 Q And you weren't involved at all in the
5 transaction involving INB; is that correct?

6 A That's right.

7 Q You don't have any personal knowledge of
8 either of those transactions; correct?

9 A Nothing other than what I was told.

10 Q So everything you were told was from
11 Mr. Homco and Clarence at the time you signed the
12 declaration?

13 A And I supposed other general discussion.
14 I -- I don't know.

15 Q General discussion with whom -- who else?

16 A We had basically daily calls with several
17 people from the mill and Homco.

18 Q Well, put it this way. The statements in
19 13 -- I'm sorry, 10, 11, and 12, relating to the City
20 of Cheboygan and INB -- it's fair to say it's not
21 based on your personal knowledge of the transactions;
22 it's not based on your personal knowledge of any of
23 the documents; it's not based on your personal
24 knowledge of any of the liens, because you haven't
25 seen them; is that fair?

1 A I guess that -- that's fair. I relied upon
2 people that told me that.

3 Q And you don't know -- you don't have
4 personal knowledge as to how much is owed, if any;
5 correct?

6 A No.

7 Q And you don't know what equipment, if any,
8 liens may or may not have attached; correct?

9 A I -- yeah, no. That's not correct. There
10 is a list of equipment attached to the Homco lease
11 that I provided to your partner -- I can't remember
12 his name. And I said initially that there was a prior
13 claim on the equipment.

14 Q So other than the equipment that's listed in
15 the Homco lease, that's the only written documents?

16 A Right.

17 Q Okay. Let's go back, I want to back up for
18 a second. Is The Great Lakes Tissue Company currently
19 operating?

20 A No.

21 Q When did The Great Lakes Tissue Company
22 cease operating?

23 A Well, they were shut down in December for
24 all of the environmental issues.

25 Q It wasn't actually for OSHA issues?

1 A OSHA and DNR.

2 Q And so from roughly December 18, 2022, to
3 the present, Great Lakes Tissue Company has not been
4 operating; correct?

5 A Correct.

6 Q Okay. The employees of -- so Great Lakes
7 Tissue Company's principal place of business is
8 located at 437 South Main, Cheboygan, Michigan; is
9 that correct?

10 A Yes.

11 Q Okay. Does The Great Lakes Tissue Company
12 have any other manufacturing plant, office, anything
13 else?

14 A They have the warehouse.

15 Q And that's at 502 South Main, Cheboygan,
16 Michigan; right?

17 A Right.

18 Q Okay. And the 502 South Main, Cheboygan,
19 address is where they kept a warehouse -- they kept
20 pulp in that facility; correct?

21 A They kept polly.

22 Q Oh, that's it. Polly, that's some kind of
23 plastic.

24 A It's the plastic that comes off of milk
25 bottles and the like.

1 Q Thank you. Since January of 2023, has the
2 Tissue Depot, Inc. taken over operations for The Great
3 Lakes Tissue Company?

4 A Tissue Depot, Inc. has been operating at the
5 mill, yes. When I say operating, all it's really been
6 doing is cleaning up the messes. Glorified janitors.

7 Q Since the January 2023 transaction, is it
8 fair to say that The Great Lakes Tissue Company is
9 essentially defunct?

10 A It is except to the extent that the funds
11 which Kip Boie paid to other shareholders of -- paid
12 to his shareholders. If those would be recovered, we
13 could have further operations.

14 Q Is it fair to say that Tissue Depot, Inc.
15 now occupies 437 South Main, Cheboygan, Michigan?

16 A I think that'd be fair.

17 Q Okay. And the employees that used to work
18 at Great Lakes Tissue Company are now the employees of
19 Tissue Depot, Inc.?

20 A Some of them, yes.

21 Q Well, then so it's all of them?

22 A No, there were -- there are less employees
23 now than there were when they closed the deal in
24 January.

25 Q Okay. So how many employees did you have

1 when you closed the deal in January?

2 A I believe it was 42.

3 Q Okay. So you think there was 42 employees
4 in January of 2023, and how many employees are there
5 currently?

6 A I believe 38.

7 Q And the 42 employees as of January 2023,
8 they were all Great Lakes Tissue Company employees;
9 correct?

10 A They were, yeah.

11 Q And all of those current 38 employees, they
12 were, prior to January 2023, employees of Great Lakes
13 Tissue Company; correct?

14 A I'm assuming so.

15 Q And they now all receive paychecks from
16 Tissue Depot, Inc.; correct?

17 A Correct.

18 Q Why is that? Why is it that all the
19 employees of one company are now the employees of the
20 other?

21 A Because Tissue Depot been around for a long
22 period of time, and it was Tissue Depot that did the
23 cleanup work at the mill.

24 Q What did Tissue Depot, Inc. -- so let me
25 think -- strike that. There's equipment at issue in

1 this case. Is it fair to say that Tissue Depot, Inc.
2 is currently in possession of all of the equipment at
3 issue in this case?

4 A That's not correct.

5 Q Well, other than the 21 pieces of missing
6 equipment, which we've identified -- other than that
7 equipment, Tissue Depot, Inc. is in possession of all
8 of that remaining equipment; correct?

9 A Yes.

10 Q Okay. Has any other assets of Great Lakes
11 Tissue Company been transferred to Tissue Depot, Inc.?

12 A The only assets that have been transferred
13 were some of the permits.

14 Q Those are environmental permits?

15 A Right.

16 Q Any other permits?

17 A That's what I'm aware of.

18 Q Okay. Mr. Vandenheuvel recently indicated
19 in a YouTube video that he thought that the
20 environmental permits were worth \$10 million. Are you
21 aware of that?

22 A No.

23 Q Do you know what the value of the
24 environmental permits are?

25 A No.

1 Q But Great Lakes Tissue Company transferred
2 environmental permits to Tissue Depot, Inc.; correct?

3 A Yes.

4 Q What did Tissue Depot, Inc. pay to The Great
5 Lakes Tissue Company for transferring the
6 environmental permits.

7 A All of the labor to resolve the issues with
8 the DNR, and environmental issues, and the OSHA
9 issues.

10 Q Is there a signed contract between The Great
11 Lakes Tissue Company and Tissue Depot, Inc.
12 transferring The Great Lakes Tissue Company assets to
13 Tissue Depot, Inc.?

14 A The permits, I don't know.

15 Q Any assets?

16 A The only assets I know of -- been told about
17 were the permits.

18 Q And is that in writing?

19 A I don't know. I don't think so.

20 Q How was the transfer of the environmental
21 permits effectuated from The Great Lakes Tissue
22 Company to Tissue Depot?

23 A I don't know the answer to that.

24 Q Who was involved in the transferring the
25 environmental permits?

1 A I assume that Vandeneuvel was.

2 Q How was he involved?

3 A I don't know. I just assume that he was
4 involved.

5 Q And why do you assume that?

6 A Because that was the type of things that he
7 was consulting on.

8 Q And so if Mr. Vandeneuvel indicated that
9 they were worth \$10 million, would you have any reason
10 to dispute that?

11 A I would find it hard to believe.

12 Q What do you think the value of the
13 environmental permits are?

14 A I don't know.

15 Q Well, as a director of -- did the board of
16 directors for The Great Lakes Tissue Company approve
17 and authorize transfer of the environmental permits
18 from The Great Lakes Tissue Company to Tissue Depot,
19 Inc.?

20 A Not that I'm aware of.

21 Q What did The Great Lakes Tissue Company get
22 for turning over possession of the equipment to Tissue
23 Depot, Inc.?

24 A What did they get?

25 Q Yes. What did they receive?

1 A Leased equipment.

2 Q I don't understand that answer. The
3 equipment's already leased by Sertant to it. Does
4 Tissue Depot, Inc. pay money to The Great Lakes Tissue
5 Company for the remaining equipment? We're talking
6 about the equipment that's at issue, not the missing
7 equipment that we -- the 21 items -- but the remaining
8 equipment that's at issue in this case. Does it pay
9 money for that equipment?

10 A Not that I'm aware of. I don't -- I'm not
11 aware that there have been -- I'm not aware that
12 they've been using the equipment. I'm not sure.

13 Q Are you aware that Ken Schleben testified
14 today that they're changing the outside of the
15 building from Great Lakes Tissue Company to Tissue
16 Depot? Are you aware of that?

17 A Yes, I'm told that.

18 Q Okay. Why is that happening?

19 A Because Tissue Depot is the -- the new model
20 for what the plant is going to be doing. Mainly -- I
21 lost the name of the -- Great Lakes Tissue is going
22 to -- God, I still can't remember the name.

23 Q They're going to cease to exist; right?

24 A Great Lakes Tissue probably will cease to
25 exist subject to trying to collect money that was

1 distributed to shareholders of Great Lakes Tissue
2 Group.

3 Q So Tissue Depot, Inc. has effectively taken
4 control over all of the assets of Great Lakes Tissue
5 Company; is that a fair statement?

6 A It's in possession of them.

7 Q It's in possession of all the assets of
8 Great Lakes Tissue, Inc.; correct?

9 A Yeah -- yes.

10 Q Well, it's in control of its employees; its
11 employees are now Tissue Depot employees; correct?

12 A Right.

13 Q And it's in control of the building -- the
14 operations; correct?

15 A Yes.

16 Q And the customers --

17 A There are no customers.

18 Q Well, Mr. Schleben indicated that Great
19 Lakes traditionally had four to six customers that it
20 used on the parent roll, and that those customers are
21 customers that Tissue Depot will try to sell the
22 parent rolls to. Do you have any reason to dispute
23 that?

24 MR. JANCZEWSKI: Object to the extent
25 that that mischaracterizes Mr. Schleben's testimony

1 BY MR. MCWHORTER:

2 Q Mr. Swenson?

3 A Ask me the question again.

4 Q Well, Great Lakes Tissue had customers;
5 correct?

6 A They had customers, but Tissue Depot has not
7 made any product to sell.

8 Q How long has Great Lakes Tissue been in
9 business?

10 A Great Lakes Tissue?

11 Q How long has The Great Lakes Tissue Company
12 been in business in Cheboygan?

13 A Oh, long time.

14 Q Long time. Since at least, I think, 1989,
15 if I remember correctly.

16 A I was going to say '93, but --

17 Q Okay. And it developed customers,
18 relationships with customers; correct? Right?

19 A Right.

20 Q And Mr. Schleben indicated that they hoped
21 to start making what you call, like, parent rolls of
22 tissue.

23 A Yeah, parent rolls. There's another word
24 that I'm trying -- struggling to come up with. But
25 call it parent rolls.

1 Q And then those parent rolls they intend to
2 sell to the customers the Great Lakes business has
3 traditionally done work for; isn't that true?

4 A We would intend to do that once we start
5 operations.

6 Q Okay. All of the desks, the other office
7 furniture, everything else, now belongs to Tissue
8 Depot, Inc.; correct?

9 A I -- yeah, I guess so.

10 Q What about the bank accounts? Did Great
11 Lakes Tissue Company -- when you took over in January
12 of 2023, did any of the accounts have cash and money
13 in them?

14 A No, they were all drained by -- by Kip Boie.

15 Q Did Tissue Depot, Inc. take over those
16 accounts?

17 A We -- we weren't even given access to them
18 without obtaining a subpoena. And they were all at
19 zero except for the -- the -- not except for --

20 Q So has Tissue Depot, Inc. paid any money
21 whatsoever to The Great Lakes Tissue for basically
22 taking over its entire business?

23 A No.

24 Q Okay. Who are the shareholders of Tissue
25 Depot, Inc.?

1 A See if I've got that here. Tissue Depot.
2 Who are the shareholders?

3 Q Yes.

4 A Patriot Advanced Environmental Technologies,
5 Henry Vandenheuvel, Ken Schleben, Dan Robydek, Sherry
6 Caldwell.

7 Q So Tissue Depot, Inc. is a Wisconsin
8 corporation; correct?

9 A I believe so, yes.

10 Q And its shareholders -- I just want to make
11 sure I got them right -- Patriot Advanced
12 Environmental Technologies, LLC; correct?

13 A Correct.

14 Q I'm going to call it PAT. What percentage
15 does PAT own in Tissue Depot, Inc.?

16 A Eighty-three percent.

17 Q And Henry Vandenheuvel, what percentage does
18 he own?

19 A Five percent.

20 Q What is the relationship between Henry
21 Vandenheuvel and Ron Vandenheuvel?

22 A Son/father.

23 Q So is Henry the son of Ron Vandenheuvel?

24 A Yes.

25 Q Ken Schleben, what percentage does he own?

1 A One.

2 Q And he just obtained that 1 percent May 15,
3 2023; correct?

4 A May 22.

5 Q So he obtained that three days ago. What
6 did he pay to obtain his 1 percent?

7 A Nothing, other than agree to work for the
8 company for two years. His are only options.

9 Q These are options?

10 A His are options that divest in two years.

11 Q So he has to work for two years to get his 1
12 percent interest?

13 A Correct.

14 Q What about Henry Vandenheuvel, is his a
15 vested, or is he an option?

16 A He's vested.

17 Q How much did Henry Vandenheuvel contribute
18 to Tissue Depot, Inc.?

19 A No -- no cash. He's the webmaster for web
20 sales that we anticipate.

21 Q When did Henry Vandenheuvel become a
22 shareholder of Tissue Depot, Inc.?

23 A I don't have -- date issued, May 22nd.

24 Q So Henry Vandenheuvel became a shareholder,
25 got his five percent interest -- no cash, just vested

1 automatically -- May 22, 2023? Three days ago -- the
2 same date that Ken Schleben; correct?

3 A Yep.

4 Q Dan Robydek you said was the other person.
5 What interest does Dan Robydek have?

6 A One percent in options.

7 Q And that vests in one year too, or two
8 years?

9 A Two years.

10 Q Starting when?

11 A Starting the date of the grant.

12 Q So that was May 22, 2023, as well?

13 A Correct.

14 Q And Sherry Caldwell --

15 A Same story.

16 Q So she's a 1 percent, two years vesting, and
17 she also acquired her interest on May 22, 2023?

18 A Correct.

19 Q Why is it that -- so effectively, prior to
20 May 22, 2023, three days ago, PAT, LLC was the sole
21 shareholder of Tissue Depot, Inc.?

22 A Yes.

23 Q Well, no. It owned 91 percent, and 4 R
24 Planet owned 9 percent.

25 Q I'm sorry, who's the 9 percent?

1 A 4 R Planet. Letter R.

2 Q Yep. Is that 4 R Planet, LLC?

3 A Correct.

4 Q I haven't done the math yet, but is 4 R
5 Planet, LLC, is that still a shareholder of Tissue
6 Depot, Inc.?

7 A Let me -- I think so.

8 Q Are you sure PAT doesn't own 80 -- no,
9 that's right -- 9 percent. Okay. So 4 R Planet, LLC,
10 is still a 9 percent shareholder?

11 A Right.

12 Q Okay. Is that stock vested?

13 A Yes.

14 Q So why did PAT decide to issue stock on May
15 22, 2023, to Henry Vandenheuvel, Ken Schleben,
16 Ron -- Dan Robydek, and Sherry Caldwell?

17 A Because it was in recognition of the work
18 that they're -- that they've done and are doing.

19 Q Well, were there concerns that they were
20 going to leave?

21 A No. Wanted to reward them for their good
22 work.

23 Q Prior to May 22, 2023, did Henry
24 Vandenheuvel work for Tissue Depot, Inc.?

25 A On a limited basis is my understanding.

1 Q What do you mean buy a limited basis?

2 A He was in Cheboygan for a period of time and
3 he's now in Florida doing the website.

4 Q Did Henry Vandenheuvel leave for Florida the
5 same time Ron Vandenheuvel had to return back to
6 Florida?

7 A It's my understanding Ron Vandenheuvel was
8 not in Florida yet.

9 Q Did Tissue Depot, Inc. assume the debts of
10 The Great Lakes Tissue Company?

11 A No.

12 Q So in this case, if the equipment is going
13 to be used going forward, the equipment's going to be
14 used by Tissue Depot, Inc.; isn't that correct?

15 A It would be, yes. Some of it.

16 Q The remaining equipment -- I'm talking about
17 the remaining equipment. The remaining equipment
18 that's there that --

19 A Yeah, some of the remaining equipment would
20 be. Some of it, my understanding, would not be.

21 Q And why is that?

22 A Not necessary for the business operations.
23 My understand that the only thing that would be used
24 would be the tissue machine, which is a fixture in the
25 building; the boiler, which is a fixture of the

1 building; and converting equipment, which may be a
2 fixture 'cause it's bolted to the floor.

3 Q Any other equipment that you're aware of
4 that Tissue Depot, Inc. would use?

5 A Not that I'm aware of.

6 Q Have you seen the complaint that was filed
7 in this case?

8 A I think I saw it a long time ago. Long time
9 ago being not that long ago.

10 Q So Mr. Swenson, I'm going to show you what's
11 marked as Exhibit 18.

12 (Exhibit 18 was marked for
13 identification.)

14 It's a copy of the complaint. You said
15 you've seen this document; correct?

16 A Is that the complaint?

17 Q Yes.

18 A I believe so.

19 Q Okay. So in paragraph 8 of the complaint,
20 there is a listing of equipment, and it's quite long.
21 Can you identify for me -- because you indicated that
22 you thought that there was certain -- the tissue
23 machine, the boiler, the converting equipment -- was
24 the only equipment that was needed if the Tissue Depot
25 was going to go forward.

1 Can you identify what equipment on this
2 list -- and we'll start with the first page -- what
3 equipment, if any, would be needed to operate going
4 forward for Tissue Depot, Inc.?

5 A Item number 1 is the boiler, and that's the
6 heating facility for the whole factory, so -- Michigan
7 is cold, and so it's a fixture. You know, I -- the
8 converting equipment, but I don't know how they've
9 laid it out. I haven't studied this equipment.

10 Q Okay. Is it anything on this page?

11 A Yeah, the rewinder, number 16, would be part
12 of the converting equipment. Number 17, 18, 19.
13 Hobema napkin folder is converting equipment. I don't
14 know if they have plans for that.

15 Q And so we're clear, 16, 17, 18, 19, you
16 indicated that the converting equipment in your mind
17 is a fixture because it's bolted to the floor;
18 correct?

19 A They are large machines bolted to the floor,
20 correct.

21 Q And if you unbolted them to the floor, they
22 could be removed; correct?

23 A I believe that's the case.

24 Q The same with the rewinder -- I'm sorry.
25 The same with the boiler; correct? It could also be

1 unbolted and removed; right?

2 A I don't think so. I think it's built right
3 into the building.

4 Q Do you know personally --

5 A It provides the heat source for the building
6 as well as heat source for the tissue machine.

7 Q Any other reason you think it's a fixture?
8 Just because it's bolted?

9 A The -- the tissue machine?

10 Q No. I'm talking about number 1, the 1969
11 Babcock and Wilcox gas fired 6,000 BTU boiler?

12 A It's -- it's just like a furnace in a house.
13 You don't take them out.

14 Q That's not necessarily true, but that's
15 okay. That's for another debate. What about anything
16 on this next page?

17 A You know, I don't know about the Linde roll
18 grabs, whether they're part of the back line or not.

19 Q You're talking about number 58 and 59?

20 A And 60, 61.

21 Q Okay. So 58, 59, 60, 61.

22 A And that's only a guess.

23 Q Okay. What was the tissue machine, or are
24 those included in what you just covered?

25 A I haven't seen the tissue machine yet.

1 Q Well, that's all the equipment we're talking
2 about.

3 A Well, then it's --

4 Q Is it this one right here, number 8?

5 A Tissue paper machine, that's it.

6 Q All right. Number 8.

7 A Thank you.

8 Q Okay. And so those are kind of what you
9 think that they need to go forward, and the rest of
10 the equipment, Tissue Depot does not need; is that
11 fair?

12 A That's -- that's my understanding.

13 Q Okay. The tissue -- number 8, the
14 Beloit/Proctor & Gamble 128-inch tissue paper machine
15 and accessories, is it your position that that's also
16 a fixture because that's bolted to the ground?

17 A I think it's even cemented in.

18 Q Okay. Can it be removed?

19 A With a blowtorch.

20 Q Okay. So question: why not operate as the
21 Tissue Depot -- I'm sorry, as The Great Lakes Tissue
22 Company, as opposed to Tissue Depot, Inc.? Why
23 transfer the business and the operations from Great
24 Lakes Tissue to Tissue Depot, Inc.?

25 A It's because Great Lakes Tissue is a dirty

1 corporation and it was a mess.

2 Q Why do you say it's a dirty corporation?

3 A It's got all kinds of -- of liens, debts.

4 Q Anything else?

5 A That's it.

6 Q Okay. So the reason that the assets of
7 Great Lakes Tissue Company were transferred to the
8 Tissue Depot, Inc. was because Great Lakes Tissue
9 Company was a dirty corporation because it had liens
10 and other debts; right?

11 A Right. And other than the few pieces of
12 leased equipment on the lease schedules that
13 I -- we've just been talking about, there are no other
14 assets left behind in Great Lakes Tissue.

15 Q Well, because they've all been transferred
16 to Tissue Depot, Inc.?

17 A No. All of the receivables were transferred
18 to four other lenders, and the -- and the equipment
19 is -- you're arguing belongs to Sertant rather than to
20 the City of Cheboygan and -- and Homco.

21 So there's really nothing left in Great
22 Lakes Tissue other than a cause of action perhaps
23 against the shareholders of Great Lakes Tissue Group.

24 Q Prior to January of 2023, at the time of
25 PAT's acquisition of -- well, actually, we didn't

1 establish this yet. Let's do that and then I'll ask
2 this question.

3 As of January 2023, before the transaction
4 involving Patriot, PAET, was Great Lakes Tissue Group,
5 LLC the sole shareholder of The Great Lakes Tissue
6 Company?

7 A That's what we've been told, yes.

8 Q Okay. So before Great Lakes Tissue Group,
9 LLC sold its stock to Patriot Advanced Environmental
10 Technologies, LLC, was The Great Lakes Tissue Company
11 paying its debts in the ordinary course of business?

12 A Some, but not all. When they -- when they
13 sucked all the money out, there was no ability to pay
14 the bills.

15 Q That being Mr. Boie?

16 A Yeah, and his -- his group.

17 Q So when you said they paid some but not all,
18 what debts were they not paying as of January 2023,
19 just prior to the transfer of the shares, or the sale
20 of the shares, from Great Lakes Tissue Group, LLC to
21 PAET?

22 A \$164,000 of bounced checks. I think one
23 payment to Sertant was bounced. And that's just based
24 upon looking at the Community First Bank statement. I
25 don't know what other bills they weren't paying. They

1 weren't paying the -- the receivable lenders.

2 Q What about utilities?

3 A They were very far in arrear on the
4 utilities.

5 Q What about employees? Were employees being
6 paid at the time?

7 A Employees were being paid to my knowledge.

8 Q Is it fair to say that as of January 2023,
9 just prior to the transfer from the Great Lakes Tissue
10 Group, LLC to PAET, that The Great Lakes Tissue
11 Company, its assets were less than its liabilities; is
12 that fair?

13 A I don't know the answer to that. There were
14 a lot of -- a lot of money was transferred and moved
15 around. We still don't -- haven't gotten to the
16 bottom of that. But having been shut down by the DNR
17 and -- and OSHA, with no further revenues, the life of
18 Great Lakes Tissue was doomed.

19 Q Got it. So Mr. Schleben I think testified
20 that the cost to repair the roof in the building on
21 the north side was about 21 million. Are you aware
22 of -- is that about accurate?

23 A Twenty-one million?

24 Q Yes.

25 A To repair a roof?

1 Q And the building.

2 A No, that's an expensive roof. My
3 understanding was the -- the million and a half that
4 was supposed to have been in -- in escrow for that
5 purpose would have been adequate. You got to keep in
6 mind that Kip Boie sucked all of the liquidity out of
7 this company, out of the receivables, and out of the
8 inventory.

9 Q So you said that you transferred the AR to
10 four lenders. What four lenders did you transfer the
11 accounts receivable?

12 A I didn't -- we didn't. See if I can find
13 that. Avion was one of them.

14 Q I'm sorry, A-what?

15 A Avion, A-V-I-O-N.

16 Q Capytal Commercial -- Capytal spelled with a
17 Y instead of an I, Funding Metrics, and NewCo Funding.

18 Q And when was the accounts receivable turned
19 over to Avion?

20 A Avion -- Avion, November 30th, '22, which
21 was after we started serious negotiations. Capytal
22 was turned over on December 8th. Funding Metrics,
23 December 12th. Avion Funding, I already said that,
24 November 30th. And NewCo Funding, I think was
25 the -- there's a typo here, but I think it was the

1 13th of January, the date that purportedly we were
2 closing. And Sertant was done on September 26, '22.

3 Q So Great Lakes Company transferred its
4 accounts receivable to Avion, Capytal -- I didn't
5 catch the last name -- Capytal -- what was the last
6 name?

7 A Avion Funding.

8 Q No, Capytal --

9 A Oh, Capytal Commercial.

10 Q Commercial, okay. So prior to January 13,
11 2023, prior to the closing, it's your testimony that
12 The Great Lakes Company transferred its accounts
13 receivable to those four entities; correct?

14 A Correct.

15 Q Do you know the amount of the accounts
16 receivable that was transferred to those entities?

17 A Yes.

18 Q How much?

19 A A total of 1,641,650.

20 Q Do you know how much was transferred to
21 each?

22 A Yes.

23 Q How much was transferred to Avion?

24 A 374,750.

25 Q Capytal Commercial?

1 A Three sixty-two five.

2 Q \$362,500; right?

3 A Right.

4 Q Okay. Funding Metrics?

5 A 340,000 even.

6 Q And NewCo Fund?

7 A 564,400.

8 Q As of January 13, 2023, The Great Lakes
9 Company, just prior to your closing, they had no
10 accounts receivable; is that fair?

11 A Yep. They sold -- they sold them all to
12 these outfits.

13 Q Did these outfits have liens on accounts
14 receivable prior to this date?

15 A Not that I'm aware of.

16 Q What did The Great Lakes Company receive for
17 transferring \$1.641 million in accounts receivable to
18 these four entities?

19 A \$482,788.74 according to this schedule.

20 Q Was this a loan that these entities made?

21 A It was they bought the future receivables.
22 I don't understand that kind of financing, but they
23 bought the future receivables.

24 Q So was this a factoring? They were
25 factoring the receivables?

1 A Something like that. Your guess is as good
2 as mine.

3 Q So the \$482,788.74, that's a total that
4 was -- was it a loan?

5 A It was the amount that was paid to Great
6 Lakes Tissue.

7 Q So Great Lakes Tissue received \$482,788.74
8 in exchange for transferring \$1,641,000 of
9 receivables?

10 A That's my understanding.

11 Q Are there written agreements memorializing
12 these transactions?

13 A I don't know. It was all done by Kip Boie,
14 so I don't know. But none of these records showed up
15 in the company.

16 Q So when The Great Lakes Tissue
17 Company -- when the transferred occurred January of
18 2023, to your knowledge, did The Great Lakes Tissue
19 Company use a computer system?

20 A The Great Lakes Tissue did, yes. None of
21 this was in their computer system.

22 Q Okay. Who has possession of their computer
23 system?

24 A Sherry -- Sherry Caldwell.

25 Q And you said none of this information is on

1 the computer system?

2 A None of this information was in the company
3 information. They kept things off the books with
4 these two other banks.

5 Q Has there been any type of forensic
6 accounting done -- forensic computer work done on any
7 of the computer systems to try to locate any of the
8 documentation?

9 A No. We -- we should hire one, but we don't
10 have the funds to do so.

11 Q You indicated that you had sent a subpoena
12 to First Community Bank?

13 A Yes.

14 Q In what lawsuit did you serve a subpoena in?

15 A I don't know, our counsel did it.

16 Q Was it in this lawsuit?

17 A Maybe this one, I don't know.

18 Q I have not seen any subpoena served. And it
19 should be served on me if it was served.

20 Q Okay. I don't know.

21 MR. MCWHORTER: Tom, do you know
22 what -- did you guys send a subpoena in this case?

23 MR. JANCZEWSKI: We did, and if you
24 have not been served, we will get you those documents
25 and the subpoena. And, you know, I do apologize if

1 there was that oversight, but -- matter of fact, I can
2 get you the documents right now.

3 MR. MCWHORTER: Are there any other
4 subpoenas that you've served and gotten documents
5 back?

6 MR. JANCZEWSKI: No.

7 MR. MCWHORTER: Okay. I appreciate
8 that.

9 THE WITNESS: So, for example, the net
10 million nine ten from Sertant went to First Community
11 Bank, which was the bank that we subpoenaed the
12 records from. And until we saw that, we didn't have
13 any knowledge of Great Lakes Tissue receiving funds
14 from Sertant. Therefore, the statement in the -- in
15 the declaration.

16 BY MR. MCWHORTER:

17 Q So when you said in paragraph 16, "After an
18 extensive search, I am unable to find any proceeds of
19 the sales that actually reached actual GLT's corporate
20 accounts or books."

21 A That was looking at -- at records at the
22 company. And until we got the -- subpoenaed the
23 records, we didn't have any idea of the Sertant
24 million nine.

25 Q Did you confirm that Sertant did in fact

1 wire the funds?

2 A It said that there's "in wire Prime Alliance
3 Bank. Sertant Capital." And then there's a -- a
4 number. So that's the basis of knowing.

5 Q Well, I'm going to show you to see if you
6 recognize this so we can put this issue to bed. So,
7 Mr. Swenson, have you seen this document?

8 A No.

9 Q Okay. I'm going to --

10 A The number matches with the bank statement.

11 Q Yeah, this was filed on April 16, 2023, with
12 the court. It shows a million nine, it's a wire.
13 It's from Prime Alliance Bank. And then here is the
14 pay proceeds direction. Have you seen this before
15 either?

16 A No. I don't know.

17 Q And then there's equipment listed we've gone
18 through. And then there's an acknowledgment of the
19 equipment. But you confirmed that Great Lakes Tissue
20 Company received \$1,910,417.70; correct?

21 A I confirmed that First Community Bank
22 received it, and the name on the account says Great
23 Lakes Tissue Company, but that was zeroed out in
24 January. Let me see if I can give you a date.

25 The account was down to \$5,098 as of January

1 11th, and I believe that's the amount that Kip Boie
2 wrote a check for, and he closed the account on the
3 13th of January.

4 Q Who'd he write a check to?

5 A His company, Trout Enterprises.

6 Q What is Trout Enterprises?

7 A I have no idea. He's from Minnesota and
8 he's a trout fisherman.

9 Q To your knowledge, did Trout Enterprises,
10 LLC do any business with The Great Lakes Tissue
11 Company?

12 A They got lots of money out of it.

13 Q Did you confirm who the signatories
14 were -- so at First Community Bank, it was an account
15 opened in the name of The Great Lakes Tissue Company?

16 A That's what it says, yes.

17 Q And who are the signatories on the account
18 at First Community Bank?

19 A I don't see any -- yeah. Kip Boie. There's
20 one check for -- or entry that Kip Boie signed.

21 Q Was he the sole signatory on the account?

22 A To my knowledge, but I don't have -- I don't
23 have any information on the account other than what we
24 obtained by this -- by virtue of the subpoena. And
25 that was just recently.

1 Q So other than the \$5,000 that you referenced
2 going to Trout Enterprises, do you know what happened
3 to the rest of the \$1.9 million?

4 A A million dollars went out.

5 Q To whom?

6 A To citizens' checkbooks, and there were
7 several in it -- entries. It went to Great Lakes
8 Tissue operating account. Do you want the dollar
9 amounts of those?

10 A It's in the documents you're going to send
11 me; correct?

12 Q Yes.

13 THE WITNESS: Tom, are you going to
14 send those?

15 MR. JANCZEWSKI: Yes.

16 BY MR. MCWHORTER:

17 Q Okay. Have you confirmed whether those
18 checks went to operating accounts of Great Lakes
19 Tissue?

20 A No. I haven't yet.

21 Q But it's possible that the money, the
22 million nine, went to operating accounts at Great
23 Lakes Tissue?

24 A No. The million dollars certainly didn't.
25 And I don't know about the other 900,000. We just got

1 this not too long ago.

2 Q Yep. Do you know who the owners of 4 R
3 Planet, LLC -- who are the members?

4 A The members are Bernard Dahlin III.

5 Q That's D-A-H-L-I-N, Bernard Dahlin III.
6 Okay.

7 A PKJ Family Trust.

8 Q And that's relating to Paul Jilek; correct?

9 A I think so.

10 Q Okay.

11 A One million shares to Stonehill Financial,
12 which is my company. A million options to Ron
13 Johnson. And the rest are options with RVDH Dvlpmnt,
14 spelled without any vowels.

15 Q So can you give me the percentages? So Ron
16 Johnson has an option? For how much, what percentage?

17 A One percent.

18 Q And who is Ron Johnson.

19 A I don't know. It's a name I've heard
20 mentioned, but -- I think he's a friend of Ron
21 Vandenheuvel's.

22 Q What does he do for any of the entities, if
23 anything?

24 A I don't know the answer to that.

25 Q Why did he get a 1 percent option?

1 A I don't know the answer to that.

2 Q Do you know when he got an option?

3 A May 22nd.

4 Q That was a good day to be out there and get
5 options.

6 A Well, that was the date that Paul Jilek came
7 over to -- to meet me and give me the stock
8 certificate. So that's how it happened on that date.

9 Q Is Ron Johnson in Michigan? What state is
10 Ron Johnson in; do you know?

11 A I don't know.

12 Q Is there any documentation relating to Ron
13 Johnson's one share?

14 A There was a -- yes.

15 Q There is? Great. I'd like to have those
16 documents.

17 A PKJ Family Trust --

18 MR. JANCZEWSKI: I'm going to object to
19 giving corporate documents of 4 R Planet, LLC. I
20 don't think that that's -- they're not a party to this
21 lawsuit, and I don't think that Mr. Swenson would have
22 to give corporate documents of another entity that
23 he's affiliated with.

24 MR. MCWHORTER: Tom you and I can talk
25 about it offline. We don't have to debate it now.

1 MR. JANCZEWSKI: Okay.

2 BY MR. MCWHORTER:

3 Q PKJ Family Trust, what percentage is that?

4 A Four percent.

5 Q What does Stonehill Financial have?

6 A One percent.

7 Q And RDBH?

8 A RVDH Dvlpmnt?

9 Q Yes.

10 A Seventy-five, 75 percent.

11 Q It's RVDH you said; right?

12 A Correct. Dvlpmnt -- development spelled
13 without any vowels.

14 Q D-V --

15 A L-P-M-N-T.

16 Q M-N-T. Is that a Ron Vandenheuvel entity?

17 A Yes. That's in the form of options.

18 Q It's a form of options.

19 A Right.

20 Q When do they vest?

21 A Doesn't say on my cheat sheet here.

22 Q When did he get his 75 percent?

23 A January 1st of '23, he had 87 percent in
24 options, and then went down by 12 -- 12 million
25 shares, when Henry and Ron Johnson got their shares

1 and options.

2 Q Oh, so Henry Vandenheuvel also has a 1
3 percent option?

4 A No, he's got 11 million shares.

5 Q So what is that percentage?

6 A Eleven hundred million shares.

7 Q So Ron Vandenheuvel has 11 percent. When
8 did he get his shares for his membership interest?

9 A Henry Vandenheuvel.

10 Q Right.

11 A You said Ron.

12 Q I'm sorry, Henry.

13 A He signed them on May -- May 22nd.

14 Q So just so I got this right. But currently
15 Henry Vandenheuvel has 11 percent; Ron Johnson has 1
16 percent; PKJ Family Trust has 4 percent; Stonehill
17 Financial has 1 percent; and RVDH Dvlpmnt, which is
18 really Ron Vandenheuvel, now has 75 percent; is that
19 right?

20 A Yeah, did you get Bernard Dahlin's?

21 Q No. I'm sorry. Oh, Bernard Dahlin. Yes.
22 Sorry. And how much does he have?

23 A Eight.

24 Q And when did he get his 8 percent?

25 A January 1st of '23.

1 Q And is that when Stonehill Financial got
2 your 1 percent?

3 A Yes.

4 Q And the same with PKJ Family Trust; right?
5 January 1st?

6 A Right.

7 Q Okay. I know you've got to leave at five,
8 so I only got, like, seven minutes left. But I wanted
9 to just hit a couple things. Mr. Swenson, have you
10 seen this document before?

11 (Exhibit 6 was marked for
12 identification.)

13 A I believe so, yes.

14 Q It's the Master Lease Agreement that was
15 attached to the complaint; right?

16 A Yes.

17 Q Okay. And are you familiar with Kip Boie's
18 signature?

19 A Generally. I've seen it, and that looks
20 like his.

21 Q Okay. Do you have any reason to doubt that
22 he didn't sign the Exhibit 6 -- the Master Lease
23 Agreement?

24 A I -- I don't doubt his signature.

25 Q Okay. And in September 26, 2022, was he the

1 president and CEO of The Great Lakes Tissue Company?

2 A I don't know. I assume so.

3 Q Was he a director also of The Great Lakes
4 Tissue Company?

5 A I believe so.

6 Q Do you have any reason to doubt that Kip
7 Boie had authority to sign the Master Lease Agreement
8 on behalf of The Great Lakes Tissue Company?

9 A I think that's a legal question.

10 Q Well, are you aware of any facts that
11 suggest that he didn't have authority to sign on
12 behalf of The Great Lakes Tissue Company?

13 A Well, I don't know whether you can enter
14 into a lease on equipment that other people already
15 have a security interest in.

16 Q Okay. So in your declaration -- I'm sorry.
17 In the answer to the complaint, the defendant denied
18 executing the Master Lease Agreement. Are you aware
19 of that?

20 A I'm aware that, just as a general matter,
21 that it was denied 'cause there might be legal
22 defenses.

23 Q Well, you don't dispute that Kip Boie signed
24 the Master Lease Agreement?

25 A I don't contest that he signed it.

1 Q And you don't contest that value was given
2 in exchange for signing the Master Lease Agreement;
3 right?

4 A Well --

5 MR. JANCZEWSKI: I'll object as a
6 matter of vagueness. Value was given to who?

7 MR. MCWHORTER: Well, to The Great
8 Lakes Tissue Company. We just went through that.

9 THE WITNESS: That's the name on the
10 account, but it never went across the books of Great
11 Lakes Tissue. So I don't know how to -- know how to
12 answer that.

13 MR. MCWHORTER: I don't follow that.
14 The money was deposited in Great Lakes Tissue's bank
15 account.

16 MR. JANCZEWSKI: Again, objection.
17 This assumes facts not in evidence. What's been
18 established was that it was deposited in an account
19 with the name of Great Lakes Tissue Company.

20 BY MR. MCWHORTER:

21 Q Well, let me ask you this question. What
22 facts, if any, are you aware of that Kip Boie didn't
23 have authority to open an account at First Community
24 Bank?

25 A Well, he opened the account in Coleraine,

1 Minnesota, with a Minnesota address. So I don't know,
2 Minnesota doesn't have anything to do with -- with
3 Great Lakes Tissue other than my involvement

4 Q Well, be that as it may, what facts, if any,
5 do you have that would suggest that Kip Boie didn't
6 have authority to open up a deposit account with a
7 bank?

8 A I don't have any information of what those
9 guys were doing prior to our acquisition in
10 mid-January '23.

11 Q I'm going to put it this way. When the
12 plaintiffs, Prime Alliance or Sertant Capital, wired
13 the \$1.9 million to Great Lakes Company, did you have
14 any doubt that they believed that they were sending
15 the money to The Great Lakes Tissue Company?

16 A I don't have any way of determining
17 what -- what they thought.

18 Q So if the funds were received in a Great
19 Lakes bank account, and the funds were wired to that
20 account, and --

21 A I don't know that it was a Great Lakes bank
22 account. It had the name of Great Lakes on it.

23 Q I understand that, but you don't have any
24 facts that Plaintiff said that they believed that that
25 was a Great Lakes Tissue bank account, and they had no

1 notice otherwise that it wasn't. You're not aware of
2 any facts to dispute that; right?

3 A No.

4 Q So when the answer says "deny that defendant
5 executed the lease," that's not exactly true. It did
6 execute the lease.

7 MR. JANCZEWSKI: Again, objection.
8 That calls for a legal conclusion.

9 BY MR. MCWHORTER:

10 Q You can answer. What's the basis for saying
11 that they didn't execute it?

12 A I don't know what his authority was. Did he
13 have the authority to open up a bank account that
14 wasn't part of the books and records of -- of the
15 company? I don't know.

16 Q But the defendant executed it -- Kip Boie
17 executed it on behalf of the entity.

18 A Yeah.

19 Q What facts do you have to suggest that he
20 did not execute it with authority?

21 A That --

22 Q Let me rephrase that. What facts --

23 A -- the account was not --

24 Q What facts do you have personal knowledge of
25 that he didn't have authority?

1 A First Community Bank was not a recognized
2 bank in the books and records of Great Lakes Tissue
3 Company.

4 Q Okay. What's your basis for that?

5 A I'm sorry, I just interrupted. Ask the
6 question again?

7 Q What's your basis for that -- that it's not
8 in the books and records?

9 A Because we had Sherry and our people look
10 through the books and records to try to find where the
11 Sertant money went. We didn't know that until we got
12 the subpoena bank records not too long ago.

13 Q Okay. Other than the fact that you claim
14 that the account was not a Great Lakes account, are
15 there any other facts that suggest that Mr. Boie did
16 not have authority to sign the Master Lease Agreement?

17 MR. JANCZEWSKI: Object. Calls for
18 legal conclusions; asked and answered.

19 MR. MCWHORTER: Mr. Swenson?

20 MR. JANCZEWSKI: You can answer, Don.

21 THE WITNESS: I'm sorry. Repeat the
22 question.

23 MR. MCWHORTER: Court Reporter, can you
24 repeat the question?

25 THE REPORTER: You were asking if he

1 had any other facts to prove that Kip Boie did not
2 have authority to sign the account.

3 MR. MCWHORTER: The Master Lease
4 Agreement.

5 THE REPORTER: Oh, the Master Lease
6 Agreement. Sorry.

7 THE WITNESS: I'll answer it no, I
8 guess.

9 BY MR. MCWHORTER:

10 Q I know it's a little after five for you.
11 One question I need to ask to make sure that we
12 have --

13 Do you know if the equipment is currently
14 insured -- the remaining equipment is insured?

15 A I don't know. We've been -- I think that it
16 is. We've been struggling to get an insurance policy.
17 So I'd have to defer to Tom Homco on that.

18 Q So we were provided an evidence of property
19 insurance. I'm going to show it to you, it's marked
20 as Exhibit 15.

21 (Exhibit 15 was marked for
22 identification.)

23 And the insured is Great Lakes Tissue
24 Company.

25 A Okay.

1 Q And it's to Tom -- but the initial interest
2 is Hom Thermo Warehouse XIII, LLC. Do you see that?

3 A Yes.

4 Q Does Tissue Depot, Inc. have insurance
5 covering the equipment?

6 A That insurance would be whatever Homco is
7 showing.

8 Q So Tom Homco may have insurance to insure
9 his interests; correct?

10 A Right.

11 Q Is there any insurance policy naming Sertant
12 Capital, LLC or Prime Alliance Bank as a payee of the
13 insurance policy -- or as additional insured?

14 A Not that I'm aware of. Doesn't mean that
15 there isn't.

16 Q I would request that we receive some type of
17 confirmation that the equipment be insured, and let me
18 just put this on the record.

19 When we met with the court, one of the
20 issues that was discussed in chambers and was put on
21 the record was to make sure that the equipment is
22 insured. My concern is that -- and the court asked
23 that we receive a certificate of insurance. I just
24 showed you what was produced.

25 My concern is that Plaintiffs are not named

1 as an additional insured, plus Tissue Depot, Inc. now
2 is the entity that's running the business, not Great
3 Lakes Tissue Company. So I would ask that that be
4 produced.

5 Do you know if this current policy, Exhibit
6 15 -- do you know if it's current?

7 A I don't know. I've not been involved in the
8 insurance policy.

9 Q Okay. Who's in charge of handling the
10 insurance for Tissue Depot, Inc. or The Great Lakes
11 Tissue Company?

12 A Tom Homco.

13 Q What is Tom Homco's position with either
14 Tissue Depot, Inc. or The Great Lakes Tissue Company?

15 A He's got a lot of money invested in -- in
16 the building, and he has every interest in making sure
17 that his interests are insured.

18 Q He's the landlord.

19 A He's the landlord.

20 Q And he owns both 437 South Main and 502
21 South Main; correct? He, being through his entities.

22 A I think so.

23 MR. MCWHORTER: I don't want to
24 keep -- let's go off the record for one second.

25 THE REPORTER: All right. We're off

1 the record.

2 (Off the record.)

3 THE REPORTER: All right. We are back
4 on the record at 6:09 p.m.

5 MR. MCWHORTER: Mr. Swenson, due to the
6 time, given that it's 6:09 p.m. Michigan time, we have
7 a court reporter in Michigan. Notwithstanding the
8 fact that it's 3:09 p.m. in California, and you
9 indicated that you had to stop at 5 p.m. Minnesota
10 time, Central time. So we are going to stop the
11 deposition now and continue it at another date and
12 time to be determined by counsel.

13 Mr. Swenson, do you know -- are you
14 available generally over the next two weeks? Are you
15 going out of town at all?

16 THE WITNESS: No, I'll be in town.
17 I've got various meetings, but I can work around them.

18 MR. MCWHORTER: Wonderful. Okay. And
19 I will coordinate with counsel.

20 Tom, is there any other questions
21 before we go? Just as an accommodation, are there any
22 areas you want to just follow up with him on while
23 it's fresh in your mind, so you can cross him on what
24 we've covered so far?

25 MR. JANCZEWSKI: No, I'm fine for

1 today.

2 MR. MCWHORTER: Okay. Thank you.

3 I think that concludes the deposition
4 for today.

5 Mr. Swenson, thank you very much for
6 your time. I appreciate it.

7 (Whereupon, at 6:10 p.m., the
8 proceeding was concluded.)

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CERTIFICATE OF DEPOSITION OFFICER

I, ALEXANDRA HOBRECHT, the officer before whom the foregoing proceedings were taken, do hereby certify that any witness(es) in the foregoing proceedings, prior to testifying, were duly sworn; that the proceedings were recorded by me and thereafter reduced to typewriting by a qualified transcriptionist; that said digital audio recording of said proceedings are a true and accurate record to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.



ALEXANDRA HOBRECHT

Notary Public in and for the
State of Michigan

CERTIFICATE OF TRANSCRIBER

I, LISA OUIMETTE, do hereby certify that this transcript was prepared from the digital audio recording of the foregoing proceeding, that said transcript is a true and accurate record of the proceedings to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

A handwritten signature in black ink that reads "Lisa Ouimette". The signature is written in a cursive, flowing style.

LISA OUIMETTE

1 ROBERT MCWHORTER, ESQ.
2 rmcwhorter@buchalter.com

3 June 2, 2023

4 RE: PRIME ALLIANCE BANK, INC. vs. THE GREAT LAKES
TISSUE COMPANY

5 May 25, 2023 -DONALD SWENSON-JOB NO.5936688

6 The above-referenced transcript has been
7 completed by Veritext Legal Solutions and
8 review of the transcript is being handled as follows:

9 ___ Per CA State Code (CCP 2025.520 (a)-(e)) - Contact Veritext
10 to schedule a time to review the original transcript at
11 a Veritext office.

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15 below, notating the page and line number of the corrections.
16 The witness should then sign and date the errata and penalty
17 of perjury pages and return the completed pages to all
18 appearing counsel within the period of time determined at
19 the deposition or provided by the Code of Civil Procedure.

20 ___ Waiving the CA Code of Civil Procedure per Stipulation of
21 Counsel - Original transcript to be released for signature
22 as determined at the deposition.

23 ___ Signature Waived - Reading & Signature was waived at the
24 time of the deposition.

25

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1 ___ Federal R&S Requested (FRCP 30(e)(1)(B)) – Locked .PDF
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3 make any necessary corrections on the errata pages included
4 below, notating the page and line number of the corrections.
5 The witness should then sign and date the errata and penalty
6 of perjury pages and return the completed pages to all
7 appearing counsel within the period of time determined at
8 the deposition or provided by the Federal Rules.
9 _X_ Federal R&S Not Requested – Reading & Signature was not
10 requested before the completion of the deposition.

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1 PRIME ALLIANCE BANK, INC. vs. THE GREAT LAKES
TISSUE COMPANY
2 DONALD SWENSON-JOB NO.5936688
3 E R R A T A S H E E T
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17 _____
18 REASON_____
19 PAGE_____ LINE_____ CHANGE_____
20 _____
21 REASON_____
22 _____
23 _____
24 WITNESS Date
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[division - example]

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Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

DISCLAIMER: THE FOREGOING FEDERAL PROCEDURE RULES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY.

THE ABOVE RULES ARE CURRENT AS OF APRIL 1, 2019. PLEASE REFER TO THE APPLICABLE FEDERAL RULES OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

VERITEXT LEGAL SOLUTIONS
COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

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EXHIBIT H

1 UNITED STATES DISTRICT COURT
2 EASTERN DISTRICT OF MICHIGAN
3 NORTHERN DIVISION
4

5 PRIME ALLIANCE BANK, INC.,
6 A Utah banking corporation; and
7 SERTANT CAPITAL, LLC, a Delaware
8 limited liability company,
9 Plaintiffs,

10
11 -vs-

Case No: 1:23-cv-10564-LJM-PTM

12 Hon. Laurie J. Michelson
13

14 THE GREAT LAKES TISSUE COMPANY, a
15 Michigan corporation,
16 Defendant.

17 _____/

18
19 DEPOSITION (via Zoom) of DONALD SWENSON
20

21 Taken by the Plaintiff on the 23rd day of June, 2023
22 via Zoom commencing at 11:30 a.m.
23
24
25

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22 Certified Electronic Reporter
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25

| | | | |
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EXHIBITS CONTINUED:

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|---------------|---------------------|-----|
| Exhibit PX#39 | Landlord Agreement | 95 |
| Exhibit PX#41 | Trout Lake Checks | 112 |
| Exhibit PX#42 | Email | 123 |
| Exhibit PX#43 | UCC Filings | 114 |
| Exhibit PX#44 | Financing Statement | 114 |

1 Zoom Deposition

2 Friday, June 23, 2023

3 11:32 a.m.

4
5 DONALD SWENSON

6 was thereupon called as a witness herein, and after
7 having first been duly sworn to tell the truth, the
8 whole truth and nothing but the truth, was examined
9 and testified as follows:

10 EXAMINATION

11 BY MR. MCWHORTER:

12 Q Good morning, Mr. Swenson. Again, my name is Robert
13 McWhorter. I represent the plaintiffs in this
14 matter, Prime Alliance Bank and Sertant Capital,
15 LLC.

16 Mr. Swenson, I just want to -- again, the same
17 admonishments that we went through last time still
18 apply. You're under oath. You understand that?

19 A Yes.

20 MR. MCWHORTER: And again, for the record, Mr.
21 Hansen, the prior stipulation that we had that this
22 deposition, even though we're doing it remotely and
23 we're all in different states, for purpose of this
24 deposition it is being taken located in Michigan.
25 And it's via by remote means consensually. Is that

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1 correct, Mr. Hansen?

2 MR. HANSEN: Yes, it is.

3 MR. MCWHORTER: Thank you.

4 BY MR. MCWHORTER:

5 Q Mr. Swenson, is there any reason why you can't
6 testify competently today because of medication or
7 anything else?

8 A No.

9 Q Mr. Swenson, I'm going to turn to - do you have
10 exhibits that we produced or do I need to show them
11 to you? It'd be easier to show them.

12 A You're going to have to show them to me.

13 (Document marked for identification as
14 Plaintiff's Deposition Exhibit Number 21.)

15 BY MR. MCWHORTER:

16 Q Okay, that's fine. Mr. Swenson, can you see this
17 merger agreement?

18 A Yes. It's pretty small but.

19 Q I'm showing you what's marked as Exhibit 21. This
20 is a merger agreement that was produced by Great
21 Lakes Tissue Corporation. Do you recognize this
22 document? It's a 79-page document.

23 A Yes.

24 Q And were you - what was your involvement with this
25 merger agreement?

1 A I participated in discussions with the seller's
2 counsel.

3 Q Did you participate in drafting or revising the
4 merger agreement prior to its execution?

5 A My role was limited to comments on it.

6 Q Okay, fair enough. Recital A says that GLTG, which
7 is Great Lakes Tissue Group, owns Great Lakes
8 Tissue. So, prior to the merger agreement, Great
9 Lakes Tissue owned a hundred percent of the Great
10 Lakes Tissue Company, correct?

11 A That's my belief.

12 Q And that under Section 1.1 of the agreement,
13 essentially the merger, under the merger agreement,
14 Great Lakes Tissue Group transferred a hundred
15 percent of the stock in Great Lakes Tissue to
16 Patriot Advanced Environmental Technologies, LLC,
17 which is a Wisconsin Limited Liability Company, is
18 that correct?

19 A There was ten percent held back.

20 Q Well, under the agreement, Great Lakes Tissue Group
21 would own ten percent of PAET, is that right?

22 Let me see if this refreshes your
23 recollection. Mr. Swenson, if you go to paragraph
24 1.1, it says, Great Lakes Tissue will transfer and
25 convey all capital stock of Great Lakes Tissue to

1 PAET, which is the same as Patriot Advanced
2 Environmental Technologies, LLC. Is that right?

3 A Yes.

4 Q And then at the closing, Great Lakes Tissue Group
5 would own a ten percent interest in PAET, correct?

6 A Correct.

7 Q And at the closing, so in exchange for Great Lakes
8 Tissue Group conveying a hundred percent of its
9 stock in Great Lakes Tissue Company, it would
10 receive one point five million in cash, a fifteen
11 million dollar note and a ten percent interest in
12 PAET, correct?

13 A Correct.

14 Q Did PAET pay the one point five million in cash to
15 Great Lakes Tissue Group?

16 A Yes.

17 Q And under 1.2 (a) it says, PAET will assume control
18 of Great Lakes Tissue as of the closing. Do you see
19 that?

20 A Yes.

21 Q Is that accurate that as of the closing PAET
22 assumed control of Great Lakes Tissue Group?

23 A No.

24 Q Why is that not accurate?

25 A The documents were signed and I believe delivered

1 on January 13th. And Kip Boie or whatever, however
2 you pronounce his name, wouldn't let us in the mill
3 until the following week.

4 Q So the closing occurred actually about January
5 20th, 2023? Or did the closing occur January 13th
6 and he wouldn't allow you in for seven days?

7 A The latter.

8 Q So at least as from January 20th, 2023 to the
9 present PAET has assumed control of Great Lakes
10 Tissue Group, correct?

11 A Yes.

12 Q And prior to January 20th, 2023 PAET had no control
13 over Great Lakes Tissue Group, correct?

14 A Zero control.

15 Q What was Mr. Boie's explanation for not allowing
16 you access from January 13th, 2023 - let me strike
17 that.

18 January 13, 2023 was the date of the closing,
19 correct?

20 A Yes.

21 Q What was Mr. Boie's explanation, or what was your
22 understanding of why Mr. Boie did not allow PAET to
23 assume control from January 13th to January 20th,
24 2023?

25 A No explanation was given other than they wanted to

1 make sure that the million five cleared.

2 Q And the million five was paid on January 13th,
3 2023?

4 A I believe so. I'm not - I wasn't there at the
5 closing.

6 Q So, as of January 20th, 2023, GLT's management
7 changed, correct?

8 A Yes.

9 Q And when I say GLT, I mean Great Lakes Tissue, just
10 so we're - you understand that, right?

11 A Right.

12 Q And so before January 20, 2023, Kip Boie was the
13 CEO, correct?

14 A Yes.

15 Q And then after that, Jeff Prange was the CEO,
16 correct?

17 A Correct.

18 Q Okay.

19 MR. HANSEN: I'm sorry, Rob. I don't want to, I
20 don't mean to cut off your flow. Just a real quick
21 clarification. A couple questions ago you said that
22 the Great Lakes Tissue. I just wanted, were you
23 saying Group or Company? Because I think there's a,
24 I just want to make sure the record's clear between
25 Great Lakes Tissue Group and Great Lakes Tissue

1 Company. I think there's a difference. I'm not
2 trying to testify. I just want to make sure that.

3 MR. MCWHORTER: There is a difference. I don't
4 think I - I don't know which question you're
5 referring to.

6 MR. HANSEN: About the ownership and control of
7 Great Lakes Tissue changed.

8 BY MR. MCWHORTER:

9 Q Yes. The ownership - okay, I'll do it this way. So,
10 as of January 20th, 2023, Great Lakes Tissue
11 ownership changed, correct?

12 A Yes.

13 Q And its management changed, correct?

14 A Yes.

15 MR. MCWHORTER: Is that satisfactory, Tim?

16 MR. HANSEN: Yes. But I, I just, Great Lakes
17 Tissue, the operating company, not Great Lakes
18 Tissue Group, right? Is that, is that what you're
19 referring to?

20 MR. MCWHORTER: Yes.

21 BY MR. MCWHORTER:

22 Q Mr. Swenson, do you understand that?

23 A Yes.

24 Q Okay.

25 MR. HANSEN: Because it is confusing because

1 there's, they're both called Great Lakes Tissue,
2 one's Group, one's Company. I just wanted to make
3 sure that we're talking about the same thing. I
4 really don't mean to interrupt.

5 MR. MCWHORTER: Got it.

6 BY MR. MCWHORTER:

7 Q Under Section 2.1, the closing was contingent on
8 Homco Paper XI, which I guess is eleven, LLC. Do
9 you see that on Section 2.1?

10 A Yes.

11 Q Did Great Lakes Tissue or the parties, did they
12 obtain Homco Paper XI, LLC's consent to change
13 control of Great Lakes Tissue?

14 A Yes.

15 Q Was that written consent?

16 A I don't recall.

17 Q Did PAET or Great Lakes Tissue Company or Great
18 Lakes Tissue Group or anyone else ever obtain
19 Sertant Capital, LLC's consent to change control of
20 Great Lakes Tissue from Great Lakes Tissue Group to
21 PAET?

22 A No. We didn't even know Sertant existed.

23 Q Did PAET or Great Lakes Tissue or Great Lakes
24 Tissue Group or anyone else ever obtain Prime
25 Alliance Bank's consent to change control from - of

1 Great Lakes Tissue Company, from Great Lakes Tissue
2 Group to PAET?

3 A Same answer. We didn't know that they existed in
4 this transaction.

5 Q And so at some point, the assets of Great Lakes
6 Tissue Company were transferred to Tissue Depot,
7 Inc., correct?

8 A Well, there weren't many assets to transfer.

9 Q Well, the assets that Great Lakes Tissue Company
10 had were transferred, correct?

11 A A few of the assets were, yes.

12 Q Well, what assets were not transferred of Great
13 Lakes Tissue Company?

14 A The receivables and the equipment were already
15 gone.

16 Q Any other assets that were not transferred?

17 A Not that I recall.

18 Q So all of the other assets of Great Lakes Tissue
19 Group were transferred from Great Lakes Tissue
20 Company to Tissue Depot, Inc., correct?

21 A That's my understanding, yes.

22 Q I'm going to refer to those assets that are
23 transferred as the transferred assets, just so
24 we're clear. What did Great Lakes Tissue Company
25 receive for the transfer of the transferred assets?

1 A They received the payment of the transfer of all of
2 the intellectual property.

3 Q Anything else?

4 A Not that I'm aware of.

5 Q When you say they received payment of the transfer
6 of the intellectual property, what do you mean?

7 A The Tissue Depot, since there weren't any assets
8 left after we found that Sertant was involved and
9 the bank was involved - I lost my track of thought.
10 Repeat the question.

11 Q Well, my question is, explain what you mean that
12 Great Lakes Tissue received payment for the IP. Is
13 that what your testimony was?

14 A Yes. By Tissue Depot doing all the expenses of the
15 transfer of the IP.

16 Q So the payment that Great Lakes Tissue Company
17 received was the expenses that Tissue Depot, Inc.
18 paid to transfer the intellectual property from
19 Great Lakes Tissue Company to Tissue Depot, Inc.,
20 is that right?

21 A That. And I think there was others but I can't
22 recall what there was.

23 Q Who were those expenses paid to to transfer the
24 intellectual property?

25 A Employees.

1 Q Anyone else?

2 A No.

3 Q So the intellectual property was paying employees
4 to move from Great Lake Tissue Company to Tissue
5 Depot, Inc. Is that effectively your testimony?

6 A Move the assets, yes.

7 Q So what money did Tissue Depot, Inc. pay to
8 employees to - let me strike that.

9 What intellectual property was held by the
10 employees?

11 A None was held by the employees. It was held by
12 Great Lakes Tissue.

13 Q Did Tissue Depot, Inc. write a check or transfer
14 money or wire money to Great Lakes Tissue Company
15 for that intellectual property?

16 A No. Great Lakes Tissue assumed all the expenses for
17 the employees.

18 Q Okay. So that's the expense.

19 A Yes.

20 Q And in exchange, Tissue Depot, Inc. received all of
21 the intellectual property of Great Lakes Tissue,
22 correct?

23 A Correct.

24 Q Did it pay - and when you say some employees, you
25 mean paying wages going forward, correct?

1 A Correct.

2 Q Were any outstanding wages owed to employees when -
3 that Great Lakes -

4 A I think there were as of closing.

5 Q Do you know how much that was?

6 A No.

7 Q So the assets that were transferred from Great
8 Lakes Tissue Company to Tissue Depot, Inc. included
9 the employees, correct?

10 A Yes.

11 Q Possession of the equipment, correct?

12 A Possession, yes.

13 Q Use of the equipment?

14 A Yes.

15 Q Great Lakes Tissue Company's goodwill, correct?

16 A There wasn't any.

17 Q It's customers?

18 A There weren't any.

19 Q It's phone number. Does Tissue Depot, Inc. use the
20 same phone number as Great Lakes Tissue Company
21 used?

22 A I don't know. Probably. But I don't know for sure.

23 Q Tissue Depot, Inc. operates out of the same
24 location, correct?

25 A Yes.

1 Q Same building?

2 A Yes.

3 Q It took over. It's now paying on its lease so it
4 acquired its lease, correct?

5 A Yes.

6 Q The desks, the furniture, the computers, the books
7 and records, all of that transferred from Great
8 Lakes Tissue Company to Tissue Depot, Inc.,
9 correct?

10 A The computer equipment, Eric Boie's acquired all
11 new equipment but didn't pay for it.

12 Q But the equipment that was there at Great Lakes
13 Tissue Group - I'm sorry. The equipment that was at
14 Great Lakes Tissue Company as of January 20th, that
15 equipment then is now in possession of Tissue
16 Depot, Inc., correct?

17 A I believe so.

18 Q And is it being used by Tissue Depot, Inc.?

19 A I believe so.

20 Q So effectively, when did - when were the assets
21 transferred from Great Lakes Tissue Company to
22 Tissue Depot, Inc.?

23 A I don't know the date.

24 Q When was it approximate? What's your best estimate?

25 A It would only be a guess. I don't want to guess. It

1 took us a while to even figure out that Sertant was
2 claiming all of the equipment and that there were
3 other lenders who had been sold all of the
4 receivables. And that there were, all of the
5 inventory was gone, the receivables were gone.

6 Q To give you a frame of reference. So let me back
7 up. So the transfer of the assets, the transferred
8 assets, the transfer of the assets from Great Lakes
9 Tissue Company to Tissue Depot, Inc. occurred after
10 you discovered the existence of Sertant Capital and
11 Prime Alliance Bank, is that right?

12 A I believe that's correct.

13 Q So to give you context. This lawsuit was filed
14 March 10th, 2023 and the demand for the default
15 letter was sent February 3rd, 2023. So would the
16 transfer have occurred sometime between February
17 3rd, 2023 and March 10th, 2023?

18 A I don't know who the February 3 letter was sent to.

19 Q Was the transfer - did the transfer occur after
20 Prime Alliance Bank filed this lawsuit on March
21 10th, 2023?

22 A I don't know the answer to that.

23 Q So what is your best estimate? Because I'm entitled
24 your best estimate. What is your best estimate as
25 to when the transfer occurred, given the dates I

1 just gave you?

2 A Probably sometime after we saw the complaint.

3 Q So sometime after you saw the complaint on March
4 10th, 2023, there was a decision to transfer the
5 assets of Great Lakes Tissue Company to Tissue
6 Depot, Inc., correct?

7 A What few assets there were, yes.

8 Q And who was involved in that decision to transfer
9 the assets?

10 A I think I think our counsel and Ron Van Den Heuvel.

11 Q Anyone else?

12 A No. I'm sure the main employees of Great Lakes
13 tissue were involved.

14 Q When you say main employees, who do you mean?

15 A The president.

16 Q So you mean Jeff Prange?

17 A Prange, yes.

18 Q Anyone else?

19 A I don't know.

20 Q Were you involved?

21 A No.

22 Q So when you say counsel, you mean someone from Mr.
23 Hansen's firm?

24 A I believe so but I don't know for sure.

25 Q At whose direction or who made the decision to

1 transfer the assets from Great Lakes Tissue Company
2 to Tissue Depot, Inc.?

3 A I'm sure it was Ron Van Den Heuvel, Tom Homco would
4 be the main ones.

5 Q And why did they decide to transfer the - why were
6 the assets transferred from Great Lakes Tissue
7 Company to Tissue Depot, Inc.?

8 A Because Great Lakes Tissue had all these
9 liabilities that we knew nothing about and the
10 assets were gone. So we decided just to transfer,
11 or it was decided just to transfer the intellectual
12 property which was the main reason that we did a
13 stock transaction.

14 Q And when you say the assets were already gone, what
15 do you mean by that?

16 A All of the receivables had been sold to three or
17 four different lenders. The equipment had been
18 purportedly sold to Sertant. There weren't any
19 inventory or receivables left. So we got a shell
20 with intellectual property.

21 Q So in other words, so the transfer occurred because
22 Great Lakes Tissue had a substantial amount of debt
23 owed to its creditors, is that right?

24 A Yes.

25 Q And so when the decision was made to transfer the

1 assets from Great Lakes Tissue Company to Tissue
2 Depot, Inc., why didn't - why wasn't the equipment
3 then turned over, possession of the equipment then
4 turned over to Sertant Capital or Prime Alliance
5 Bank?

6 A Because we believed that the equipment was subject
7 to prior and superior liens.

8 Q And that specifically you meant the City of
9 Cheboygan and INB, correct?

10 A That's correct.

11 Q Did you ever contact the City of Cheboygan or INB
12 to obtain possession of the equipment?

13 A I did not, no.

14 Q No. Did Great Lakes Tissue Company?

15 A I don't know what the contacts were with the City
16 of Cheboygan. I know that there were some
17 discussions.

18 Q What discussions?

19 A About their prior lien.

20 Q You're referring to your communication with Mr.
21 Lindsay that you testified to before, correct?

22 A And other people had communicated with the city
23 that knew that the city had the prior lien.

24 Q Was there ever an offer made - did you ever notify
25 Sertant Capital that you had transferred the assets

1 of Great Lakes Tissue to Tissue Depot, Inc.?

2 A I don't know.

3 Q Are you aware of any notice?

4 A Not aware of any.

5 Q So, the best of your knowledge, the answer would be
6 no, correct?

7 A I guess that's correct.

8 Q Were any creditors provided notice of the transfer
9 of the assets from Great Lakes Tissue Company to
10 Tissue Depot, Inc.?

11 A Ultimately, all creditors were.

12 Q I'm sorry. You said, all creditors were notified of
13 the transfer?

14 A Ultimately, yes.

15 Q And why do you say that?

16 A When talking to creditors that were coming out of
17 the woodwork, we talked to them, told them what was
18 going on.

19 Q You told creditors that you had transferred all of
20 the assets?

21 A Intellectual property.

22 Q Well, you transferred more than that, right? You
23 transferred more than just the intellectual
24 property. You transferred the employees, right?

25 A I don't know if they were transferred or they were

1 hired.

2 Q Well, the transfers, the employees were employees
3 of Great Lakes Tissue Company one day and the next
4 day they were employees of Tissue Depot, Inc.,
5 correct?

6 A I don't know if that constitutes a transfer or not.

7 Q Well, is that factually true?

8 A Yes.

9 Q And one day Great Lakes Tissue Company was
10 operating at 437 South Main and the next day Tissue
11 Depot, Inc. was operating at that address, correct?

12 A Yes.

13 Q And one day it was Great Lakes Tissue Group using
14 its phone number and now Tissue Depot, Inc. uses
15 that phone number, correct?

16 MR. HANSEN: Well, object to the extent that's
17 inconsistent with prior testimony.

18 THE WITNESS: I don't know the answer to that.
19 As I said before, using the same number.

20 BY MR. MCWHORTER:

21 Q Was any written notice of the transfer of the
22 assets from Great Lakes Tissue Company to Tissue
23 Depot, Inc. ever provided to creditors?

24 A I don't know if any creditors were given written
25 notice or just verbal.

1 Q Was any written notice provided to Sertant Capital,
2 LLC or Prime Alliance Bank?

3 A I don't know if it was written or verbal.

4 Q So your testimony is that there was notice of the
5 transfer given to Sertant Capital or Prime Alliance
6 Bank, either written or oral?

7 A At some point, yes.

8 Q To whom was notice provided?

9 A Probably to counsel.

10 Q And who notified counsel of the transfer?

11 A Our counsel.

12 Q And who would that be?

13 A Mr. Hansen.

14 Q So are you suggesting that Mr. Hansen advised me?

15 A There was somebody else involved before you.

16 Q Are you referring to Mark Scott?

17 A I think so.

18 Q So your suggestion is that -

19 A We had discussions with Mark Scott about what was
20 going on.

21 Q That you notified Mark Scott that you had
22 transferred all of the assets of Great Lakes Tissue
23 Company to Tissue Depot, Inc.?

24 A We didn't - you keep saying all the assets and it
25 wasn't all the assets. It was primarily the

1 intellectual property.

2 Q Let's make this clear. Your position is that the
3 accounts receivable were sold prior to the closing
4 in January 20th, 2023, correct?

5 A Right. And a lot of the equipment was scuttled
6 before Sertant even got involved.

7 Q So that asset was already gone before the transfer
8 of the assets from Great Lakes Tissue Company to
9 Tissue Depot, Inc., correct?

10 A Yes. Yes.

11 Q But so as of whatever date it was, which must have
12 occurred after March of 2023, all of the assets
13 that Great Lakes Tissue had, it transferred to
14 Tissue Depot, Inc., is that fair? Because the
15 accounts receivable had already been transferred.
16 So all of the assets of Great Lakes Tissue Company
17 that it had, it transferred to Tissue Depot, Inc.,
18 correct?

19 A Well, there weren't any - you keep saying that like
20 a whole bunch of assets of the company were
21 transferred. It was the intellectual property was
22 all that was really left.

23 Q Mr. Swenson, any assets that Great Lakes Tissue
24 Company had, whatever that is, it transferred to
25 Tissue Depot, Inc., correct?

1 A I guess that's right.

2 Q And that occurred sometime after March 10th, 2023
3 when Prime Alliance and Sertant Capital filed their
4 complaint, correct?

5 A I believe that's correct.

6 Q Did the transfer occur after -

7 A I don't know when the transfer occurred.

8 Q But let me finish my question. Did the transfer
9 occur after Sertant Capital and Prime Alliance Bank
10 filed its motion for possession?

11 A I don't know.

12 Q Are there any documents that memorialize the
13 transfer?

14 A That I'm aware of? No.

15 Q If you were going to go and try to locate the date
16 of the transfer, where would you check?

17 A I would check with Shelly who is the secretary.

18 Q You mean Sherry Caldwell?

19 A Sherry, yes. Did I, I said Shelly. I apologize.
20 Sherry.

21 Q Anyone else?

22 A I don't know what the extent of the involvement of
23 Tim Hansen's office.

24 Q Did Great Lakes Tissue Company or anyone else ever
25 obtain plaintiff's written consent for the change

1 in ownership from Great Lakes Tissue Group to PAET?

2 A Not that I know of. We didn't know it existed.

3 Q And again, did Great Lakes Tissue Group or anyone
4 else ever obtain plaintiff's written consent for
5 the change in management?

6 A No.

7 Q At the time the transfer of the assets from Great
8 Lakes Tissue Company to Tissue Depot, Inc., is it
9 fair to say that Great Lakes Tissue Company could
10 not pay its debts in the ordinary course of its
11 business?

12 A Great Lakes Tissue could not because Kip Boie
13 stripped all the cash out of the company.

14 Q Understood. But, so the answer to the question is,
15 no, it could not pay its debts in the ordinary
16 course of business, correct?

17 A Correct.

18 Q And is it fair to say that at the time of the
19 transfer of the assets from Great Lakes Tissue
20 Company to Tissue Depot, Inc., the Great Lakes
21 Tissue Company's assets were less than its
22 liabilities, correct?

23 A Depends upon how you value the intellectual
24 property, which we valued highly.

25 Q What is the value? What is the value of the

1 intellectual property?

2 A I've heard numbers around twenty-one million.

3 Q And who did you hear twenty-one million dollars of
4 value?

5 A Ron Van Den Heuvel.

6 Q And you say intellectual property, do you mean like
7 the environmental permits as well?

8 A Yes, that's exactly what I mean.

9 Q So the environmental permits, when you say
10 intellectual property is - when you say
11 intellectual property, you really mean
12 environmental permits?

13 A Yes.

14 Q I don't know anything about environmental permits.
15 Why are environmental permits valuable?

16 A Because they would take five years to replace.

17 Q What do the permits allow you to do?

18 A Use water, discharge water.

19 Q Is it fair to say that the environmental permits
20 were the most valuable assets of Great Lakes Tissue
21 Company?

22 A Yes. That's why we did a stock transfer. Otherwise,
23 it would've been pretty stupid.

24 Q Okay, fair enough. And for the twenty-one million
25 dollars in assets and other assets that were

1 transferred, Tissue Depot Inc. paid for the
2 expenses of transferring it, you said, which you
3 paid the expenses of the employees. So explain that
4 to me. How was, what was paid by Great Lakes Tissue
5 Company for the transfer of the assets? I don't,
6 still don't understand that.

7 A The employees did all of the work on the, on the
8 mill. The mill was in a horrible state. There was
9 eleven months of garbage, literal garbage left
10 there with rats running out of it.

11 Q For the twenty-one million dollars or so in
12 intellectual property and for the assets of Great
13 Lakes Tissue Company, Tissue Depot paid the
14 employees their wages going forward and it cleaned
15 up the garbage that was left in the building, is
16 that fair? Is that what it did?

17 A Yes.

18 Q What did it cost -

19 A It's been ongoing for months.

20 Q So the wages that were paid to employees were
21 ongoing wages, correct?

22 A Yes.

23 Q Again, were there any wages past due to employees
24 at the time of the transfer of the assets from
25 Great Lakes Tissue Company to Tissue Depot, Inc.?

1 A You already asked that and I didn't know.

2 Q You don't know whether it was zero or it was a
3 thousand dollars?

4 A I assume that there were accrued wages payable.

5 Q But you don't know, you don't have any estimate.

6 A Kip Boie didn't pay - Kip Boie didn't pay anything.

7 Q But you don't have any estimate as to what the
8 accrued wages were?

9 A I do not.

10 Q Do you know what the cost was of cleanup of the
11 garbage and the rats and everything else?

12 A It's been hundreds of thousands of dollars.

13 Q Well, were the accrued wages - okay, so a couple -
14 so two hundred thousand dollars, three hundred
15 thousand dollars?

16 A I don't know. You're asking me to guess something
17 that I don't know the answer to.

18 Q For the accrued wages, you can't make an estimate.
19 You don't know if it's a hundred thousand dollars
20 or ten thousand dollars or a million dollars, is
21 that right?

22 A There were forty-two employees and that weekly
23 payroll was something like, call it thirty grand. I
24 don't know how many, how much behind they were.

25 Q It was thirty grand per week? Or, I'm sorry. What's

1 the -

2 A Roughly.

3 Q Thirty thousand a week for wages for the forty-two
4 employees. Got it.

5 A That's a guess.

6 Q So if you look at the stock purchase agreement, it
7 was an - if you look at Section 5.3. It says, PAET
8 is accepting the property and business as is where
9 is without any warranties. You see that at 5.1 and
10 5.2, correct? 5.1 and 5.3?

11 A With all faults.

12 Q With all faults, right?

13 A Yes.

14 Q And you knew that at the time, or PAET knew at the
15 time the stock sale did not extinguish Great Lakes
16 existing liabilities, correct?

17 A Yes.

18 Q And it knew at the time that it took over that
19 Great Lakes Tissue Group had debt, is that right?

20 A Well, we - yeah. We knew that it had debt, it had
21 lease payments due.

22 Q So under Section 5.2, it says, ''Both parties
23 understand that Great Lakes Tissue Group purchased
24 Great Lakes Tissue during 2002 as a turnaround
25 project with large upside.''

1 Was it your understanding that at the time you
2 purchased it, that it was still a turnaround
3 project?

4 A Yes.

5 Q And what did that mean to you, a turnaround
6 project?

7 A That means certain debt restructuring would be
8 necessary and the equipment would have to be
9 updated in order to - in order to operate.
10 Everything was shut down in December.

11 Q So prior to entering into the merger agreement,
12 what was done to ascertain Great Lakes Tissue
13 Company's debt?

14 A We asked the questions and received no answers.

15 Q What do you mean by that?

16 A Exactly what I said.

17 Q So prior to -

18 A We asked what the liabilities were and they
19 wouldn't tell us. That's why I said it was, sounds
20 pretty stupid but.

21 Q So prior to entering into the merger agreement and
22 prior to the closing, PAET asked Great Lakes Tissue
23 Group what the liabilities of Great Lakes Tissue
24 Company were and you received no response?

25 A We asked for the financials and they said, we can't

1 give them to you because the prior owner, which was
2 Cliff Rosnowski, didn't have good numbers which was
3 a bunch of malarkey.

4 Q Anything else that he said?

5 A Not to me.

6 Q Did anyone, prior to the merger -

7 A Well, they did - Kranitz did tell me that the
8 company was not bankrupt.

9 Q So was there any review of any of the financial
10 statements prior to the closing?

11 A No. They wouldn't give them to us.

12 Q What about review of the books, any of the books
13 and records of the company?

14 A None.

15 Q So PAET went forward with this transaction blindly
16 not knowing the debts and liabilities of Great
17 Lakes Tissue Company?

18 A That's right.

19 Q Why would PAET do that?

20 A Because of the -

21 Q Or why did it do that?

22 A Because of the intellectual property, the permits
23 and so forth.

24 Q Because the intellectual property was worth much
25 more than what any debt you were concerned about?

1 A That's right.

2 Q Prior to acquiring its interest in Great Lakes
3 Tissue Group, did PAET or anyone else conduct -

4 A We didn't acquire, we didn't acquire the Group.

5 Q I'm sorry. Before PAET acquired its interest in
6 Great Lakes Tissue Company did it conduct a UCC
7 search?

8 A I did not.

9 Q Are you aware of any UCC search being done?

10 A I'm aware we got some UCCs that were filed.

11 Q I understand. To your knowledge, did anyone conduct
12 a UCC search prior to entering into the merger
13 agreement or the closing?

14 A No.

15 Q Why? If you didn't know what the liabilities were,
16 why wouldn't you conduct a UCC search?

17 A I don't know.

18 Q What about bank statements? Did anyone review bank
19 statements of Great Lakes Tissue?

20 A We were not given access to bank statements. In
21 fact, we weren't even told two banks that Kip
22 started using.

23 Q So prior to the closing -

24 A It was not reflected at all in the books and
25 records, once we did get a chance to look at them.

1 Q Got it. So when Great Lakes Tissue - when PAET
2 entered into the merger agreement and actually
3 closed, prior to that time, it never reviewed any
4 of the bank statements for Great Lakes Tissue
5 Company?

6 A That's correct.

7 Q So effectively, all of PAET's due diligence on
8 Great Lakes Tissue Company was done post-closing?

9 A Correct.

10 Q So to the best of your knowledge, is this a true
11 and accurate copy - or this is the signatures of
12 Jeff Prange and Kip Boie, to the best of your
13 knowledge?

14 A To the best of my knowledge, yes.

15 Q Are you familiar with Mr. Prange's signature?

16 A I've seen it before, yes.

17 Q On page eight is a fifteen million dollar
18 promissory note, which is also - is that Mr.
19 Prange's signature there?

20 A It appears so.

21 Q It's notarized. Have any, under the note, the note
22 is, there's fifteen million that's due on or before
23 December 31st, 2024, is that correct?

24 A That's what it says, yes.

25 Q So it's a one-time payment. Has any payment been

1 made whatsoever on this promissory note?

2 A No.

3 Q Has PAET received a notice of default from Mr. Boie
4 on this promissory note?

5 A Yes. They sent some sort of a goofy letter claiming
6 default on the note.

7 Q So PAET, this is - so there's an operating
8 agreement that's attached just so you can refresh
9 your recollection. This is an operating agreement.
10 So this is the operating agreement of Patriot
11 Advanced Environmental Technologies, LLC, which
12 we've been referring to as PAET.

13 And if you go down, you'll see it lists
14 basically the members. I know it's somewhat upside
15 down. It has 4R Planet, LLC, Great Lakes Tissue
16 Group, LLC, Ramjet Group, LLC and William Waters,
17 LLC. Do you see that?

18 A Yes.

19 Q Are those the members of PAET?

20 A I believe that's the case.

21 Q And we've talked about 4R Planet, LLC, we've talked
22 about Great Lakes Tissue Group. Ramjet Group, LLC
23 is a company owned by Mr. Homco who's the sole
24 member, is that right?

25 A As far as I know, he is the sole member.

1 Q And William Waters, LLC, who is, who are the
2 members of William Waters, LLC?

3 A Jim Prange, Jeff Prange's father.

4 Q And then Exhibit C sets forth the board of
5 directors. Are these the board of directors for
6 PAET?

7 A They were.

8 Q As of, this was dated - hold on one second. This is
9 roughly January of 2023. So as of at least January
10 2023, that's who the directors were of PAET,
11 correct?

12 A Yes.

13 Q Currently, are all of these individuals still
14 members of the board of directors?

15 A No.

16 Q Who is no longer a member?

17 A Jeff Prange and Paul Jilek.

18 Q Are there new board members or are they just
19 removed?

20 A No.

21 Q So the current members are just those five
22 individuals, minus Prange and Jilek?

23 A Right.

24 Q Is Mr. Homco still the chairman?

25 A No. He resigned and made me the chairman.

1 Q So you're now the chairman. Is he, is Mr. Homco
2 still a board member?

3 A Yes.

4 Q Who is the president of PAET?

5 A I don't know who it is now.

6 Q Are you familiar with a company called Tissue Depot
7 Products, LLC?

8 A I've heard the name but I don't know anything about
9 them.

10 Q What relation, if any, does it have to Great Lakes
11 Tissue Group? I'm sorry. Strike that.

12 What relationship, if any, does it have to
13 Great Lakes Tissue Company, if any?

14 A I don't know.

15 (Document marked for identification as
16 Plaintiff's Deposition Exhibit Number 23.)

17 BY MR. MCWHORTER:

18 Q I'm going to show what's marked as Exhibit 23. Do
19 you recognize this document?

20 A I've probably seen it.

21 Q Do you know approximately when this was generated?

22 A Probably would've been at or shortly after closing.

23 Q It says - number seven, it says Tim Hansen, Rey Han
24 Consulting, LLC. You see that?

25 A Yes.

1 Q Is Rey Han Consulting, LLC an owner in PAET?

2 A I think that they've got an option but I'm not
3 positive.

4 Q Do you know what percentage option?

5 A I believe two percent.

6 Q You mentioned previously that - I'm sorry. I'll
7 come back to that.

8 Is this currently the list of owners for PAET?

9 A Owners.

10 Q You see it says the owners on the right side?

11 A Yes.

12 Q Is Mr. Tim Hansen the sole member of Rey Han
13 Consulting, LLC?

14 A I don't know.

15 Q Why did Rey Han Consulting, LLC receive a two
16 percent option in PAET?

17 A For legal services.

18 Q When did Rey Han Consulting, LLC receive this two
19 percent option?

20 MR. HANSEN: I'm happy to talk with you about
21 this afterwards, Rob, if you want. I don't know
22 that, if Don is getting this right.

23 BY MR. MCWHORTER:

24 Q Mr. Swenson, do you know?

25 A No.

1 Q Do you know if it was before or after the assets of
2 Great Lakes Tissue Company were transferred to
3 Tissue Depot, Inc.?

4 A Probably after, but I'm guessing.

5 Q Previously, in the last deposition, you said that
6 there were three directors of Great Lakes Tissue
7 Company, yourself, Mr. Jilek, and then a man you
8 couldn't remember. Are any of the individuals on
9 here the man that you couldn't remember?

10 A For which company?

11 Q Great Lakes Tissue Company.

12 A I don't remember who I said the directors were but
13 they're myself, Homco, Kip Boie is supposed to be
14 one but we're in a dispute with him. Paul Jilek is
15 no longer, Gordon Nameni is no longer.

16 Q Paul Jilek is no longer a director of Great Lakes
17 Tissue Company?

18 A Right.

19 Q When did he step down?

20 A A month ago.

21 Q So it's Don Swenson, Kip Boie. And, I'm sorry, who
22 is the other person you mentioned? Oh, Tom Homco.

23 A Homco, Albers, Dahlin.

24 Q And so Albers and Dahlin. So Chuck Albers is a
25 director and Bernard Dahlin?

1 A Yes.

2 Q And so Mr. Homco is currently a director of Great
3 Lakes Tissue Company?

4 A He is no longer.

5 Q When was he a director of Great Lakes Tissue
6 Company?

7 A When this list was made.

8 Q I'm talking about a Great Lakes Tissue Company.

9 A Oh, I don't know.

10 Q Is Deloitte PAET's CPA?

11 A That's who we asked to be the CPAs. I'm not, I'm
12 not sure that we - take that back. I'm not sure
13 that we've asked them yet but that's who we intend
14 to ask once the company gets up and running.

15 Q So you haven't engaged them yet?

16 A Not that I'm aware of.

17 (Document marked for identification as
18 Plaintiff's Deposition Exhibit Number 24.)

19 BY MR. MCWHORTER:

20 Q Mr. Swenson, I'm going to show you what's been
21 marked as Exhibit 24. It's an organizational chart
22 that I prepared based on your test testimony.
23 Could you please take a look at this chart and tell
24 me whether it is accurate as to who are the
25 shareholders of Tissue Depot, Inc. as of May 2023?

1 A Yes, as far as I know.

2 Can we go off the record a minute?

3 Q Sure. We can take a break.

4 A I just need three minutes.

5 (Brief pause.)

6 BY MR. MCWHORTER:

7 Q We're back on Exhibit 24. Is this organizational
8 chart still accurate as of today, to your best of
9 your knowledge?

10 A Yes.

11 Q I'm going to go to the next page. And so as of -
12 Great Lakes Tissue Company as of May 25th -
13 actually, it's not that. It would be, I got, this
14 chart's wrong. Patriot Advanced Environmental
15 Technologies, LLC owns a hundred percent of which -
16 no, I'm sorry. I take that - is this right? Is this
17 accurate? Great Lakes Tissue Group owns ten percent
18 of Great Lakes Tissue Company or it owns ten
19 percent of Patriot Advanced Environmental
20 Technologies?

21 A You know, I don't know. That's a good question. I
22 don't recall. It was in the merger agreement.

23 Q Did Great Lakes Tissue Group consent to the
24 transfer of the assets from the Great Lakes Tissue
25 Company to PAET?

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1 A I'm sorry. I was interrupted. Go ahead and ask that
2 again.

3 Q Did Great Lakes Tissue Group consent to the
4 transfer of the assets, transfer of all of Great
5 Lakes Tissue's assets to Tissue Depot, Inc.?

6 A No.

7 Q This was a decision unilaterally by Patriot
8 Advanced Environmental Technologies, LLC, correct?

9 A Correct.

10 (Document marked for identification as
11 Plaintiff's Deposition Exhibit Number 25.)

12 BY MR. MCWHORTER:

13 Q Mr. Swensen, I'm going to show you an
14 organizational chart that was produced by Great
15 Lakes Tissue Company in this matter. Do you
16 recognize this chart?

17 A I do.

18 Q Is this chart accurate as to the current
19 organization?

20 A Part of the chart is covered up by our beautiful
21 pictures.

22 Q Is that better?

23 A No. You need to shift to the whole thing to the
24 port.

25 Q Hold on. My, why can't I move this down? That's all

1 I can do. I can't go any smaller.

2 A What are the ones on the far right?

3 Q Patriot Advanced Technologies International, LLC,
4 Ghana Ecology Energy Complex.

5 A Okay.

6 Q Tissue Depot, Inc., Purely Cotton Products Corp.
7 and Renew Cup, LLC.

8 A Okay. It sounds right then.

9 Q Who prepared this? Why was this organizational
10 chart prepared?

11 A It would've been prepared by Paul Jilek and Ron Van
12 Den Heuvel.

13 Q It says on the bottom - was this given to people?
14 Who was this provided to? Was this something
15 internal or given to third parties?

16 A It was internal.

17 Q It says at the bottom, Ron Van Den Heuvel is not an
18 officer, director, shareholder trustee of any of
19 the above listed companies except PCDI, which is
20 Partners Concepts Developed, Inc.

21 A Yes.

22 Q What does that entity do?

23 A Frankly, I don't, I don't know what it is. It owns
24 the whole shebang here.

25 Q Ron Van Den Heuvel -
- I'm sorry. It owns the whole

1 shebang?

2 A Yes. If you go across.

3 Q So Partners Concept Developed, Inc. owns 4T
4 Environmental, LLC, which owns -

5 A Well, they are different owners of 4T
6 Environmental. PCDI is a long-standing company that
7 Ron Van Den Heuvel has had.

8 Q 4R Planet, seventy-five percent of 4R Planet is
9 owned by RVDH Development which is DVLPNT; correct?

10 A Correct.

11 Q Which is owned solely by Ron Van Den Heuvel,
12 correct?

13 A I believe that's the case.

14 Q Is he the sole owner of Partners Concepts
15 Developed, Inc.?

16 A As far as I know, he is.

17 Q And what is 4T Environmental, LLC?

18 A That's got the Van Den Heuvel's intellectual
19 property in it.

20 Q Does it have the Great Lakes Tissue Company assets
21 environmental - I'm sorry. The intellectual
22 property as well?

23 A No.

24 Q That still is with Tissue Depot, Inc.?

25 A Tissue Depot, yes.

1 Q Jeff Prange was the president of Tissue Depot, LLC,
2 is that right?

3 A Yes.

4 Q What is the difference between Tissue Depot, Inc.
5 and Tissue Depot, LLC?

6 A The LLC, we changed it into an Inc. or are in the
7 process of doing it.

8 (Document marked for identification as
9 Plaintiff's Deposition Exhibit Number 26.)

10 BY MR. MCWHORTER:

11 Q Here is the, this is the amendment of the article's
12 of incorporation. So to amend Tissue Depot, Inc. to
13 now make it Tissue Depot, Inc. I'm sorry. Strike
14 that. Let me rephrase that.

15 This is the document - do you recognize this
16 document?

17 A Yes.

18 Q This is the document, the amendment to transfer, to
19 change the name from Tissue Depot, LLC to Tissue
20 Depot, Inc., correct?

21 A I believe so.

22 Q And what was the reason for the change from Tissue
23 Depot, LLC to Tissue Depot, Inc.?

24 A We wanted it incorporated instead of an LLC.

25 Q And at the time, as of February 13th, 2023, Jeff

1 Prange was the president?

2 A Yes.

3 Q And he remained president until May of 2023?

4 A If you say so.

5 Q He's no longer the president, correct?

6 A No longer the president.

7 Q Who is the current president of Tissue Depot, Inc.?

8 A Ken.

9 Q Ken Schleben, correct?

10 A Yes.

11 Q What is Patriot Construction Services, Inc.?

12 A It's a company that does construction work and are
13 involved in our Ghana transaction.

14 Q In Exhibit C to Exhibit 26 is a board of directors.
15 It's Bates stamped GLTC0001878. Are these the
16 directors of Tissue Depot, Inc. as of February 13,
17 2023?

18 A Yes.

19 Q Are they the current directors?

20 A Paul Jilek is no longer.

21 Q And he left about a month ago?

22 A Yes.

23 Q Is there any other - who are the board of directors
24 of Tissue Depot, Inc. as of today?

25 A It would be the remaining three.

1 Q Let's just, we're going to go on a different topic.
2 Prior to the merger agreement, Kip Boie was the
3 president and CEO of Great Lakes Tissue Company,
4 correct?

5 A I believe so.

6 Q Mr. Boie was also a board member of Great Lakes
7 Tissue Company, correct?

8 A No.

9 Q He was not a director?

10 A Oh, before the acquisition?

11 Q Yes.

12 A I believe he was, yes.

13 Q And Jim Hoffman was a director as well prior to the
14 acquisition in January of 2023?

15 A Yes, we think so. Although he tries to hide from
16 that fact.

17 Q Why do you say that?

18 A He's a convicted felon.

19 Q What was he convicted of and where, do you know?

20 A I don't know.

21 Q You don't know what he was convicted of?

22 A No.

23 Q Why do you say he's a convicted felon?

24 A Because I was told he is.

25 Q Do you know if it was a state or federal

1 conviction?

2 A I think it was federal. I think he was in the same
3 penal institution as Van Den Heuvel, so that was
4 federal.

5 Q Was it part of the same conviction?

6 A No.

7 Q Was Mr. Hoffman Secretary of Great Lakes Tissue
8 Company prior to January 20th, 2023?

9 A I've seen a document that says that, where he
10 signed as such.

11 Q To the best of your knowledge, were there any other
12 board members, other directors or officers of Great
13 Lakes Tissue Company prior to January of 2023?

14 A I think Kranitz was.

15 Q What was his position?

16 A He was a lawyer. He was also a convicted felon.

17 Q And how do you know that?

18 A I've been told that.

19 Q Who told you that?

20 A I don't remember.

21 Q Was Mr. Kranitz a director or officer or both?

22 A I don't know for sure.

23 (Document marked for identification as
24 Plaintiff's Deposition Exhibit Number 32.)

25 BY MR. MCWHORTER:

1 Q Mr. Swenson, I'm going to show you what's marked as
2 Exhibit 32. It's a copy of the Master Lease
3 Agreement by Sertant Capital that was produced
4 actually by Great Lakes Tissue Company and it
5 starts at Bates stamp number 1531. Do you
6 recognize this document?

7 A Yes.

8 Q Was this document in Great Lakes Tissue Company's
9 files?

10 A Not that I know of.

11 Q How is it that this document was produced?

12 A I think your partner gave it to us.

13 Q So this was not something that was already in your
14 files? Because this is slightly different than the
15 version that's attached to our complaint. I mean,
16 copy wise, not content. It's clearer.

17 A I don't know about that. I -

18 Q Okay, that's fine.

19 A - your partner and I've already forgotten his name.

20 Q Mark Scott.

21 A Mark Scott. He said, we've got all of the
22 equipment. I said, prove it. And he sent, and I
23 believe he sent this to me.

24 Q I'm going to go to Bates stamp number GLTC 0001538.
25 I think we talked about this before. Do you have

1 any reason to dispute that that's Mr. Boie's
2 signature?

3 A No reason to dispute.

4 Q And at the time Mr. Boie signed this master lease
5 agreement, he was the president, CEO and a director
6 of Great Lakes Tissue Company, correct?

7 A Purportedly, yes. I had no involvement with the
8 details of the company.

9 Q You didn't - you do not, correct?

10 A Right.

11 Q So to the best of your knowledge, Mr. Boie had
12 authority to sign the master lease agreement for
13 Great Lakes Tissue Company, correct?

14 A Well, he lied in it so I don't know whether that -
15 he has authority or not.

16 Q How did he lie in it?

17 A He said that it, all the equipment was free and
18 clear of all liens.

19 Q So he made a misrepresentation to Sertant Capital
20 and Prime Alliance that the equipment was free and
21 clear of all liens. When in fact, in your opinion,
22 they were encumbered by the City of Cheboygan and
23 INB, right?

24 A Right. And a sub -

25 Q Any other -

1 A And a substantial number of them had already been
2 disposed of.

3 Q Any other liens or lies or untruths that you think
4 Mr. Boie made to plaintiffs, Mr. Swenson?

5 A Yes. I'm sure there are others but I can't think of
6 them right now.

7 Q So Mr. Boie may have made misrepresentations. But
8 at the time he signed it, he had authority to sign
9 the master lease agreement, correct?

10 A I don't know. I wasn't involved.

11 Q So to the best of your knowledge, you don't have
12 any reason to dispute whether he had authority or
13 not, is that correct?

14 A I don't dispute it, no. Don't dispute that he
15 signed it.

16 Q Or that he had authority to sign it, is that
17 correct?

18 A That I don't know.

19 Q Well, you don't have a reason to dispute whether -
20 well, you must know.

21 Do you have any reason to dispute whether he
22 authority to sign it or not?

23 MR. HANSEN: Well, I'll object to the extent
24 that it's calling for a legal conclusion.

25 THE WITNESS: I haven't seen the minutes, if

1 there were any.

2 BY MR. MCWHORTER:

3 Q Well, I'm showing you right now, which is Bates
4 stamp number 1539 which is a secretary certificate
5 authorizing Mr. Boie to sign the master lease
6 agreement, is that right?

7 A If that's what it says. I can't read it that
8 quickly.

9 Q Well, it says, resolved that any officer of the
10 corporation be and is hereby authorized and
11 empowered in the name and on behalf of this
12 corporation to enter into one or more lease
13 agreements with Sertant Capital. Do you see that?

14 A Okay.

15 Q And it's signed by Mr. Hoffman and Mr. Boie, do you
16 see that as well?

17 A Yes.

18 Q Do you have any reason to dispute that, based on
19 this certificate, that Mr. Boie had authority to
20 sign the master lease agreement?

21 A He had authority from Jim Hoffman, yes.

22 Q Well, he has authority. It's a resolution of the
23 board of directors. Do you see that?

24 A That's what it is, yes.

25 Q So do you have any reason to dispute that the board

1 of directors authorized Mr. Boie to sign the master
2 lease agreement?

3 A No.

4 Q This is lease Schedule 1 which is Bates stamped
5 number GLTC 0001540. Do you have reason to dispute
6 that that's Mr. Boie's signature?

7 A It looks like it.

8 Q Schedule 1 required payments of sixty-eight
9 thousand eighty-two dollars and thirty cents. Do
10 you see that? It's right here.

11 A It's too small. I can't read it.

12 Q Well, did Great Lakes -

13 A I'll believe you.

14 Q Did Great Lakes Tissue Company make a sixty-eight
15 thousand eighty-two dollar thirty cent payment in
16 January of 2023?

17 A I don't know if they made a payment in January
18 2023. I know that they made one because I saw one
19 in a bank statement. But I don't know if it was
20 December or January.

21 Q To the best of your knowledge, was there any
22 payments - the payment that you're referring to was
23 a payment made in January 2023 that was returned
24 for insufficient funds. Do you recall that? If not,
25 we'll cover it in a second.

1 A No.

2 Q As you sit here today, are you aware of any
3 payments made in February of 2023 by Great Lakes
4 Tissue Company to the plaintiffs?

5 A No. We knew in February that they existed.

6 Q So there was no payment made in February 2023,
7 correct?

8 A I believe that's correct.

9 Q There was no payment made in March of 2023,
10 correct?

11 A Correct.

12 Q No payment made in April of 2023, correct?

13 A Correct. No payments were made after we acquired.

14 Q So no payment in May or June of 2023, correct?

15 A Correct.

16 Q Isn't it true that the last payment that Great
17 Lakes Tissue Company made to the plaintiffs was in
18 December of 2022, is that correct?

19 A If that's when it was made. There was one I think
20 in December.

21 Q And that was the last payment, correct?

22 A I think there was an attempted payment but there
23 was a hundred and sixty-five thousand dollars of
24 bounced checks that Kip left us. I don't know if
25 that was one of them or not.

1 Q I'm still on Exhibit 32. And I'm now going to take
2 you to paragraph 10 of the master lease. It's GLTC
3 0001533. And it says, paragraph 10 says, throughout
4 the duration of this lease, including while the
5 equipment is in the possession of lessee or a third
6 party, lessee at its own expense shall -

- oh, wait.

7 I'm sorry. Wrong paragraph. I take that back.

8 Paragraph 16. And that's GLTC 0051535. An
9 event of default shall occur if lessee fails to pay
10 when due any installment of rent or any sum owed by
11 lessee under a lease and such failure continues for
12 a period of ten days.

13 Do you see that?

14 A Yes.

15 Q Great Lakes Tissue Company has failed to pay an
16 installment for a period of more than ten days,
17 correct?

18 A That's correct.

19 Q And so under the lease, Great Lakes Tissue Company
20 is in default?

21 MR. HANSEN: Objection. Legal conclusion. You
22 can answer if you know.

23 THE WITNESS: I guess they're in technical
24 default if it's a binding lease on us.

25 BY MR. MCWHORTER:

1 Q Well, is there any reason why you would think that
2 it's not a binding lease?

3 A There were superior liens ahead of Sertant.

4 Q Any other reason why the lease would not be
5 enforceable?

6 A I guess not.

7 Q And the superior liens that you're talking about,
8 again, is the City of Cheboygan and INB, correct?

9 A Yes.

10 Q Are you aware of any other liens?

11 A No.

12 Q Under paragraph 16 (e) it says, ''An event of
13 default shall occur if lessee removes, sells,
14 transfers, encumbers, allows an encumbrance upon,
15 misplaces, parts with possession or subleases the
16 equipment or any item thereof or attempts to do so
17 of any of the aforementioned without Sertant's
18 prior written consent.''

19 Do you see that?

20 A Yes.

21 Q Great Lakes Tissue Group has transferred or parted
22 with possession of the equipment without Sertant's
23 prior written consent, isn't that true?

24 A Group or Inc.?

25 Q Great Lakes Tissue Company has transferred -

1 A You said Group.

2 Q I will rephrase it. Great Lakes Tissue Company
3 transferred or parted with possession of the
4 equipment without Sertant's prior written consent,
5 isn't that true?

6 A I believe that is correct because we didn't know
7 about this provision.

8 Q And after you learned about this provision -

9 A We were in litigation.

10 Q Great Lakes Tissue Company hasn't relinquished
11 possession, right? I'm sorry. Strike that.

12 Tissue Depot, Inc. hasn't relinquished
13 possession, right?

14 A We haven't except to the extent that the court
15 order said that, whatever the court order said is,
16 is the status of the equipment.

17 Q Paragraph 16 also says, "'an event of default shall
18 occur if any change by lessee of its legal name,
19 state of organization or organizational structure
20 without the prior written consent of Sertant.'"

21 You see that?

22 A Yes.

23 Q Isn't it true that there has been a change by Great
24 Lakes Tissue Company of its state of organization
25 or organizational structure without the prior

1 written consent of any of the plaintiffs? Isn't
2 that true?

3 A That's true. Except again, to the extent that we
4 didn't know that that provision existed.

5 Q Well, after you learned of this provision, what did
6 plaintiff's try to do to obtain plaintiff's written
7 consent, if any?

8 A We tried to ascertain what the true position of
9 Sertant was. And again, we didn't think that they
10 had a valid lease due to the prior existing liens.

11 Q Next paragraph (j) says, ''Lessee, that's an event
12 of default if lessee or any grantor of lessee's
13 obligations under lease or any subsidiary or
14 controlling entity of either undergoes a sale,
15 buyout, change in control, change in ownership of
16 any type, which as a judge solely by or Sertant
17 results in a material deterioration in lessees or
18 the guarantor's credit worthiness or if the
19 guarantor is an individual, the death of a
20 guarantor.''

21 Do you see that?

22 A No. But I believe it when you read it.

23 Q So isn't it true that the Great Lakes Tissue
24 Company and its controlling - and/or its
25 controlling entity at the time of this lease, Great

1 Lakes Tissue Group, underwent a change in - well,
2 strike that.

3 Isn't it true that Great Lakes Tissue Company
4 underwent a change in control, a change in
5 ownership, isn't that true?

6 A That's true.

7 Q And isn't it true -

8 A That's the same thing, we didn't know about it.

9 Q And isn't it true that there has been a material
10 deterioration of Great Lakes Tissue Company's
11 credit worthiness?

12 A I don't know if that's true or not.

13 Q Well, it - certainly isn't it fair to say that its
14 financial situation has deteriorated since it
15 entered into this lease in 2022, correct?

16 A It deteriorated after Kip Boie took all of the cash
17 from - or a good portion of the cash from your loan
18 and from the account receivable lenders and put it
19 in their own pockets.

20 Q So at the time of the change in control or change
21 in ownership, Great Lakes Tissue Group's financial
22 situation had deteriorated, isn't that fair?

23 A You know, you're talking about Group again.

24 Q I'm sorry. Strike that.

25 At the time that Great Lakes Tissue, that the

1 change in ownership and change in control of Great
2 Lakes Tissue Company occurred there had been a
3 substantial deterioration in its financial
4 condition, is that fair?

5 A Again, I'm not sure that - at what, at what point
6 in time you're talking about.

7 Q Well, how about if we do this. At least prior to
8 January of 2023, Great Lakes Tissue Company's
9 financial situation deteriorated, correct?

10 A Yes. They sucked all the cash out.

11 Q And at the time - and from January, since the
12 closing and the merger agreement to at least the
13 end of May 2023, Great Lake Tissue Company's
14 financial position hasn't improved, correct?

15 A I think it has.

16 Q No, I'm talking about Company. Great Lakes Tissue
17 Company hasn't improved at all.

18 A Okay.

19 Q Right? Correct?

20 A Right. That's correct.

21 Q It's gotten worse. In fact, all of its assets that
22 it had has now been transferred to Tissue Depot,
23 Inc., correct?

24 A Yes.

25 Q So it's financial situation has gotten worse

1 because then now it has nothing except debt, is
2 that right?

3 A I believe that's the case.

4 Q So it's fair to say that an event of default
5 would've occurred under paragraph 16 (j) that we
6 went through due to the change in ownership, is
7 that fair? Subject to your position on the liens. I
8 understand.

9 A Okay.

10 Q Is that correct?

11 A Yes.

12 Q In the answer to the complaint, defendants deny
13 that Great Lakes Tissue breached the lease. What is
14 the factual basis for denying that Great Lakes
15 Tissue breached the lease given everything that we
16 just went through?

17 A Calls for a legal conclusion.

18 Q Okay. Well, we just went through the fact that
19 there are events of default. Is the basis that
20 there was no breach was because there are superior,
21 allegedly superior liens by the City of Cheboygan
22 and INB. Is that my understanding there?

23 A Yes. And therefore, the lease was invalid.

24 Q The lease is invalid because there were superior
25 liens?

1 A Right.

2 Q Do you contest the fact that ownership - strike
3 that.

4 Great Lakes Tissue - I'm sorry, strike that.

5 Plaintiff's, Sertant Capital, Prime Alliance
6 Bank paid, wired one point nine million dollars to
7 Great Lakes Tissue Company, correct?

8 A Wired it to a bank that was not Great Lakes
9 Tissue's Bank.

10 Q We'll come back to that.

11 MR. MCWHORTER: Can we take a five minute
12 break?

13 (Brief pause.)

14 (Document marked for identification as
15 Plaintiff's Deposition Exhibit Number 19.)

16 BY MR. MCWHORTER:

17 Q Mr. Swenson, we're back on the record. I'm going to
18 show you what's been marked as Exhibit 19 which is
19 the copy of the answer that was filed in this.

20 In answer to paragraph eight of the complaint,
21 it says, answer, deny that defendant executed the
22 lease. It's on page seven in response to paragraph
23 eight. And then also in paragraph nine, the answer
24 is, deny that Great Lakes Tissue Company executed a
25 lease with plaintiffs.

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1 Do you see that?

2 A Yes.

3 Q Great Lakes - there's no dispute that Great Lakes
4 Tissue Company - strike that.

5 There's no, you don't dispute that Great Lakes
6 Tissue Company executed a lease with plaintiffs, is
7 that correct?

8 A They signed a lease, yes.

9 Q And in paragraph 15 - I am sorry. Paragraph 16, it
10 says, defendant affirmatively states that no valid
11 lease exists.

12 Do you see that?

13 A Yes.

14 Q And your only basis for that statement is that
15 there were prior, there are other liens,
16 specifically the liens of the City of Cheboygan and
17 INB that existed. And therefore, it's your position
18 that the lease is not valid, is that correct?

19 A Right.

20 Q Do you dispute the fact that Great Lakes Tissue
21 Company sold the assets to Sertant Capital or Prime
22 Alliance Bank and then leased those assets back?

23 A That's what the documents say.

24 Q So you don't dispute that, correct?

25 A I don't dispute that's what the documents say.

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1 Q Well, do you dispute that fact? The fact that Great
2 Lakes Tissue sold and then leased back the
3 equipment, correct?

4 A Hold on one minute.

5 Q Correct? You don't dispute that, correct?

6 A I don't dispute that.

7 Q So the only issue on the validity of the lease is
8 the liens for the City of Cheboygan and INB,
9 correct?

10 A As far as I know.

11 Q So if those liens are not superior, then you don't
12 have any dispute with the lease, correct?

13 MR. HANSEN: Objection to the extent it calls
14 for a legal conclusion or is inconsistent with the
15 pleading. Go ahead.

16 THE WITNESS: I guess that would be correct.

17 BY MR. MCWHORTER:

18 Q In paragraph 17, it says, deny that defendants
19 committed a breach but admit that plaintiffs have
20 made the demands alleged.

21 Do you - what basis, if any, do you have that
22 defendants did not - well, let me strike that.

23 Great Lakes Tissue Company hasn't made a
24 payment. We went through all of this but just to
25 refresh your recollection. Great Lakes Tissue

1 Company hasn't made a payment since at least
2 January of 2023. It transferred assets, it had
3 change of ownership without consent. We went
4 through all of those issues under paragraph 16 of
5 the lease.

6 What is your, what is the basis for Great
7 Lakes Company's position that there was no breach
8 under the master lease? Or the lease? Strike that.

9 The lease. Meaning, the Schedule 1 and the
10 master lease.

11 A If it was an invalid lease then there wouldn't be a
12 breach under an invalid lease.

13 Q Again, so that - again, the validity of that all
14 depends upon the liens of the City of Cheboygan and
15 INB, correct?

16 A Correct.

17 Q And if those liens aren't superior, then Great
18 Lakes Tissue Company would've breached the lease,
19 correct? For the reasons we went through?

20 A Yes.

21 Q In paragraph 20 it says, admit that Great Lakes
22 tissue has refused to surrender the equipment but
23 deny that there was an obligation to do so.

24 Do you see that?

25 A Yes.

1 Q What is the basis for stating that Great Lakes
2 Tissue had no obligation to refuse surrender of the
3 equipment?

4 A Well, if the lease was invalid then the request to
5 surrender it was invalid.

6 Q So is that the only reason why, to your knowledge,
7 why Great Lakes Tissue - I'm sorry. Strike that.

8 That's the only reason why plaintiffs are not
9 entitled to possession of the equipment, is that
10 correct?

11 A Well, some of the, some of the equipment is
12 fixtures. And, therefore, would be subject to Tom
13 Homco's interests.

14 Q Do you know if Mr. Homco ever made a fixture
15 filing?

16 A His bank did.

17 Q INB, correct?

18 A Right.

19 Q So again, it all depends on INB'S lien and the City
20 of Cheboygan, correct?

21 A As far as I know.

22 Q Has Great Lakes Tissue Company ever offered to
23 relinquish possession to any of the creditors at
24 issue, either the City of Cheboygan, INB or
25 plaintiffs?

1 A Nobody else has asked. I mean, this is old
2 equipment, nobody wants it.

3 Q Is the equipment currently being used by Tissue
4 Depot, Inc.?

5 A The boiler and the tissue machine are attempted to
6 be used as -

7 Q So Tissue - I'm sorry. Go ahead,

8 A As we speak.

9 Q Got it. So, as we speak, Tissue Depot, Inc. is in
10 possession of the equipment and using at least some
11 of the equipment, correct?

12 A It's using the tissue machine and the boiler.

13 Q Is it using any of the other equipment, the
14 forklifts, the - any of the other equipment?

15 A They might be using a forklift. I don't know.

16 Q But it's certainly in possession of all of the
17 equipment, correct?

18 A Yes. We have not disposed of anything. That was all
19 Kip Boie's doing.

20 Q You're referring to the twenty-one items of missing
21 equipment that we had discussed previously.

22 A Talking about disposition of equipment from July to
23 September before Sertant even got involved in the
24 deal. So Kip Boie lied about at least that much of
25 the equipment to Sertant.

1 Q Because he had sold equipment without disclosing it
2 to Sertant, correct?

3 A Kip Boie provided a list of the equipment that
4 included items that had been previously disposed of
5 by Kip Boie.

6 Q And Sertant relied upon that list in purchasing the
7 equipment and then ultimately leasing it back, is
8 that right?

9 A I don't know what your client relied on. I assume
10 so but I don't know.

11 (Document marked for identification as
12 Plaintiff's Deposition Exhibit Number 35.)

13 BY MR. MCWHORTER:

14 Q Mr. Swenson, I'm going to show you what's marked as
15 Exhibit 35. This was a document that was produced
16 by Great Lakes Tissue Company. It's Bates stamped
17 number 000406. This is a letter from you to Judge
18 Griesbach.

19 A Okay.

20 Q Do you recall writing this letter?

21 A I do.

22 Q You recognize this document, correct?

23 A I do.

24 Q Why did you write this document?

25 A To let Van Den Heuvel work with us in the

1 transaction.

2 Q Was this written sometime in - it appears to be
3 filed on March 31, 2023. Was it written sometime in
4 March of 2023?

5 A I assume so, yes.

6 Q The first sentence says, as the Chairman of Patriot
7 Advanced Environmental Technologies, which was
8 formed to acquire Great Lakes Tissue Company in
9 January 2023.

10 Do you see that?

11 A Yes.

12 Q Is that a true statement that Patriot Advanced
13 Environmental Technologies was formed for the
14 purpose of acquiring Great Lakes Tissue Company?

15 A That's what I was told.

16 Q Who told you that?

17 A Van Den Heuvel.

18 Q When did he tell you that?

19 A Obviously, before I wrote this letter.

20 Q Well, weren't you a director of Patriot Advanced
21 Environmental Technologies? Wouldn't you have known
22 that or not known that?

23 A I would not have known it because I didn't make
24 that inquiry.

25 Q Did Ron Van Den Heuvel draft Exhibit 35?

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1 A No.

2 Q You drafted it?

3 A I did.

4 Q The last sentence of the first paragraph says, Mr.
5 Van Den Heuvel is not an employee or owner of PAET
6 but desires to work approximately fifty hours per
7 week for our new ownership group.

8 You see that?

9 A Yes.

10 Q Is that a true statement?

11 A That was a true statement.

12 Q Isn't it true that, although he is not individually
13 an owner of PAET, he owns through RVDH Development
14 a portion of Patriot Advanced Environmental
15 Technologies, LLC, correct?

16 A That's what the organization chart says.

17 Q So he may not own it individually but he, in fact,
18 is an owner of an LLC. He is the sole member of an
19 LLC that has an ownership interest in PAET,
20 correct?

21 A In a related company, yes.

22 Q Well, but it's an owner of PAET, correct?

23 A I don't know. I'd have to look at the org chart.

24 Q So it's not exactly accurate that Mr. Van Den
25 Heuvel is not an employer or owner of PAET. Because

1 in fact, he owned an LLC, a limited liability
2 company, and is the sole member of a limited
3 liability company that does have an ownership
4 interest in PAET, correct?

5 A If that's what the org chart says, that's what it
6 says.

7 Q Any reason why you didn't advise the judge about
8 Mr. Van Den Heuvel's indirect ownership of PAET?

9 A No.

10 Q What about - when you wrote this letter, had the
11 assets of Great Lakes Tissue Company been
12 transferred to Tissue Depot, Inc.?

13 A Not that I know of.

14 Q You indicated previously that you trans - that the
15 transfer occurred after you received our complaint
16 which was filed on March 10th, 2023, correct?

17 A If that's when it was filed, yes.

18 Q No, but that's - the transfer occurred -

19 A I don't know when I was served.

20 Q Well, I'll put it this way. Had the transfer
21 occurred as of March 31st, 2023 when you wrote this
22 letter?

23 A Not that I was aware of.

24 Q So the transfer of the assets, the transfer of
25 Great Lakes Tissue Company's assets to Tissue

1 Depot, Inc. must have occurred after March 31st,
2 2023, correct? Otherwise, you would've advised the
3 judge of that, correct?

4 A Yes. If I would've known about it.

5 Q Well, you would've known about it. You're a board
6 member of PAET, you're a board member of Great
7 Lakes Tissue Company. If you wouldn't have known,
8 who else would've known?

9 A I don't know.

10 Q So it's your testimony that transfer of the assets,
11 all of Great Lakes Tissue Company's assets to
12 Tissue Depot, Inc. occurred after March 30th, 2023,
13 correct?

14 A I believe so.

15 Q Mr. Swenson, are you aware of the fact that Judge
16 Michelson in this case ordered that Great Lakes
17 Tissue Company produce all of its financial
18 statements, balance sheets, income statements, that
19 type of thing, for the period of September 2022 to
20 the present? Were you aware of that?

21 A I believe I was made aware of that.

22 Q And in response to that court order, we received
23 financial statements, I believe, for September,
24 October, all the way through at least December. We
25 received no financial statements after December

1 2022. Are you aware of that?

2 A No.

3 Q Were any financial statements ever generated for
4 Great Lakes Tissue Company after December 31st,
5 2022?

6 A There were financial statements that were generated
7 probably in February or March. I mean, we didn't
8 know about the Sertant or the account receivable
9 liabilities. So it has all been a discovery
10 process.

11 Q So there have been financial statements, balance
12 sheets, income statements, generated for Great
13 Lakes Tissue Company after December 31st, 2022,
14 correct?

15 A Yes, recently.

16 Q When you say recently, what do you mean by
17 recently?

18 A I think within the last month or so. But I don't
19 know, it could be longer. If you're asking for
20 copies of those financial statements, we'll provide
21 them to you.

22 Q I believe they were ordered to be produced, so yes,
23 I would request that they be produced.

24 A Yes. We produced what existed at the time we
25 produced.

1 Q And so with the financial statements that were
2 prepared, they covered January 1st, 2023 to the
3 present?

4 A I don't know. I haven't had a role in that.

5 Q Who is responsible for preparing the financial
6 statements for Great Lakes Tissue Company?

7 A I'm drawing a blank on his name. An accounting firm
8 in - Sanger. Something, Sanger and something.

9 Q Is that S-A-N-G-E-R?

10 A Yes.

11 Q Do you know where they're located?

12 A They're right there in, just down the street from
13 the plant.

14 Q So they're in Cheboygan?

15 A Cheboygan, yes.

16 Q Does Tissue Depot, Inc. generate internal financial
17 statements?

18 A Yes.

19 Q And for all intents and purposes, Great Lakes -
20 Tissue Depot, Inc. took over the operations of
21 Great Lakes Tissue Company, correct? You testified
22 to that previously, correct?

23 A Yes.

24 Q Is there any reason why the financial statements
25 for Tissue Depot, Inc. for the period of January

1 1st, 2023 to the present, why they weren't
2 produced?

3 A Because they probably weren't in existence when we
4 produced the other ones.

5 Q So your testimony that neither Great Lakes Tissue
6 Company nor Tissue Depot, Inc. prepare or keep
7 financial records, internal financial records as it
8 progresses or on a monthly basis?

9 Let me rephrase that.

10 A Started to, yes.

11 Q It started to. And they only started two a month
12 ago, is that right?

13 A Month or two ago.

14 Q And why is that? Why did they start?

15 A Well, it took us that long to try to figure out
16 what the heck was going on.

17 Q Because the books and records were in disarray, is
18 that right?

19 A Totally. Incomplete.

20 Q Now, Tissue Depot, Inc. is a Wisconsin company,
21 correct?

22 A Yes.

23 Q Does it have operations in Wisconsin?

24 A No.

25 Q Where does Tissue Depot, Inc. conduct business?

1 A Michigan.

2 Q Does it have any other offices - strike that.

3 Does it have any other operational plants,
4 manufacturing plants, anything else other than the
5 plant in Cheboygan?

6 A Not at this time.

7 Q Is there a plant in Wisconsin that it operates out
8 of?

9 A No. It's an office building.

10 Q Does PAET or Tissue Depot Products, LLC or any
11 other affiliated entity operate out of Wisconsin?

12 A They're headquartered in Wisconsin.

13 Q Tissue Depot, Inc.'s headquarters is in Wisconsin?

14 A Right.

15 Q Is it in an office building?

16 A Yes. Fortune Avenue.

17 Q And other than having its office, it doesn't have
18 any other operational business other than 437 South
19 Main, correct?

20 A I believe that's correct.

21 (Document marked for identification as
22 Plaintiff's Deposition Exhibit Number 36.)

23 BY MR. MCWHORTER:

24 Q I'm going to show you what's marked as Exhibit 36.
25 Do you recognize this?

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1 A No. It's too small.

2 Q Well, unfortunately I can't make it bigger. It says
3 income statement. And it's not a very good copy.
4 It's the only copy I have. Income statement for the
5 three periods ended March 31st, 2023, Tissue Depot.
6 Do you see that?

7 A Yes.

8 Q And it appears to have been printed April 5th, 2023
9 at 3:11 p.m. Have you seen a financial statement in
10 this format produced by Tissue Depot, Inc.?

11 A I may have seen this.

12 Q When it says for the three periods ended March
13 31st, 2023, what does that mean to you?

14 A For the months of January, February and March.

15 Q And it appears to have, it's very hard to read,
16 about three point six million dollars in sales. Do
17 you see that?

18 A I don't.

19 Q Did Tissue Depot, Inc. do three point six million
20 dollars in sales from January 1st, 2023 to March
21 31, 2023?

22 A I don't think so. I think that was a transfer of
23 assets but I'm not positive. I'd have to ask.

24 Q What do you mean by a transfer of assets? It says
25 sales.

1 A That's where they put it.

2 Q I don't understand. What do you mean?

3 A I'm not sure that I fully understand it either.

4 Q So are you referring the transfer of assets, the
5 assets that were transferred -

6 A I'd have to ask. I'd have to ask some people what's
7 behind that.

8 Q So are you referring to the transfer of the assets
9 from all of Great Lakes Tissue Company's assets to
10 Tissue Depot, Inc., is that correct?

11 A Yes.

12 Q Well, you testified earlier that the intellectual
13 property alone was worth twenty-one million
14 dollars. So, and this shows, if I can read it, it's
15 about three point six million. Why would that
16 reflect the transfer of the assets?

17 A I don't know.

18 Q It shows a net income, I believe, of about three
19 point six million. It's very hard to read. Did
20 Tissue Depot, Inc. have a net income of three point
21 six million dollars from January 1st, 2023 to March
22 31st, 2023?

23 A It did not have that form of income that you can
24 spend. It's a bookkeeping entry as I understand.

25 Q So this net income that you're referring to is not

1 income?

2 A Not income as far as what you and I would think of
3 as income. It's a bookkeeping transaction, I
4 believe.

5 Q You said, it's not the money that you can spend or
6 something like, something to that effect. What did
7 you mean by that?

8 A We did not have three point six million dollars'
9 worth of sales of goods.

10 Q Did Tissue Depot, Inc. have any sales between
11 January 1st, 2023 and March 31st, 2023?

12 A Very little, if any.

13 Q What sales would it have had?

14 A There might have been some inventory that was
15 sitting on the floor, we disposed of it. But I
16 don't know.

17 Q You're talking about inventory sitting on the floor
18 of Great Lakes Tissue Company, correct?

19 A Right. It wasn't three point six million worth. It
20 was, I don't know, thousands.

21 Q So before January 2023, did Tissue Depot, Inc. - I
22 know it changed. It was Tissue Depot, LLC at that
23 time but just for the sake of convenience, Tissue
24 Depot, Inc. includes Tissue Depot, LLC. Did Tissue
25 Depot, Inc. have any assets prior to January 20th,

1 2023?

2 A Tissue Depot? No.

3 Q The only assets that Tissue Depot, Inc. acquired
4 were all of the assets of Great Lakes Tissue
5 Company, is that correct?

6 A I believe that to be the case.

7 Q Do you know who prepared Exhibit 36?

8 A The accounting firm.

9 Q The Sanger firm, correct?

10 A Right.

11 Q This is a balance sheet of - again, it says balance
12 sheet as of March 31st, 2023. And it shows, it's
13 very hard to read but I think it shows a hundred
14 and fifty-three million dollars in assets. Do you
15 see that?

16 A I don't see it but I'll take your word for it. That
17 would be equipment that Van Den Heuvel is going to
18 contribute.

19 Q Well, it has technology at seventy-four million.

20 A Yes.

21 Q Is that seventy-four million technology that was at
22 Great Lakes Tissue Company?

23 A No.

24 Q Whose technology was that?

25 A Van Den Heuvel's.

1 Q So Van Den Heuvel contributed seventy-four million
2 dollars' worth of technology?

3 A Yes. As far as I understand.

4 Q So does Tissue Depot, Inc. currently have about a
5 hundred and fifty-three million dollars in assets?

6 A If you include all of the intangibles, yes.

7 Q So if Tissue Depot, Inc. has a hundred and fifty-
8 three million dollars, why hasn't it made any lease
9 payments to plaintiffs since January 2023?

10 A It's not liquid.

11 Q Any reason why it didn't liquidate some of the
12 assets to gain cash to pay creditors?

13 A They intend to use all the intangibles in the
14 ongoing operations.

15 Q Out of this hundred and fifty-three million dollars
16 for assets, how much of those assets belonged to
17 Great Lakes Tissue Company?

18 A I don't know what the accounting entry would be.

19 Q Well, what's your best estimate? Out of roughly a
20 hundred and fifty-three million?

21 A I don't have an estimate.

22 Q Because the fixed assets are at a hundred and
23 thirty-three million and it says total current
24 assets, roughly nineteen point eight million. It
25 looks like nineteen million eight something,

1 nineteen point eight million.

2 You don't have any - what's your best estimate
3 in terms of the value of the assets of Great Lakes
4 Tissue Company were in the assets?

5 A As I said, twenty-one million.

6 Q Twenty-one million.

7 A Now, I don't know if that's a book number or not.

8 Q So on the liabilities, it says accounts payable
9 fifty-five thousand. Garnishee withholding payable
10 negative thirteen hundred dollars. Note payable
11 GLT, note payable, Ron Van Den Heuvel, a hundred
12 and forty-one thousand. And Homco, LLC a hundred
13 and fifty thousand.

14 Is that the current liabilities of Tissue
15 Depot, Inc. as of March 31st, 2023?

16 A Yes.

17 Q And none of those liabilities include any of the
18 liabilities for Great Lakes Tissue Company,
19 correct?

20 A Correct.

21 Q Because all of those liabilities were left with
22 Great Lakes Tissue Company and Tissue Depot, Inc.
23 got all the assets, right?

24 A Yes.

25 Q Do you know what the note payable was to Ron Van

1 Den Heuvel?

2 A Kip Boie hired him as a consultant and didn't pay
3 him.

4 Q So did Tissue Depot, Inc. then sign a promissory
5 note to pay Ron Van Den Heuvel that money?

6 A I don't know if it - I don't know how it was
7 booked. Whether it was just entered or whether it
8 was done by a note.

9 Q Is there a written promissory note from Tissue
10 Depot, Inc. to Ron Van Den Heuvel?

11 A I don't know.

12 Q When you testified before that the consideration
13 for the transfer of all of Great Lakes Tissue
14 Company's assets to Tissue Depot, Inc. was the
15 payment of employee expenses, were you referring to
16 the note owed to Ron Van Den Heuvel?

17 A How much was the note?

18 Q A hundred and forty-one thousand three hundred and
19 forty dollars, according to this.

20 A No. That I think was his - I believe that was his
21 unpaid earnings.

22 Q For what? For his time at Great Lakes Tissue
23 Company?

24 A Yes.

25 Q So when you testified that the consideration for

1 the transfer of all of Great Lakes Tissue Company's
2 assets to Tissue Depot Company was to pay employee
3 compensation, you were referring to the unpaid
4 compensation of Ron Van Den Heuvel, is that right?

5 A No. And all the other employees.

6 Q Well, was Ron Van Den Heuvel part of it?

7 A I'm not sure how they, they booked him. I think
8 they probably booked him separate because he was an
9 outside consultant.

10 Q Well, this shows forty-three thousand seven
11 seventy-one twenty, note payable to Great Lakes
12 Tissue. Do you see that? GLT?

13 A I can't read it.

14 Q I will tell you, it says NP-GLT forty-three
15 thousand seven hundred and seventy-one dollars and
16 twenty cents.

17 A Okay. If that's what it says.

18 Q Okay. Is that -

19 A You have to ask - for the background on these
20 entries, you'll have to ask the accountants. You're
21 wasting my time.

22 Q You don't have any personal knowledge on this?

23 A No.

24 Q So you can't testify as to how much, if any, debt
25 was - what expenses were going to be paid for the

1 transfer of the assets or not, is that right?

2 A That's correct. Correct.

3 Q But at least, do you know what the note payable to
4 Homco, LLC is?

5 A It's for unpaid lease payments and advances that he
6 made.

7 Q So there's a note payable to Clarence Rosnowski of
8 two million, roughly two million dollars. Do you
9 know what that is?

10 A That's on the hydro facility.

11 Q That is, is that related to Great Lakes Tissue
12 Company?

13 A It's a hydro plant that's located next to or part
14 of the facility.

15 Q So is that the 500 West Main?

16 A No. I don't know whether it has a separate address
17 or not.

18 Q Was that a debt of Great Lakes Tissue Company or is
19 that a separate note that was - that arose after -

20 A Separate. Separate note.

21 Q So it was a separate, it was a debt obligation that
22 arose after the transfer of the assets from Great
23 Lakes Tissue Company to Tissue Depot, Inc.,
24 correct?

25 A It was a debt that Kip Boie and crew had and we

1 took it over.

2 Q So it was a debt that Great Lakes Tissue Company
3 owed to Clarence Rosnowski?

4 A I don't know whether it was Group or Tissue, how
5 that actually worked.

6 Q Does Great Lakes - does Tissue Depot, Inc. or Great
7 Lakes Tissue have any documents to support the
8 liabilities that are reflected on this page of
9 Exhibit 36, which is GLTG LLC 2716?

10 A I don't know what documents it would have. There is
11 a document that covers a lease of the hydro, if
12 that's what you're asking and an obligation of two
13 million dollars.

14 Q That's a written document?

15 A It's a written document.

16 Q I'd request that. That's not been produced.

17 The NP Homco, LLC fifteen million dollars.
18 What's that liability?

19 A That's what Homco is owed on the real estate.

20 Q Was that an outstanding liability that was owed?

21 A It's part of the transaction that Homco did with
22 Kip Boie and crew.

23 Q So it's my understanding that under the merger,
24 well, so - strike that. Never mind. Strike that.

25 So the fifteen million dollars, is that -

1 what's that reflected? Where is that debt
2 reflected?

3 A I don't know. You'll have to ask the accountants
4 how they - does it say Homco on it?

5 Q It says Homco, LLC.

6 A Okay.

7 Q And then it's Homco - I can't read it. Another
8 seven million. So there's twenty-two million
9 dollars related to Homco on long-term liabilities.
10 Do you know what that is?

11 A That's related to the real estate and advances that
12 he's, he probably made.

13 Q Again, are those advances made post-merger or pre-
14 merger?

15 A Post.

16 Q And this says additional paid in capital a hundred
17 and twenty-eight million, is that right?

18 A That's what it says.

19 Q Has there been a hundred and twenty-eight million
20 dollars in paid in capital?

21 A That's probably the equipment and the intangibles
22 that Van Den Heuvel contributed.

23 Q And when you say equipment, are you including the
24 Sertant Capital compliance equipment?

25 A No. It's the equipment that's in storage in various

1 locations in Wisconsin. Nothing to do with Sertant.

2 Q What is Ron Van Den Heuvel's current relationship
3 with Tissue Depot, Inc.?

4 A A consultant.

5 Q Is he still working as a consultant?

6 A Yes.

7 Q And how much is he paid as a consultant?

8 A He hasn't been paid anything yet.

9 Q Does he have any other title with Tissue Depot,
10 Inc.?

11 A No.

12 Q Other than what we've gone through in terms of his
13 ownership, does he have any other role with respect
14 to Tissue Depot, Inc. or Great Lakes Tissue
15 Company?

16 A No.

17 Q What is Tissue Depot - I'm sorry. Strike that.

18 What is Tissue Technology, LLC?

19 A Don't know.

20 Q Have you ever heard of that entity?

21 A It's on the org chart. I've heard of it but I don't
22 know.

23 Q Mr. Swenson, are you familiar with a company called
24 Cheboygan Energies and Biofuels Corp?

25 A Yes, that's the hydro plant.

1 Q Is that operating out of 500 Main Street or is it -
2 where is that operating?

3 A In the river.

4 Q In the river. Who are the shareholders of Cheboygan
5 Energies and Biofuels Corp?

6 A I think Clarence Rosnowski.

7 Q He's the sole shareholder?

8 A I believe so.

9 Q Was the hydroelectric plant, was that used by Great
10 Lakes Tissue Company prior to January of 2023?

11 A Yes, it feeds the power to the plant.

12 Q And so Great Lakes Tissue Company would operate the
13 hydroelectric plant to generate electricity so it
14 could run its mill?

15 A Well, it doesn't make enough to run the mill. They
16 have outside power to run the mill.

17 Q So the energy - I'm sorry, you called it the energy
18 plant? The energy plant, is that what it's called?

19 A Well, call it that if you want.

20 Q Or hydroelectric plant. That's what you called it.

21 Was the hydroelectric plant, is the land that
22 it's on, was that leased by Great Lakes Tissue
23 Company?

24 A I don't know. I'm not sure what the physical setup
25 of the hydro plant is.

1 Q Well, did Great Lakes Tissue Company employees
2 operate the hydroelectric plant?

3 A Yes.

4 Q And so you don't know if Great Lakes Tissue Company
5 owned the land or leased the land; is that correct?

6 A I don't.

7 Q Okay.

8 A I assume Clarence owns the land that it was on.

9 Q And leased it to Great Lakes Tissue Company?

10 A Or allowed to use it. I don't know.

11 Q But regardless, the rights of Great Lakes Tissue
12 Company were transferred to Cheboygan Energies and
13 Biofuels, is that correct?

14 A Yes.

15 Q Do you know when that transfer occurred?

16 A Around the closing.

17 Q So what did - so that would've been sometime around
18 January 20th, 2023?

19 A I guess so, yes.

20 Q What did Great Lakes Tissue Company receive for
21 transferring its rights to Cheboygan Energies and
22 Biofuels Corp?

23 A A lease with the option to get two million dollars
24 for it.

25 Q You're saying that Cheboygan Energies and Biofuels

1 entered into a lease with an option with Mr.

2 Rosnowski?

3 A No. With -

4 Q How did Great Lakes Tissue Company get a lease with
5 an option?

6 A Rosnowski got the lease with the option. He gave up
7 the - Rosnowski entered into a lease and an option
8 for five thousand dollars a month and right to get
9 two million dollars after the lease was over.

10 Q And Clarence entered into that lease with whom?

11 A I think it was - I think it was Great Lakes Tissue,
12 but it could be Tissue Depot. I'm not sure.

13 Q Do you know when that lease was entered into?

14 A Sometime after end of January and a couple months
15 ago.

16 Q And then that lease was then subsequently
17 transferred to Cheboygan Energies and Biofuels
18 Corp?

19 A At think that's who the lease, the lessor was.

20 Q Oh, the less or was that. So who is running the
21 hydro plant currently?

22 A Tissue Depot.

23 Q So Cheboygan Energies and Biofuels is the lessor
24 and the lease was with either Great Lakes Tissue
25 Company or Tissue Depot, Inc., correct?

1 A I believe that's the case.

2 Q But prior to the closing, Great Lakes Tissue
3 Company operated the hydroelectric plant and -

4 A I don't know what the relationship was on the hydro
5 plant before the transaction.

6 Q What did Great Lakes Tissue receive - I'm sorry.

7 What did Great Lakes Tissue Company receive, if
8 anything, for giving up its rights with respect to
9 the hydroelectric plant?

10 A I'm not sure I understand your question.

11 Q Well, they operated the hydroelectric plant, their
12 employees ran it. Strike that.

13 Do you know how long Great Lakes Tissue
14 Company operated this hydroelectric plant?

15 A Great Lakes Tissue operated it for decades.

16 Q So for decades, Great Lakes Tissue Company operated
17 the hydroelectric plant. There's a merger in
18 January 2023. And then now Tissue Depot, Inc. is
19 now operating the hydroelectric plant?

20 A As lessee.

21 Q As lessee. So what did Great Lakes Tissue Company
22 get for giving up its rights to operate at the
23 hydroelectric plant?

24 A The option of getting two million dollars at the
25 end of the lease and five thousand dollars a month.

1 Q Because Tissue Depot, Inc. took over that
2 obligation?

3 A Yes.

4 Q So Great Lakes Tissue Company didn't have to
5 continue to pay the lease and didn't have to pay
6 the two million dollars?

7 A Right. Unless we want to own it.

8 Q So basically Tissue Depot, Inc. took over the
9 payments but didn't pay anything to Great Lakes
10 Tissue Company, correct?

11 A Paying the five thousand dollars a month.

12 Q On the lease going forward.

13 A Yes. It's got nothing to do with Sertant. No
14 equipment, no overlap.

15 Q Well, I'm just trying to figure out, again,
16 everything's going to Tissue Depot, Inc. And how is
17 it that Tissue Depot, Inc. agreed to pay some of
18 the debts of some creditors but not the debts of
19 others?

20 A I mean, you have to give me an example. I don't
21 know.

22 Q Tissue Depot, Inc. decided to go ahead and pay the
23 lease on the hydroelectric plant but decided -

24 A So they can get the income off of the hydro plant
25 and operate it.

1 Q It agreed to go ahead and pay Ron Van Den Heuvel's
2 salary employee debt but didn't offer to pay other
3 creditors' debts.

4 A I don't know. You'll have to ask the accountants
5 why that bookkeeping entry was made.

6 (Document marked for identification as
7 Plaintiff's Deposition Exhibit Number 39.)

8 BY MR. MCWHORTER:

9 Q Mr. Swenson, I'm going to show you what's marked as
10 Exhibit 39. This is a document that was produced
11 and it's only this page. Is that your signature on
12 Exhibit 39?

13 A It's a facsimile of it.

14 Q Are you the chairman of Cheboygan Energies and
15 Biofuels Corp?

16 A Yes.

17 Q What is this document? Well, first of all, do you
18 recognize it and what is this document both?

19 A Part of the lease that we've been talking about.

20 Q So is there more to this than just this page?

21 A There'd be another page, yes.

22 Q You mentioned that you thought that the lessor was
23 Cheboygan Energies. It's actually the lessee, isn't
24 that right? Clarence Rosnowski is the landlord, and
25 Cheboygan Energies is the tenant.

1 A Okay.

2 Q Right? So Tissue Depo, Inc. actually, is not
3 operating at all. It's Cheboygan Energies and
4 Biofuels Corp, correct?

5 A Yes.

6 Q So this transfer, the lease, Cheboygan Energies and
7 Biofuels took over the lease of the hydroelectric
8 plant on April 30th, 2023, is that right?

9 A That's what it says, yes. May 1st Clarence signed
10 it.

11 Q And prior to this time, Great Lakes Tissue Company
12 had leased or had an interest in the hydroelectric
13 plant, is that right?

14 A The plant was there and operating, yes. I don't
15 know exactly what the relationship was.

16 Q Well, it was Tissue Depot - it was Great Lakes
17 Tissue Company was operating the plant prior to
18 April 30th, 2023, right?

19 A Yes.

20 Q Well, it's employees

21 A Well, when you say operating, they were cleaning.
22 There was no operations as such.

23 Q But it had employees and employees were there. And
24 I assume that on the outside of the hydroelectric
25 plant, did it say Great Lakes Tissue Company?

1 A I have no idea.

2 Q But it was being run - and I don't mean actually
3 operating but the employees were there in control
4 of it prior to April 30, 2023?

5 A It was being operated continuously.

6 Q By Great Lakes Tissue Company?

7 A Yes.

8 Q And then after May 1st or so or April 30th, 2023 or
9 May 1st, 2023, it then began to operate as
10 Cheboygan Energies and Biofuels Corp, correct?

11 A Yes. I guess that's -

12 Q What did Great Lakes Tissue Company get for giving
13 up whatever rights it had in the hydroelectric
14 plant that it had for decades?

15 A Clarence got five thousand dollars a month and the
16 option to get two million dollars for it.

17 Q So I just want to make sure your prior testimony is
18 correct. The owner of Cheboygan Energies and
19 Biofuels Corp is Clarence or is it something else?

20 A I think it's something else. I think it's - is it
21 not on the org chart?

22 Q Do you think it's PAET?

23 A I think it's on the org chart.

24 Q You don't know? I'll just put it that way. Off the
25 top of your head, you don't know.

1 A I don't know.

2 Q It's on the org chart. Okay.

3 Do you know who the officers of Cheboygan
4 Energies and Biofuels Corp is?

5 A Other than myself, no.

6 Q Do you know who the other directors are other than
7 yourself?

8 A No.

9 Q Let's go to this. I want to walk through the bank
10 statements that we talked about with respect last
11 time with Kip Boie and the payment. I'm going to
12 show you Exhibit 28.

13 (Document marked for identification as
14 Plaintiff's Deposition Exhibit Number 28.)

15 BY MR. MCWHORTER:

16 Q Mr. Swenson, do you recognize - can you see this?
17 Can you recognize this bank statement?

18 A Yes.

19 Q This is the bank statement, the bank statements
20 that you received pursuant to your subpoena. You
21 being their client, Mr. Hansen's or his firm's
22 subpoena to First Community Bank, is that right?

23 A Right.

24 Q Do you know why the address is PO Box 507,
25 Coleraine, Minnesota?

1 A That was Kip Boie. That was one of the bank
2 accounts that he opened not under the company.
3 Well, with the company name but with no records
4 whatsoever at the company of this account existing.

5 Q Does Great Lakes Tissue Company conduct any
6 business in Coleraine, Minnesota?

7 A Nope.

8 Q Does it have any offices in Coleraine, Minnesota?

9 A No. I think that was Kip Boie's house.

10 Q That's his residence?

11 A I'm guessing.

12 Q So if you go to the, this is page, and I've got
13 page numbers, on page four of Exhibit 28 you'll see
14 that there is a wire from Prime Alliance Bank of
15 one million nine hundred and ten thousand four
16 hundred and seventeen dollars and seventy cents. Do
17 you see that?

18 A Right.

19 Q There are a number of transfers you'll see to GLT
20 operating account. When you look at the documents,
21 and this is not on there but the operating account,
22 GLT operating account, when you look at some of the
23 related records, it says 420005579. Do you know if
24 that is in fact the account number for the
25 operating account for GLT?

1 A I don't see those numbers yet.

2 Q I can show it to you. I'll come back to that. I'll
3 show you.

4 A I don't know that we were able to track. We have to
5 get a forensic accountant to try to track where all
6 this money, money went.

7 Q Did Great Lakes Tissue -

8 A The next page has entries to Trout Lake, Trout
9 Lake, Kranitz, two of them to Rose Star, three of
10 them to Rose Star. I don't know who Maynards
11 Auction is.

12 Q Okay. That's what - well, you're jumping ahead but
13 let's, alright, we'll hit that.

14 Who is Rose Star Group?

15 A It's Hoffman's girlfriend.

16 (Brief pause.)

17 (Document marked for identification as
18 Plaintiff's Deposition Exhibit Number 27.)

19 BY MR. MCWHORTER:

20 Q We're back on the record. Mr. Swenson, I'm going to
21 show you Exhibit 27. This is part, this is some of
22 the documents that were produced, again, in
23 response to the subpoena. Do you recognize this?

24 A All I see is the back of your office.

25 Q Oh.

1 MR. HANSEN: But for the record, we recognize
2 it.

3 MR. MCWHORTER: Sorry.

4 BY MR. MCWHORTER:

5 Q Do you recognize, this is the documents that you
6 were produced, some of the documents you were
7 produced in response to the subpoena to First
8 Community Bank. And page three is a Resolution of
9 Board of Directors of Great Lakes Tissue Company.
10 And it purports to be signed by Kip Boie, Richard
11 Kranitz and Rosemarie Capin, all as director, dated
12 May 31st, 2022.

13 Do you see that?

14 A Yes.

15 Q Rosemarie Capin, was she a director of Great Lakes
16 Tissue Company?

17 A Before we acquired it, I don't know. But I think
18 so.

19 Q And you indicated that Rosemarie Capin was the
20 girlfriend of Jim Hoffman?

21 A Right. And Hoffman, because of his background,
22 wanted to not be a director.

23 Q Well, he was a director at one time because we saw
24 him sign something as director. Do you know when
25 Mr. Hoffman was a director and wasn't a director?

1 Or do you not know that?

2 A I don't know that.

3 Q Did Rosemarie Capin, did she work for Great Lakes
4 Tissue Company?

5 A Not that I know of.

6 Q Was she an officer of Great Lakes Tissue Company?

7 A No, I think she lives in Florida. At least that's
8 what I heard. But I don't know for sure.

9 Q In some of the documents that were produced by
10 Great Lakes Tissue, I saw expense reports that were
11 submitted to Great Lakes Tissue Company but you
12 really can't tell what it was for. Do you know what
13 services she provided, if any, to Great Lakes
14 Tissue Company?

15 A No.

16 Q Richard Kranitz, was he a director?

17 A As far as I know.

18 Q Was he an officer of Great Lakes Tissue Company?

19 A I don't know what his title was. He was a lawyer.

20 Q He's a lawyer.

21 A He somehow retained his license.

22 Q I'm sorry. Say that one more time.

23 A He somehow retained his license to practice.

24 Q Oh, that's what, that's right. You said he was
25 convicted of a felony. Okay. Right?

1 A Right.

2 Q So there are payments here. So Trout Lake, do you
3 know what that entity is?

4 A Yes, that's Kip Boie's company.

5 Q What services, if any, did Trout Lake do for Great
6 Lakes Tissue Company?

7 A Took money.

8 Q Do you know why it - did it, to your knowledge, did
9 it perform any services to Great Lakes Tissue
10 Company?

11 A Not that I'm aware of.

12 Q Do you know why Great Lakes Tissue - there's
13 several payments here on Exhibit 28. So for
14 instance, just for the record, page seven, there's
15 a payment for a hundred thousand eight hundred and
16 eighteen dollars and eleven cents. There's another
17 payment for forty thousand dollars. Do you have any
18 explanation as to what these payments were for?

19 A Nothing other than greed.

20 Q Are you aware of any services that Trout Lake
21 provided to Great Lakes Tissue Company?

22 A Not unless Kip Boie ran his, quote, services,
23 unquote, through Trout Lake.

24 Q Were directors prior to January 20, 2023, do you
25 know whether the directors were compensated for the

1 work that they did?

2 A I don't know.

3 Q And you don't know why Richard Kranitz received
4 forty thousand dollars as reflected on page seven,
5 is that right?

6 A It was his share of the take.

7 Q And Rose Star Group, there's an entry says a
8 hundred thousand dollars for November 17th. There's
9 another - two wires on November 7th for a hundred
10 and forty thousand dollars.

11 A Yes.

12 Q Any idea what those are for?

13 A No. Just part of the ongoing greed.

14 Q Let's go down the - so November 2nd shows a hundred
15 thousand three hundred and sixty-eight dollars and
16 thirty-four cents to Hom Paper XI. That's a, looks
17 like a rent payment to the landlord for Great Lakes
18 Tissue Company. Is that fair?

19 A I assume that's the case, yes.

20 Q And the wire out to GLT operating accounts, those
21 are in fact transfers to Great Lakes Tissue's
22 operating accounts, is that right?

23 A That, I don't know. I haven't gone back or had
24 anybody go back and try to match up the outgoing
25 wires to receipts.

1 Q Let's do that now. If you can, if you know the
2 account number.

3 (Document marked for identification as
4 Plaintiff's Deposition Exhibit Number 29.)

5 BY MR. MCWHORTER:

6 Q I'm going to Exhibit 29. This is page three. So
7 there's no question that the plaintiffs in fact
8 wired one million nine hundred and ten thousand
9 four hundred and seventeen dollars and seventy
10 cents to First Community Bank. Is that fair?

11 A That's fair.

12 Q And then this is one of the GLT operating accounts.
13 So this one shows a hundred and fifty thousand
14 dollar transfer and it's to GLT operating account
15 with an account ending 5579. Is that an account of
16 Great Lakes Tissue Company?

17 A That I don't know. I don't know whether it was that
18 or whether it was the Citizens Bank one.

19 Q Well, we'll come to Citizens Bank. I can show you
20 that one. Actually, I can prove that it's Great
21 Lakes. Let me go to Exhibit 31.

22 (Document marked for identification as
23 Plaintiff's Deposition Exhibit Number 31.)

24 BY MR. MCWHORTER:

25 Q So I'm going to show you what's marked as Exhibit

1 31. This is a document that was produced by Great
2 Lakes Tissue Company 1160. Do you recognize this
3 document?

4 A I do not.

5 Q If you notice, it says account number 5579. Do you
6 see that right here?

7 A I don't but I'll believe you.

8 Q And it says Great Lakes Tissue Company. It has the
9 main address. So is the Nicolet National Bank, is
10 this deposit account a Great Lakes Tissue Company
11 bank account?

12 A Nicolet was a bank account for Great Lakes Tissue.

13 Q So you don't have any reason to dispute that this
14 was a Great Lakes Tissue Company bank account?

15 A I have no reason to dispute that, correct.

16 Q And then let's look at Exhibit 30.

17 (Document marked for identification as
18 Plaintiff's Deposition Exhibit Number 30.)

19 BY MR. MCWHORTER:

20 Q Again, this is another document that was produced
21 by Great Lakes Tissue Company. Bates stamp number
22 94. This is Exhibit 30. It's a Citizen's National
23 Bank account and it's for October 31st, 2022 all
24 the way through December. Oh, I'm sorry. January
25 31st, 2023.

1 Are you familiar with this account, this
2 Citizen's account?

3 A No, I'm not. I didn't get that. Did you get that as
4 part of the subpoena?

5 Q No. This was produced by Great Lakes Tissue
6 Company, Mr. Hansen to me.

7 A I didn't, that didn't catch up with me. Or if it
8 did, I missed it.

9 Q So this appears also, though, it's to Great Lakes
10 Tissue Company. It's in Cheboygan. This appears to
11 be a Great Lakes Tissue Company account.

12 A That was another account that we did not, that were
13 not reflected in the books and records of the
14 company.

15 Q Even though the bank statements went there?

16 A Well, the Nicolet account. But Citizen's National.

17 Q The Citizen's National account, if you look at it,
18 the bank statement, the statements went to Great
19 Lakes Tissue Company.

20 A Okay.

21 Q Wasn't Great Lakes Tissue Company an Inc., a
22 corporation?

23 A Yes.

24 Q Just curious. Any idea why it would say LLC on the
25 bank statement?

1 A They probably opened up another, another bank
2 account. They weren't -

3 Q So is it your position that this Citizen's National
4 Bank account was not a bank account that Great
5 Lakes Tissue Company used in its ordinary course
6 prior to the merger agreement?

7 A I don't know the answer to that. But I don't think
8 so.

9 Q Going back to Exhibit 28. So here is the payments.
10 December 28th, you'll see that there's a payment
11 made to Sertant Capital December 2nd for sixty-
12 eight thousand eighty-two dollars and thirty cents.
13 And then - you see that on page ten of Exhibit 28?

14 A Yes. I'm looking at what I - what date again?
15 December?

16 Q It's December 2nd.

17 A Sertant, sixty-eight thousand, yes, and change.

18 Q To the best of your knowledge, that's the last
19 payment that Sertant Capital/plaintiffs received
20 from Great Lakes Tissue Company, correct?

21 A To my knowledge, that's correct.

22 Q And then in January, it looks like he made a
23 December 30th outgoing wire, Horn Paper. I assume
24 that means Hom. But Horn Paper XI, a hundred
25 thousand three sixty-eight thirty-four. Again,

1 that's probably rent, correct? Do you agree with
2 that?

3 A The hundred thousand?

4 Q Yes.

5 A Probably. Yes, there are probably some advances in
6 that. I don't know.

7 Q Okay.

8 A It doesn't fit with the prior lease payment.

9 Q And then it has a, on January 4th, a payment of
10 sixty-eight thousand eighty-two dollars and thirty
11 cents which is then returned the next day and the
12 item on that says NSF. So it's insufficient funds,
13 right? So it's returned. Do you agree with that?

14 A Yes.

15 Q And then there's another payment January 11th. I'm
16 sorry, January 10th. And which is also for sixty-
17 eight thousand eight-two dollars and thirty cents
18 which is also returned the next day for NSF.

19 A Yes.

20 Q Is it fair to say that's the last attempt to make a
21 payment to Great Lakes Tissue, by Great Lakes
22 Tissue Company to - strike that.

23 That's the last, this document, page twelve,
24 this wire transfer of January 10th that was
25 returned on January 11th is the last attempted

1 payment to Sertant Capital and Prime Alliance Bank.

2 Is that fair?

3 A That's fair. That was right when we were trying to
4 get him to close.

5 Q And so you closed on January 13th but didn't get
6 possession till the 20?

7 A Something like that, yes.

8 Q Do you know why Rose Star Group got the five
9 thousand dollars on -

10 A Because it was there. They cleaned out every
11 account.

12 Q Did Rose Star Group or Trout Lake, did they ever
13 get a K1, to your knowledge, or a 1099 from Great
14 Lakes Tissue Group?

15 A From Group or from -

16 Q I'm sorry. From Great Lakes Tissue Company?

17 A No. But we've talked about doing that.

18 Q What is King Commercial Capital, Inc.? There's a
19 number of transfers to that entity.

20 A I don't know, unless it has something to do with
21 the T&T machine.

22 Q Well, that's the next question. There's a number of
23 payments, there's a payment to, on the T&T.

24 A They used your money to go buy another company in
25 Ohio.

1 Q Here it is here.

2 A Your client's money.

3 Q Here it is. T&T Machine. Let me show you this. So
4 this, I'm showing you what's marked as Exhibit 29.
5 And this is 29 and it's page sixteen. It says, it's
6 a fifty thousand dollar transfer out of the
7 account. And it's to T&T Machine. What is that?

8 A That's the company they bought with your money.

9 Q And where is T&T Machine located?

10 A I believe Ohio.

11 Q What is, did he, did Kip Boie acquire - did Kip
12 Boie acquire T&T Machine?

13 A I think their group did.

14 Q What does that business do, do you know?

15 A They're a machining operation, as far as I know.

16 Q Here it is. T&T Machine, Inc. Is that the entity
17 located in Plainsville, Ohio?

18 A Sounds like the right one.

19 Q Does T&T, to your knowledge, does T&T Machine or
20 has T&T Machine, Inc. ever done any business with
21 Great Lakes Tissue Company?

22 A Not to my knowledge, no.

23 Q Do you have any of the documents relating to Kip
24 Boie or Great Lakes Tissue Group's acquisition of
25 T&T Machine, Inc.?

1 A I do not. I believe that they saw some sort of a
2 piece of paper that had T&T on it that showed up at
3 the office. That's how we tracked down what they
4 were doing. But I don't know what that piece of
5 paper was.

6 Q Do you know if Rosemarie Capin ever received a 1099
7 or K1 from Great Lakes Tissue Company?

8 A Not that I'm aware of. Once we get, get a forensic
9 accountant in here to figure out how much they
10 really took, we will.

11 Q I'm going to show you what's marked as Exhibit, it
12 will be marked as Exhibit 41. I still need to
13 produce this to the court reporter because I didn't
14 send this to her.

15 (Document marked for identification as
16 Plaintiff's Deposition Exhibit Number 41.)

17 BY MR. MCWHORTER:

18 Q Do you know who prepared this? Do you recognize
19 this document? This is produced by Great Lakes
20 Tissue Company.

21 A I don't know.

22 Q Do you know if this - what is Raven Oak, LLC?

23 A I don't know.

24 Q Do you know if Raven Oak, LLC ever did any work for
25 a Great Lakes Tissue Company?

1 A Not that I'm aware of. But how much were the
2 payments?

3 Q They're different. That's seventy grand total. Let
4 me ask you about Song Lo Law. Was she counsel for
5 Great Lakes Tissue Company?

6 A Yes.

7 Q And then after the merger, who does Song Lo
8 represent, to your knowledge?

9 A Group.

10 Q She represents Great Lakes Tissue Group.

11 A She tried to stick her nose into Great Lakes Tissue
12 but we didn't, we cut her nose off.

13 Q How did you cut her nose off?

14 MR. HANSEN: As your attorney, I advise you not
15 to answer that question.

16 MR. MCWHORTER: Okay.

17 MR. HANSEN: No, I'm teasing, Rob.

18 MR. MCWHORTER: I assume you objected as a
19 conflict.

20 MR. HANSEN: Plead the Fifth. If you're cutting
21 noses off, plead the Fifth.

22 MR. MCWHORTER: Okay.

23 MR. HANSEN: Don, you can answer the question
24 as to how you avoided her from being involved. I
25 was just making a joke about the fifth.

1 THE WITNESS: I know. She suggested that she be
2 retained and we didn't respond.

3 (Document marked for identification as
4 Plaintiff's Deposition Exhibit Number 43.)

5 BY MR. MCWHORTER:

6 Q Let me show you two more documents. This is marked
7 as Exhibit 43. Again, I'll have to produce this to
8 the court reporter.

9 In this deposition, you've referred to the
10 financing statement of INB National Association.
11 This is the lien you're talking about on the
12 equipment, is that correct? Have you seen this
13 document before?

14 A I have.

15 Q Is this the financing statement perfecting the lien
16 that you're referring to with respect to INB
17 National Association?

18 A That's the only financing statement I'm aware of.

19 Q Yes, that's my question. Okay. But this is what
20 you're, this is what you're relying upon, correct?

21 A Yes.

22 (Document marked for identification as
23 Plaintiff's Deposition Exhibit Number 44.)

24 BY MR. MCWHORTER:

25 Q And then I'm going to show you, it's marked as

1 Exhibit 44. And this is a document that was also
2 produced by Great Lakes Tissue Company, Bates stamp
3 number 1433 which is a financing statement that
4 looks like it was recorded in the Cheboygan County
5 records. Have you seen this document before?

6 A I have not.

7 Q You have not. Okay. So you don't know if this
8 relates to the City of Cheboygan lien that you're
9 referring to or not?

10 A I don't.

11 MR. MCWHORTER: Why don't, can we take a five
12 minute break? I think I'm just about ready to wrap
13 this up.

14 MR. HANSEN: Yes, no problem.

15 (Brief pause.)

16 (Document marked for identification as
17 Plaintiff's Deposition Exhibit Number 10.)

18 BY MR. MCWHORTER:

19 Q Mr. Swenson, we're back on the record. I just want
20 to go over a couple things in your declaration.
21 Paragraph seven of your declaration which is
22 Exhibit 10 says, since taking over GLT, the new
23 ownership group has discovered an elaborate scheme
24 of self-dealing, embezzlement, perpetrated by Great
25 Lakes Tissue by Mr. Boie.

1 Other than what we've already covered, are you
2 aware of any other actions by Mr. Boie to engage in
3 self-dealing or embezzlement?

4 A I don't know what the Citizen's Bank documents
5 said. Supposedly, they show more money being
6 funneled out but I haven't seen them.

7 Q Is Great Lakes Tissue Group - I'm sorry, strike
8 that.

9 Is Great Lakes Tissue Company or Tissue Depot,
10 Inc. conducting an analysis of Mr. Boie's self-
11 dealing or embezzlement?

12 A We will be.

13 Q Who is heading that investigation?

14 A We haven't retained anyone yet. I've got somebody
15 in mind but.

16 Q Is there anyone in the company, either Tissue
17 Depot, Inc. or Great Lakes Tissue Company that's
18 conducting that analysis?

19 A No.

20 Q In your declaration, again, Exhibit 10 which I can
21 show you if you want to see it just to - Mr.
22 Swenson, I think you, we showed this on the last
23 dep but this is your declaration. You recognize
24 this, right?

25 A Yes.

1 Q And that's your signature on page three, right?

2 A Yes.

3 Q On paragraph eight and nine, it says, after buying
4 GLT, Great Lakes Tissue Company, but before selling
5 it to PAET, Boie attempted to secretly sell off all
6 of GLT's assets (including the subject equipment as
7 well as future receivables). Notably, the equipment
8 at issue here could not be sold because the
9 equipment was already offered as collateral to
10 secure other obligations.

11 What is your factual basis for this statement,
12 for those two statements?

13 A Well, the receivables went away because of the -

14 Q The four companies. We talked about that. Put that
15 aside for a second. I'm focusing really, frankly,
16 more on the equipment.

17 A On the equipment, we found that in July through
18 September, they got rid of a whole bunch of
19 equipment that they included on the list of stuff
20 that they sold to your client but had previously
21 disposed of. And another was that the Homco lease
22 had a list of equipment that Homco was supposed to
23 have a security interest in.

24 Q Anything else?

25 A No. Nothing other than the City of Cheboygan.

1 Q But he didn't try to sell the assets to them. That
2 that was a loan that was back in the '90s.

3 A The Sertant sale for the equipment.

4 Q So it's really the getting rid of equipment from
5 July to September 2022 and the lease with Homco
6 which granted a security interest in the equipment,
7 is that right?

8 A Right.

9 Q Okay.

10 A And the Sertant transaction in October.

11 Q Your declaration says, notably, the equipment here
12 at issue could not be sold because that equipment
13 was already offered as collateral to secure other
14 corporate obligations.

15 You are referring to Homco, correct?

16 A I'm referring to Homco and the city.

17 Q So the equipment at issue could not be sold because
18 the equipment had already been, a security interest
19 had been given to Homco and because the City of
20 Cheboygan had a lien on it as well.

21 A Right.

22 Q I showed you earlier the financing statement that
23 was produced during discovery. You didn't recognize
24 it. Have you seen any other documents relating to
25 the City of Cheboygan's liens?

1 A I have not.

2 Q Everything that you learned about the City of
3 Cheboygan is based on your conversation with Steven
4 Lindsay, who is the city attorney for Cheboygan?

5 A Correct.

6 Q Are you aware that the equipment that was gotten
7 rid of, as you said, from July to September, are
8 you aware that Mr. Schleben testified that they
9 scrapped that equipment because it was unusable and
10 it was scrapped for that reason? Were you aware of
11 that?

12 A Not specifically.

13 Q You don't have personal knowledge over that? You
14 would defer to Mr. Schleben, I would assume,
15 correct?

16 A I would defer to Ken, yes.

17 Q Is there any other facts that you relate to support
18 paragraphs eight and nine of your declaration?

19 A No.

20 Q In paragraph thirteen you say, I have also
21 discovered that Boie set up two secret bank
22 accounts in the name of Great Lakes Tissue Company
23 in an apparent effort to keep his fraudulent sales
24 quote, off the books.

25 In paragraph fifteen, you identify one as the

1 First Community Bank. That is the account that we
2 just went through, correct?

3 A Right.

4 Q What is the second account that you're referring
5 to?

6 A Citizen's.

7 Q That's the account that we went through before as
8 well, correct?

9 A We talked a little bit about it. We didn't overly
10 go through it in detail.

11 Q Has anyone subpoenaed Citizen's records to obtain
12 copies of the bank accounts?

13 A I think Tim Hansen's office did.

14 MR. MCWHORTER: I only have a few of months,
15 Mr. Hansen. I think I have like, literally it's
16 like two or three months and that's it for records.
17 But we can talk about that offline.

18 MR. HANSEN: Okay.

19 BY MR. MCWHORTER:

20 Q Paragraph sixteen says, after an extensive search,
21 I have been unable to find any proceeds of the
22 sales that actually reached actual Great Lakes
23 Tissue's corporate accounts and books. Do you see
24 that?

25 A Yes.

1 Q As we went through before, there were out of the,
2 the one point nine million dollars - let me strike
3 that.

4 It's fair to say that the one point nine
5 million dollars was transferred, was paid by Prime
6 Alliance Bank and paid into the First Community
7 account. And from that account, Mr. Boie caused
8 payments to be made for Great Lakes Tissue. So for
9 instance, Mr. Homco's rent payments or to Great
10 Lakes Tissue's operating accounts. Is that correct?

11 A At the time I drafted, drafted it, we didn't know,
12 have any of that knowledge.

13 Q Right. So obviously you would defer to the content
14 of the bank statements as modifying paragraph
15 sixteen, is that fair?

16 A That's fair.

17 Q One other question. Does Great Lakes Tissue
18 Company have copies of the bank statements for the
19 operating account?

20 A I assume so.

21 MR. MCWHORTER: I'd make a request for that.
22 And Tim, you and I could talk about that. Again, it
23 goes to the issue that you and I are going to have
24 to discuss.

25 BY MR. MCWHORTER:

1 Q Paragraph eighteen. Boie sold Great Lakes Tissue to
2 current ownership group without disclosing that
3 Great Lakes Tissue supposedly had no assets.

4 Do you see that?

5 A Yes.

6 Q Well, that's not exactly true. It did have assets.
7 It had twenty-one million dollars' worth of
8 environmental permits. You called it intellectual
9 property. It did have assets, correct?

10 A In retrospect, yes. I was not aware of the twenty-
11 one million dollars' worth of environmental permits
12 and so forth.

13 Q In February of 2023, you had various email
14 exchanges with Mark Scott. Do you recall that, from
15 my office?

16 A Yes.

17 Q Let me show you what's marked as Exhibit - give me
18 one second. I apologize. Can you give me one
19 second? I don't seem to have the Exhibit. Well,
20 let's see if we can do it without it.

21 Mr. Scott requested that he be given the
22 opportunity - strike that.

23 Mark Scott emailed you requesting an
24 opportunity to inspect the equipment. Do you recall
25 that?

1 A Yes.

2 Q And it's fair to say that Mr. Scott sent you
3 multiple emails requesting the opportunity to
4 inspect the equipment, correct?

5 A Correct. And on February 17th, I emailed him back
6 and said all he has to do is make arrangements with
7 Ron Van Den Heuvel to inspect.

8 Q And then Mr. Scott reached out to Mr. Van Den
9 Heuvel on February 17th, is that right?

10 A I don't know.

11 MR. MCWHORTER: Can we take a one second
12 break?

13 (Brief pause.)

14 (Document marked for identification as
15 Plaintiff's Deposition Exhibit Number 42.)

16 BY MR. MCWHORTER:

17 Q Show you what going to be marked, I'm going to make
18 this 42 because I skipped that number. And this is
19 just a two page document. I apologize for the
20 handwriting. Unfortunately, that's my handwriting
21 so I apologize for that. But it's the only copy I
22 had relatively easily available. So let's go back.

23 So on February 17th, you directed Mr. Scott to
24 contact Ron to make arrangements, is that right?

25 A That's my recollection.

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1 Q And to inspect it you required that that a non-
2 disclosure agreement be signed and that no pictures
3 be taken. Is that right?

4 A Earlier than the 17th we did, yes.

5 Q In your email, it says, if you still want to spend
6 money to do a walkthrough, that person and your
7 clients would have to sign an NDA and take no
8 pictures. Is that right?

9 A Yes.

10 Q Why is that?

11 A Because we have proprietary processes we use in our
12 operations.

13 Q And then Mark Scott responds saying - you indicate
14 in your email, you say, Mark, attached is the lease
15 that predates your transaction. The list of
16 equipment covered by the lease is virtually
17 identical to your list. In other words, your client
18 was defrauded by the prior owners. There is little,
19 if any, equity in this, in the list of your
20 client's equipment but we would be open to
21 discussing a resolution.

22 Do you see that?

23 A Yes.

24 Q That's your email to Mr. Scott, correct?

25 A Yes.

1 Q Why did you CC Ron Van Den Heuvel on this email?

2 A Why did I CC him?

3 Q Yes.

4 A Because I, to keep him apprised that somebody was
5 going to come look at the equipment.

6 Q He's a consultant. Why was he the person that would
7 do the inspection?

8 A He wasn't doing the inspection. He would arrange
9 for Sertant's inspector to come in.

10 Q Mr. Scott responded saying, Thank you for your
11 email. Please provide me with any bill of sales you
12 have reflecting a transfer of title. If a UCC1
13 financing statement was filed, please let me have
14 it. In the meantime, I will assume that Great Lakes
15 Tissue has rejected Sertant's frequent requests for
16 an inspection of the equipment.

17 You see that?

18 A And I don't know why he said that he rejected, we
19 rejected it. I said all he had to do is contact Van
20 Den Heuvel for the inspection.

21 Q And he contacted Mr. Van Den Heuvel on February
22 17th at 1:03 p.m. and you were copied on that. Do
23 you see that?

24 A No, I don't.

25 Q It's right here. It's Mr. Van Den Heuvel. It's an

1 email from Mark Scott to you, actually. with a copy
2 to Van Den Heuvel. And it says, Mr. Van Den Heuvel,
3 what is your phone number? Also, are you an officer
4 of Great Lakes Tissue Company?

5 Do you see that?

6 A I can't read it but I'll believe you.

7 Q Do you know if Mr. Van Den Heuvel ever responded to
8 Mr. Scott or gave access to plaintiffs to inspect?

9 A I don't know whether - I don't know. I didn't hear
10 anything after that. After I said that he, you guys
11 could take a look at it.

12 Q Only if we signed a NDA and took no pictures,
13 right?

14 A Yes.

15 (Document marked for identification as
16 Plaintiff's Deposition Exhibit Number 15.)

17 BY MR. MCWHORTER:

18 Q At a hearing, I think it was in April, the judge
19 ordered Great Lakes Tissue Company to produce
20 evidence of property insurance. The only thing that
21 we received is Exhibit 15 which says, evidence of
22 property insurance.

23 To your knowledge, to the best of your
24 knowledge, is this the only insurance covering the
25 equipment at issue in this case?

1 A I think we have insurance covering the equipment.

2 Q Is it through this policy or is there another
3 policy?

4 A Probably another policy.

5 Q Do you know who, what the insurer would be?

6 A I don't. Sorry.

7 Q I do you know if Prime Alliance Bank or Sertant
8 Capital is named as an additional insured?

9 A I don't know.

10 Q Do you know if the insured is Great Lakes Tissue
11 Company or is it Tissue Depot, Inc.?

12 A I assume it's Tissue Depot, Inc.

13 Q Do you know if this insurance policy is still in
14 effect given that Great Lakes Tissue Company is
15 defunct?

16 A I have no idea.

17 Q Do you know if the equipment is insured?

18 A I believe that it is.

19 Q I would request -

20 A You have to contact Tom Homco for that.

21 Q Why Mr. Homco?

22 A Because he got involved in the whole insurance -
23 because he has an insurable interest, also.

24 Q So Mr. Homco is taking care of the insurance for
25 Tissue Depot, Inc., is that what I understand?

1 A He was involved in placing the policies, yes.

2 Q Do you know if he is the additional insured?

3 A I assume so. He owns the real estate.

4 Q To the best of your knowledge, is Sertant Capital
5 or Prime Alliance Bank an additional insured on any
6 insurance policy?

7 A I don't know for sure but I assume so.

8 Q On the same insurance policy that Mr. Homco has?

9 A I assume so, yes.

10 Q Well, I would request proof of the insurance
11 because that's been a big issue for my client. Just
12 in case there's something.

13 You don't know, though, whether Sertant
14 Capital and Prime Alliance Bank is an additional
15 insured? You don't know?

16 A I don't know for sure.

17 Q Mr. Homco would be the person to ask?

18 A Right.

19 (Document marked for identification as
20 Plaintiff's Deposition Exhibit Number 16.)

21 BY MR. MCWHORTER:

22 Q I'm going to show it's marked as Exhibit 16. The
23 court, when it ordered that we get proof of the
24 insurance, we ordered that the financial statements
25 for Great Lakes Tissue Company be produced. And so

1 in response to that, we received Exhibit 16 which
2 is the September 30th, 2022 financial statement
3 through December 31st, 2022. 2022 financial
4 statements.

5 At the end of this financial statement, it
6 shows - so it has - for current liabilities, it has
7 four point four million. Of which thirty-seven
8 thousand six hundred and seventy-seven dollars and
9 thirty-five cents was accrued salaries and wages.

10 You indicated that that Tissue Depot, Inc.
11 paid as consideration for the transfer of the
12 assets, paid outstanding employee amounts.

13 A Yes.

14 Q Right? Is that correct?

15 A That's correct.

16 Q Are those liabilities reflected on Exhibit 16,
17 which is the balance sheet for December 31st, 2022?

18 A I would assume that they would be.

19 Q So the accrued salary and wages of thirty-seven
20 thousand six seventy-seven thirty-five, would that
21 have been what Tissue Depot, Inc. paid or assumed
22 for consideration for transferring the assets?

23 A Part of it, yes.

24 Q What about the accrued PTO?

25 A I think we awarded that, also.

1 Q What about accrued state NBT? Do you know what that
2 is?

3 A I don't know.

4 Q What about FW - what's the accrued FWT? Do you know
5 what that is? It could be Federal Wage Michigan. I
6 don't know what it is. Do you know what FWT stands
7 for?

8 A I do not.

9 Q Any other debts that are listed on the liabilities
10 here that they assumed?

11 A I don't know. I'd have to ask the accountant.

12 Q I don't see any debt to Ron Van Den Heuvel on this.
13 Mr. Swenson, I'm going to show you Exhibit 19.
14 We looked at it previously. I'm going to page
15 fifteen of the answer and it has the affirmative
16 defenses. Just because I have to do this, I'm sorry
17 if it's very painful.

18 What is the factual basis to claim that
19 plaintiff failed to serve process? Do you know?

20 A I don't know.

21 Q What is the factual basis for lack of
22 consideration? Affirmative defense.

23 A Invalidity of the lease.

24 Q Again, that deals with the liens. The liens for
25 City of Cheboygan and INB, correct?

1 A Right.

2 Q Anything else?

3 A Not that I can think of.

4 Q How about fraud. How did Great Lakes Tissue - I'm

5 sorry. How did Sertant Capital, LLC or Prime

6 Alliance Bank defraud Great Lakes Tissue Company?

7 A I don't know.

8 Q Are you aware of any factual basis for the fraud

9 affirmative defense?

10 A Not on the part of Sertant. On the part of Kip Boie

11 and crew, yes.

12 Q Understand. I'm talking about for Sertant Capital

13 or Prime Alliance Bank.

14 A Not unless Sertant was in bed with Kip Boie.

15 Q And you don't have any facts or knowledge to - or

16 any - to support that, right?

17 A None. None yet.

18 Q Illegality. What facts do you claim that the master

19 lease is somehow illegal or supports this

20 affirmative defense?

21 A I don't know.

22 Q What about unconscionability? What facts do you

23 have at the - to support this affirmative defense?

24 Number six.

25 A I don't know.

1 Q What about statute of frauds. You're aware of, you
2 know what the statute of frauds is?

3 A Yes.

4 Q The master lease is in writing, the Schedule 1 is
5 in writing. What is the basis for a statute of
6 frauds affirmative defense?

7 A I don't know if a Schedule 1 was signed or not.

8 Q It is signed. We went through it. You looked at it.

9 A Okay.

10 Q Any other basis for statute of frauds?

11 A No.

12 Q What about estoppel? Any factual basis to support
13 an estoppel?

14 A I don't know.

15 Q And what about unclean hands? Anything are you
16 aware of that plaintiff had - any of the plaintiffs
17 had unclean hands?

18 A No.

19 Q And then failure to state a claim. I know that may
20 call for a legal conclusion. But are you aware of
21 any facts, not asking for a legal conclusion, any
22 facts that would suggest that plaintiffs have not
23 stated a valid claim?

24 A No.

25 MR. MCWORTER: Give me one minute. I think I'm

1 just about done. Give me one moment off the
2 record.

3 (Brief pause.)

4 MR. MCWORTER: We're back on the record.

5 I have no further questions for Mr. Swenson at
6 this time. However, I reserve the right to call Mr.
7 Swenson again as a witness, as a 30B6 witness
8 because there are documents that clearly have not
9 been produced either in response to the court
10 ordered production of documents or documents that
11 had been requested pursuant to our request for
12 production of documents.

13 That being said, I have no further questions.

14 Mr. Hansen, I'd like to work out an
15 arrangement to have Mr. Swenson review the
16 transcript and return it and sign it in less than
17 thirty days given that we have a hearing on July
18 21st. I think we have a month. So I'm open to
19 suggestions on your end on that issue.

20 MR. HANSEN: I don't think that'll be a
21 problem. I mean, as soon as we can get the
22 transcript. What do you think, Amy? How long do you
23 think it'll take you?

24 (Brief pause.)

25 MR. MCWHORTER: Counsel have agreed, along with

1 Mr. Swenson, that the court reporter will prepare
2 the transcript by July 1st. It'll be transmitted
3 and Mr. Swenson will have until July 7th to review
4 and make any changes that are necessary.

5 If he doesn't make any changes by that date,
6 we'll assume that the transcript is fine and that
7 he has no changes.

8 So Mr. Hansen, do you have anything else left
9 to discuss?

10 MR. HANSEN: No, I don't think so.

11 MR. MCWHORTER: Or any questions to ask?

12 MR. HANSEN: No, I'm not going to ask any
13 questions today.

14 MR. MCWHORTER: Got it. Well, Mr. Swenson,
15 thank you very much. I appreciate your time.

16 (Deposition concluded at 3:47 p.m.)

17 - - -

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CERTIFICATE OF NOTARY

STATE OF MICHIGAN)

)

COUNTY OF OAKLAND)

I certify that this transcript, consisting of 135 pages, is a complete, true, and correct record of the testimony of DONALD SWENSON, held in this case on Friday, June 23rd, 2023.

I also certify that prior to taking this deposition, DONALD SWENSON, was duly sworn to tell the truth.

I also certify that I am not a relative or employee of or an attorney for a party; or financially interested in the action.



Amy Bertin, CER-3871

Notary Public

Oakland County, Michigan

My Commission Expires: 08-12-24

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1 TIMOTHY M. HANSEN, ESQ.

2 thansen@hansenreynolds.com

3 JUNE 28, 2023

4 RE: PRIME ALLIANCE BANK vs. THE GREAT LAKES TISSUE COMPANY

5 JUNE 23, 2023, DONALD SWENSON, JOB NO. 5979465

6
7 The above-referenced transcript has been completed by
8 Veritext Legal Solutions and review of the transcript is being
9 handled as follows:

10
11 ___ Per CA State Code (CCP 2025.520 (a)-(e)) – Contact Veritext
12 to schedule a time to review the original transcript at
13 a Veritext office.

14
15 ___ Per CA State Code (CCP 2025.520 (a)-(e)) – Locked .PDF
16 Transcript – The witness should review the transcript and
17 make any necessary corrections on the errata pages included
18 below, notating the page and line number of the corrections.
19 The witness should then sign and date the errata and penalty
20 of perjury pages and return the completed pages to all
21 appearing counsel within the period of time determined at
22 the deposition or provided by the Code of Civil Procedure.

23
24
25
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1 ___ Waiving the CA Code of Civil Procedure per Stipulation of
2 Counsel - Original transcript to be released for signature
3 as determined at the deposition.

4
5 ___ Signature Waived - Reading & Signature was waived at the
6 time of the deposition.

7
8 XX Federal R&S Requested (FRCP 30(e)(1)(B)) - Locked .PDF
9 Transcript - The witness should review the transcript and
10 make any necessary corrections on the errata pages included
11 below, notating the page and line number of the corrections.
12 The witness should then sign and date the errata and penalty
13 of perjury pages and return the completed pages to all
14 appearing counsel within the period of time determined at
15 the deposition or provided by the Federal Rules.

16
17 ___ Federal R&S Not Requested - Reading & Signature was not
18 requested before the completion of the deposition.

19
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1 PRIME ALLIANCE BANK vs. THE GREAT LAKES TISSUE COMPANY
2 DONALD SWENSON, JOB NO. 5979465

3

4 E R R A T A S H E E T

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22 REASON _____

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25 WITNESS

DATE

[& - 2nd]

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[3 - accurate]

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[lakes - liabilities]

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[records - richard]

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| 69:24 | |
| writing 69:20 | |
| 132:4,5 | |
| written 12:15 | |
| 23:21,24 24:1 | |
| 24:3,6 26:25 | |

Michigan Court Rules

Chapter 2: Civil Procedure

Subchapter 2.300 Discovery Rule 2.306

(f) Certification and Transcription; Filing;
Copies.

(1) If transcription is requested by a party, the person conducting the examination or the stenographer must certify on the deposition that the witness was duly sworn and that the deposition is a true record of the testimony given by the witness. A deposition transcribed and certified in accordance with sub-rule (F) need not be submitted to the witness for examination and signature.

DISCLAIMER: THE FOREGOING CIVIL PROCEDURE RULES
ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY.
THE ABOVE RULES ARE CURRENT AS OF APRIL 1,
2019. PLEASE REFER TO THE APPLICABLE STATE RULES
OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

VERITEXT LEGAL SOLUTIONS
COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

Veritext Legal Solutions is committed to maintaining the confidentiality of client and witness information, in accordance with the regulations promulgated under the Health Insurance Portability and Accountability Act (HIPAA), as amended with respect to protected health information and the Gramm-Leach-Bliley Act, as amended, with respect to Personally Identifiable Information (PII). Physical transcripts and exhibits are managed under strict facility and personnel access controls. Electronic files of documents are stored in encrypted form and are transmitted in an encrypted fashion to authenticated parties who are permitted to access the material. Our data is hosted in a Tier 4 SSAE 16 certified facility.

Veritext Legal Solutions complies with all federal and State regulations with respect to the provision of court reporting services, and maintains its neutrality and independence regardless of relationship or the financial outcome of any litigation. Veritext requires adherence to the foregoing professional and ethical standards from all of its subcontractors in their independent contractor agreements.

Inquiries about Veritext Legal Solutions' confidentiality and security policies and practices should be directed to Veritext's Client Services Associates indicated on the cover of this document or at www.veritext.com.

EXHIBIT I

MAIN OFFICE:
200 EAST MAIN STREET, P.O. BOX 200
HARBOR SPRINGS, MI 49740
(231) 526-2114
www.firstcb.com



MEMBER FDIC

09/28/22

0031049143

GREAT LAKES TISSUE COMPANY
KIP BOIE
PO BOX 507
COLERAINE MN 55722

PG 1

CYCLE-019

*** CHECKING *** BUSINESS MMKT

ACCOUNT NUMBER 0031049143

PREVIOUS STATEMENT BALANCE AS OF 09/14/22 .00

PLUS 3 DEPOSITS AND OTHER CREDITS 6,701.02

LESS 0 CHECKS AND OTHER DEBITS .00

CURRENT STATEMENT BALANCE AS OF 09/28/22 6,701.02

NUMBER OF DAYS IN THIS STATEMENT PERIOD 14

*** CHECKING ACCOUNT TRANSACTIONS ***

| DATE | DESCRIPTION | DEBITS | CREDITS |
|-------|-------------------|--------|----------|
| 09/15 | DEPOSIT | | 5,000.00 |
| 09/19 | DEPOSIT | | 1,701.00 |
| | NUMBER 0017442787 | | |
| 09/28 | INTEREST PAYMENT | | .02 |

*** BALANCE BY DATE ***

| DATE | BALANCE |
|-------|----------|
| 09/14 | .00 |
| 09/15 | 5,000.00 |
| 09/19 | 6,701.00 |
| 09/28 | 6,701.02 |

PAYER FEDERAL ID NUMBER..... 38-0519160
INTEREST PAID YEAR TO DATE..... .02

WITH SWIPE SIMPLE ACCEPT CARD PAYMENTS FROM YOUR
SMARTPHONE OR TABLET ANYWHERE, ANYTIME.

HOW TO BALANCE YOUR CHECKBOOK

| BALANCING FORM | | | | |
|--------------------|-----------|---|----------|--|
| OUTSTANDING CHECKS | | ADJUST YOUR BALANCE HERE | | |
| CHECK NUMBER | AMOUNT(S) | ENTER CURRENT BALANCE FROM THIS STATEMENT | | |
| | | ADD ANY OUTSTANDING DEPOSITS | | |
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| | | | SUBTOTAL | |
| | | SUBTRACT TOTAL OF OUTSTANDING CHECKS | | |
| TOTAL | | YOUR CHECKBOOK SHOULD SHOW THIS BALANCE | | |

TAKE THESE EASY STEPS TO BALANCE YOUR CHECKBOOK

1. If there are any service charges shown on your statement subtract them from your checkbook.
2. Compare check and deposit items on your statement to your checkbook. Verify the amounts match, and place a check mark (✓) in your checkbook next to each.
3. If you find any checks or deposits listed on your statement that you have not written in your checkbook enter them now.
4. Any checks or deposits you have not checked off are considered outstanding. Enter any outstanding checks or deposits on the balancing form.
5. Follow the instructions on the balancing form through to the end. The adjusted balance should now agree with the balance in your checkbook, and if it does, your checkbook is balanced.

IN CASE OF ERROR OR QUESTION ABOUT YOUR ELECTRONIC TRANSACTIONS
 CALL US AT: 866-526-2114 OR
 WRITE US AT: P.O. BOX 200, HARBOR SPRINGS, MI 49740

Notify us as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the first statement on which the problem or error appeared.

- (1) Tell us your name and account number (if any).
- (2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- (3) Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will tell you the results of our investigation within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days for new accounts and point of sale or foreign initiated transactions) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (20 business days for new accounts) for the amount you think is in error so that you will have the use of the money during the time that it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account. The extended time periods for new accounts apply to all electronic fund transfers that occur within the first 30 calendar days after the first deposit to the account is made, including those for point of sale or foreign initiated transactions.

We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

NOTIFICATION OF EXCESSIVE OVERDRAFTS

Overdrafts are considered excessive when seven (7) or more overdraft fees have been assessed on an account in a twelve (12) month period. Overdrafts can be expensive if used as a common or frequent method of payment. You should not rely on overdrafts as a means to cover ordinary or routine expenses. We recognize, however, that financial circumstances can change, that mistakes or emergencies can occur, and that overdrafts can be inadvertent or unavoidable. We have overdraft options that may save you money in the event you overdraw your account. If, at any time, you would like to discuss or review your financial obligations or your overdraft options, please contact one of our Customer Service Representatives at 866-526-2114.

PRIVACY NOTICE – Federal law requires us to tell you how we collect, share, and protect your personal information. Our privacy policy has not changed and you may review our policy and practices with respect to your personal information at <https://www.firstcb.com/privacy> or we will mail you a free copy upon request if you call us at 866-526-2114.

Account 31049143

First Community Bank-- Image Statements

Page 2 of 2

NEW ACCOUNT INITIAL DEPOSIT 74-6777724

61001 1000 TOWN CO
NEW BRK

DATE 9 15 2022

DEPOSIT MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

DEPOSITED BY FIRST COMMUNITY BANK

CASH

5000.00

LESS CASH RECEIVED

\$ 5000.00

10722406774 31049143 36

Date 9/15/2022, Amount \$5,000.00

Account Name: FirstCommunity Mobile
Account Number: 31049143
Deposit Date: 9/19/22 5:57 PM UTC
Deposit Amount: 1701.00
Deposit ID: 32251702

Deposit

10722406774 31049143 36

Date 9/19/2022, Amount \$1,701.00

MAIN OFFICE:
200 EAST MAIN STREET, P.O. BOX 200
HARBOR SPRINGS, MI 49740
(231) 526-2114
www.firstcb.com



MEMBER FDIC

10/28/22

0031049143

GREAT LAKES TISSUE COMPANY
KIP BOIE
PO BOX 507
COLERAINE MN 55722

PG 1

15

CYCLE-019

*** CHECKING *** BUSINESS MMKT
ACCOUNT NUMBER 0031049143
PREVIOUS STATEMENT BALANCE AS OF 09/28/22 6,701.02
PLUS 3 DEPOSITS AND OTHER CREDITS 2,410,426.11
LESS 14 CHECKS AND OTHER DEBITS 1,895,245.00
CURRENT STATEMENT BALANCE AS OF 10/28/22 521,882.13
NUMBER OF DAYS IN THIS STATEMENT PERIOD 30

*** CHECKING ACCOUNT TRANSACTIONS ***

| DATE | DESCRIPTION | DEBITS | CREDITS |
|-------|---|--------------|--------------|
| 10/17 | IN WIRE PRIME ALLIANCE BANK - SC-002157-1 / SERTANT CAPITAL | | 1,910,417.70 |
| 10/18 | OUT WIRE FEE - GLT OPERATING ACCT | 35.00 | |
| 10/18 | OUT WIRE - GLT OPERATING ACCT | 150,000.00 | |
| 10/19 | OUT WIRE FEE - KING COMMERCIAL CAPITAL, INC. | 35.00 | |
| 10/19 | OUT WIRE FEE - CITIZENS CHECK BOOK | 35.00 | |
| 10/19 | OUT WIRE - KING COMMERCIAL CAPITAL, INC. | 15,000.00 | |
| 10/19 | OUT WIRE - CITIZENS CHECK BOOK | 1,000,000.00 | |
| 10/20 | OUT WIRE FEE - GREAT LAKES TISSUE OPERATING ACCT | 35.00 | |
| 10/20 | OUT WIRE - GREAT LAKES TISSUE OPERATING ACCT | 305,000.00 | |
| 10/21 | OUT WIRE FEE - GREAT LAKES TISSUE COMPANY | 35.00 | |
| 10/21 | OUT WIRE - GREAT LAKES TISSUE COMPANY | 175,000.00 | |
| 10/25 | OUT WIRE FEE - GREAT LAKES TISSUE COMPANY | 35.00 | |
| 10/25 | OUT WIRE - GREAT LAKES TISSUE COMPANY | 50,000.00 | |
| 10/26 | OUT WIRE FEE GLT OPERATING ACCT | 35.00 | |
| 10/26 | OUT WIRE GLT OPERATING ACCT | 200,000.00 | |
| 10/27 | DEPOSIT | | 500,000.00 |
| 10/28 | INTEREST PAYMENT | | 8.41 |

*** BALANCE BY DATE ***

| DATE | BALANCE | DATE | BALANCE | DATE | BALANCE | DATE | BALANCE |
|-------|------------|-------|--------------|-------|--------------|-------|------------|
| 09/28 | 6,701.02 | 10/17 | 1,917,118.72 | 10/18 | 1,767,083.72 | 10/19 | 752,013.72 |
| 10/20 | 446,978.72 | 10/21 | 271,943.72 | 10/25 | 221,908.72 | 10/26 | 21,873.72 |
| 10/27 | 521,873.72 | 10/28 | 521,882.13 | | | | |

PAYER FEDERAL ID NUMBER..... 38-0519160
INTEREST PAID YEAR TO DATE..... 8.43

WITH SWIPESIMPLE ACCEPT CARD PAYMENTS FROM YOUR
SMARTPHONE OR TABLET ANYWHERE, ANYTIME.

HOW TO BALANCE YOUR CHECKBOOK

| BALANCING FORM | | | | |
|--------------------|-----------|---|----------|--|
| OUTSTANDING CHECKS | | ADJUST YOUR BALANCE HERE | | |
| CHECK NUMBER | AMOUNT(S) | ENTER CURRENT BALANCE FROM THIS STATEMENT | | |
| | | ADD ANY OUTSTANDING DEPOSITS | | |
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| | | | SUBTOTAL | |
| | | SUBTRACT TOTAL OF OUTSTANDING CHECKS | | |
| TOTAL | | YOUR CHECKBOOK SHOULD SHOW THIS BALANCE | | |

TAKE THESE EASY STEPS TO BALANCE YOUR CHECKBOOK

1. If there are any service charges shown on your statement subtract them from your checkbook.
2. Compare check and deposit items on your statement to your checkbook. Verify the amounts match, and place a check mark (✓) in your checkbook next to each.
3. If you find any checks or deposits listed on your statement that you have not written in your checkbook enter them now.
4. Any checks or deposits you have not checked off are considered outstanding. Enter any outstanding checks or deposits on the balancing form.
5. Follow the instructions on the balancing form through to the end. The adjusted balance should now agree with the balance in your checkbook, and if it does, your checkbook is balanced.

IN CASE OF ERROR OR QUESTION ABOUT YOUR ELECTRONIC TRANSACTIONS
 CALL US AT: 866-526-2114 OR
 WRITE US AT: P.O. BOX 200, HARBOR SPRINGS, MI 49740

Notify us as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the first statement on which the problem or error appeared.

- (1) Tell us your name and account number (if any).
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NOTIFICATION OF EXCESSIVE OVERDRAFTS

Overdrafts are considered excessive when seven (7) or more overdraft fees have been assessed on an account in a twelve (12) month period. Overdrafts can be expensive if used as a common or frequent method of payment. You should not rely on overdrafts as a means to cover ordinary or routine expenses. We recognize, however, that financial circumstances can change, that mistakes or emergencies can occur, and that overdrafts can be inadvertent or unavoidable. We have overdraft options that may save you money in the event you overdraw your account. If, at any time, you would like to discuss or review your financial obligations or your overdraft options, please contact one of our Customer Service Representatives at 866-526-2114.

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Account 31049143

First Community Bank-- Image Statements

Page 2 of 2

| CHECKING DEPOSIT | | CURRENCY | |
|---|-------------------------|-------------|-------------------|
| NAME <i>Great Lakes Trust</i> | DATE <i>10/27/22</i> | CHECK | |
| ADDRESS | | OTHER FIRST | |
| SIGNATURE | | OTHER LAST | |
| <small>UNLESS OTHERWISE INDICATED, ALL CHECKS ARE PAID TO THE ORDER OF THE DEPOSITOR AND NOT BE NEGOTIATED BY OTHERS.</small> | | DEPOSIT | |
| ACCOUNT NUMBER <i>31049143</i> | | PERCENT | |
| | \$ | | <i>500,000.00</i> |
| DATE 10/27/2022 | | | |

Date 10/27/2022, Amount \$500,000.00

MAIN OFFICE:
200 EAST MAIN STREET, P.O. BOX 200
HARBOR SPRINGS, MI 49740
(231) 526-2114
www.firstcb.com



MEMBER FDIC

11/28/22

0031049143

GREAT LAKES TISSUE COMPANY
KIP BOIE
PO BOX 507
COLERAINE MN 55722

PG 1

21

CYCLE-019

*** CHECKING *** BUSINESS MMKT
ACCOUNT NUMBER 0031049143
PREVIOUS STATEMENT BALANCE AS OF 10/28/22 521,882.13
PLUS 3 DEPOSITS AND OTHER CREDITS 419,960.80
LESS 22 CHECKS AND OTHER DEBITS 867,090.33
LESS CYCLE SERVICE CHARGE 35.00
CURRENT STATEMENT BALANCE AS OF 11/28/22 74,717.60
NUMBER OF DAYS IN THIS STATEMENT PERIOD 31

*** CHECKING ACCOUNT TRANSACTIONS ***

| DATE | DESCRIPTION | DEBITS | CREDITS |
|-------|---|------------|------------|
| 11/02 | OUT WIRE FEE HOM PAPER XI | 35.00 | |
| 11/02 | OUT WIRE HOM PAPER XI | 100,368.34 | |
| 11/03 | OUT WIRE FEE GLT OPERATING ACCOUNT | 35.00 | |
| 11/03 | OUT WIRE GLT OPERATING ACCOUNT | 30,000.00 | |
| 11/04 | OUT WIRE FEE TROUT LAKE | 35.00 | |
| 11/04 | OUT WIRE TROUT LAKE | 100,818.11 | |
| 11/07 | IN WIRE - RETURNED WIRE FOR ROSE STAR GROUP | | 139,955.00 |
| 11/07 | OUT WIRE FEE - ROSE STAR GROUP | 35.00 | |
| 11/07 | OUT WIRE FEE - RICH KRANITZ | 35.00 | |
| 11/07 | OUT WIRE FEE - TROUT LAKE ENTERPRISES | 35.00 | |
| 11/07 | OUT WIRE - RICH KRANITZ | 40,000.00 | |
| 11/07 | OUT WIRE - TROUT LAKE ENTERPRISES | 40,000.00 | |
| 11/07 | OUT WIRE - ROSE STAR GROUP | 140,000.00 | |
| 11/07 | OUT WIRE - ROSE STAR GROUP | 140,000.00 | |
| 11/15 | WIRE FEE | 35.00 | |
| 11/15 | OUT WIRE GRAND TRAVERSE | 30,000.00 | |
| 11/15 | AC-Sertant Cap3154D-GLT | 38,579.97 | |
| 11/16 | IN WIRE GREAT LAKES TISSUE COMPANY LLC | | 280,000.00 |
| 11/17 | OUT WIRE FEE - ROSE STAR GROUP | 35.00 | |
| 11/17 | OUT WIRE - ROSE STAR GROUP | 100,000.00 | |
| 11/21 | OUT WIRE FEE - MAYNARDS AUCTION PAYMENT | 35.00 | |
| 11/21 | OUT WIRE - MAYNARDS AUCTION PAYMENT | 36,973.91 | |
| 11/23 | OUT WIRE FEE GLT OPERATING ACCT | 35.00 | |
| 11/23 | OUT WIRE GLT OPERATING ACCT | 70,000.00 | |
| 11/28 | INTEREST PAYMENT | | 5.80 |
| 11/28 | CYCLE SERVICE CHARGE | 35.00 | |

*** BALANCE BY DATE ***

| | | | | | | | |
|-------|------------|-------|------------|-------|------------|-------|------------|
| 10/28 | 521,882.13 | 11/02 | 421,478.79 | 11/03 | 391,443.79 | 11/04 | 290,590.68 |
| 11/07 | 70,440.68 | 11/15 | 1,825.71 | 11/16 | 281,825.71 | 11/17 | 181,790.71 |
| 11/21 | 144,781.80 | 11/23 | 74,746.80 | 11/28 | 74,717.60 | | |

PAYER FEDERAL ID NUMBER..... 38-0519160
INTEREST PAID YEAR TO DATE..... 14.23

HOW TO BALANCE YOUR CHECKBOOK

| BALANCING FORM | | | | |
|--------------------|-----------|---|----------|--|
| OUTSTANDING CHECKS | | ADJUST YOUR BALANCE HERE | | |
| CHECK NUMBER | AMOUNT(S) | ENTER CURRENT BALANCE FROM THIS STATEMENT | | |
| | | ADD ANY OUTSTANDING DEPOSITS | | |
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| | | SUBTRACT TOTAL OF OUTSTANDING CHECKS | | |
| TOTAL | | YOUR CHECKBOOK SHOULD SHOW THIS BALANCE | | |

TAKE THESE EASY STEPS TO BALANCE YOUR CHECKBOOK

1. If there are any service charges shown on your statement subtract them from your checkbook.
2. Compare check and deposit items on your statement to your checkbook. Verify the amounts match, and place a check mark (✓) in your checkbook next to each.
3. If you find any checks or deposits listed on your statement that you have not written in your checkbook enter them now.
4. Any checks or deposits you have not checked off are considered outstanding. Enter any outstanding checks or deposits on the balancing form.
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- (2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
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PAGE 2

GREAT LAKES TISSUE COMPANY
KIP BOIE
PO BOX 507
COLERAINE MN 55722

11/28/22

0031049143

PG 2

CYCLE-019

WITH SWIPESIMPLE ACCEPT CARD PAYMENTS FROM YOUR
SMARTPHONE OR TABLET ANYWHERE, ANYTIME.

MAIN OFFICE:
200 EAST MAIN STREET, P.O. BOX 200
HARBOR SPRINGS, MI 49740
(231) 526-2114
www.firstcb.com



MEMBER FDIC

12/28/22

0031049143

GREAT LAKES TISSUE COMPANY
KIP BOIE
PO BOX 507
COLERAINE MN 55722

PG 1
4

CYCLE-019

*** CHECKING *** BUSINESS MKKT
ACCOUNT NUMBER 0031049143
PREVIOUS STATEMENT BALANCE AS OF 11/28/22 74,717.60
PLUS 4 DEPOSITS AND OTHER CREDITS 314,128.81
LESS 6 CHECKS AND OTHER DEBITS 178,181.30
LESS CYCLE SERVICE CHARGE 35.00
CURRENT STATEMENT BALANCE AS OF 12/28/22 210,630.11
NUMBER OF DAYS IN THIS STATEMENT PERIOD 30

| *** CHECKING ACCOUNT TRANSACTIONS *** | | | |
|---------------------------------------|--|------------|------------|
| DATE | DESCRIPTION | DEBITS | CREDITS |
| 11/30 | OUT WIRE FEE - GLT OPERATING ACCT | 35.00 | |
| 11/30 | OUT WIRE - GLT OPERATING ACCT | 10,000.00 | |
| 12/02 | AC-Sertant Cap3154D-Great Lake | 68,082.30 | |
| 12/05 | AC-THE GREAT LAKES-GLT Replac | | 10,000.00 |
| 12/05 | OVERDRAFT ITEM FEE | 29.00 | |
| 12/08 | IN WIRE GREAT LAKES TISSUE COMPANY LLC | | 95,000.00 |
| 12/16 | IN WIRE EN-00185859 PO PROCEED S PROPADDR-892 CALLENDAR BLVD | | 209,124.96 |
| 12/19 | OUT WIRE FEE GLT OPERATING ACCOUNT | 35.00 | |
| 12/19 | OUT WIRE GLT OPERATING ACCOUNT | 100,000.00 | |
| 12/28 | INTEREST PAYMENT | | 3.85 |
| 12/28 | CYCLE SERVICE CHARGE | 35.00 | |

| *** BALANCE BY DATE *** | | | | | | | |
|-------------------------|------------|-------|------------|-------|------------|-------|------------|
| 11/28 | 74,717.60 | 11/30 | 64,682.60 | 12/02 | 3,399.70 | 12/05 | 6,571.30 |
| 12/08 | 101,571.30 | 12/16 | 310,696.26 | 12/19 | 210,661.26 | 12/28 | 210,630.11 |

PAYER FEDERAL ID NUMBER..... 38-0519160
INTEREST PAID YEAR TO DATE..... 18.08

WITH SWIPESIMPLE ACCEPT CARD PAYMENTS FROM YOUR
SMARTPHONE OR TABLET ANYWHERE, ANYTIME.

HOW TO BALANCE YOUR CHECKBOOK

| BALANCING FORM | | | | |
|--------------------|-----------|---|----------|--|
| OUTSTANDING CHECKS | | ADJUST YOUR BALANCE HERE | | |
| CHECK NUMBER | AMOUNT(S) | ENTER CURRENT BALANCE FROM THIS STATEMENT | | |
| | | ADD ANY OUTSTANDING DEPOSITS | | |
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| | | | SUBTOTAL | |
| | | SUBTRACT TOTAL OF OUTSTANDING CHECKS | | |
| TOTAL | | YOUR CHECKBOOK SHOULD SHOW THIS BALANCE | | |

TAKE THESE EASY STEPS TO BALANCE
YOUR CHECKBOOK

1. If there are any service charges shown on your statement subtract them from your checkbook.
2. Compare check and deposit items on your statement to your checkbook. Verify the amounts match, and place a check mark (✓) in your checkbook next to each.
3. If you find any checks or deposits listed on your statement that you have not written in your checkbook enter them now.
4. Any checks or deposits you have not checked off are considered outstanding. Enter any outstanding checks or deposits on the balancing form.
5. Follow the instructions on the balancing form through to the end. The adjusted balance should now agree with the balance in your checkbook, and if it does, your checkbook is balanced.

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- (3) Tell us the dollar amount of the suspected error.

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We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

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MAIN OFFICE:
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HARBOR SPRINGS, MI 49740
(231) 526-2114
www.firstcb.com



MEMBER FDIC

01/29/23

0031049143

GREAT LAKES TISSUE COMPANY
KIP BOIE
PO BOX 507
COLERAINE MN 55722

PG 1
9

CLOSED

*** CHECKING *** BUSINESS MMKT
ACCOUNT NUMBER 0031049143
PREVIOUS STATEMENT BALANCE AS OF 12/28/22 210,630.11
PLUS 2 DEPOSITS AND OTHER CREDITS 136,164.60
LESS 14 CHECKS AND OTHER DEBITS 346,794.71
CURRENT STATEMENT BALANCE AS OF 01/29/2300
NUMBER OF DAYS IN THIS STATEMENT PERIOD 32

*** CHECKING ACCOUNT TRANSACTIONS ***

| DATE | DESCRIPTION | DEBITS | CREDITS |
|-------|---|------------|-----------|
| 12/29 | WIRE FEE | 35.00 | |
| 12/29 | OUT WIRE T&T MACHINE/OPERATING CAPITAL | 50,000.00 | |
| 12/30 | OUT WIRE FEE HORN PAPER XI | 35.00 | |
| 12/30 | OUT WIRE HORN PAPER XI | 100,368.34 | |
| 01/04 | AC-Prime Alliance B-Lease Pymt | 68,082.30 | |
| 01/05 | RETURNED ACH ITEM | | 68,082.30 |
| 01/05 | NSF ITEM CHARGE | 29.00 | |
| 01/09 | WIRE FEE | 35.00 | |
| 01/09 | OUT WIRE T&T MACHINE TO BE PUT INTO SAVINGS | 55,000.00 | |
| 01/10 | AC-Prime Alliance B-Lease Pymt | 68,082.30 | |
| 01/11 | RETURNED ACH ITEM | | 68,082.30 |
| 01/11 | NSF ITEM CHARGE | 29.00 | |
| 01/12 | OUT WIRE FEE ROSE STAR GROUP | 35.00 | |
| 01/12 | OUT WIRE ROSE STAR GROUP | 5,000.00 | |
| 01/17 | CLOSING WITHDRAWAL | 43.77 | |
| 01/17 | CLOSING ACCOUNT FEE | 20.00 | |

*** BALANCE BY DATE ***

| DATE | BALANCE | DATE | BALANCE | DATE | BALANCE |
|-------|------------|-------|------------|-------|-----------|
| 12/28 | 210,630.11 | 12/29 | 160,595.11 | 12/30 | 60,191.77 |
| 01/05 | 60,162.77 | 01/09 | 5,127.77 | 01/10 | 62,954.53 |
| 01/12 | 63.77 | 01/17 | .00 | 01/11 | 7,890.53 |
| | | | | 01/11 | 5,098.77 |

PAYER FEDERAL ID NUMBER..... 38-0519160
INTEREST PAID YEAR TO DATE..... .00

WITH SWIPESIMPLE ACCEPT CARD PAYMENTS FROM YOUR
SMARTPHONE OR TABLET ANYWHERE, ANYTIME.

HOW TO BALANCE YOUR CHECKBOOK

| BALANCING FORM | | | | |
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| OUTSTANDING CHECKS | | | ADJUST YOUR BALANCE HERE | |
| CHECK NUMBER | AMOUNT(S) | | ENTER CURRENT BALANCE FROM THIS STATEMENT | |
| | | | ADD ANY OUTSTANDING DEPOSITS | |
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| | | | SUBTRACT TOTAL OF OUTSTANDING CHECKS | |
| TOTAL | | | YOUR CHECKBOOK SHOULD SHOW THIS BALANCE | |

TAKE THESE EASY STEPS TO BALANCE YOUR CHECKBOOK

1. If there are any service charges shown on your statement subtract them from your checkbook.
2. Compare check and deposit items on your statement to your checkbook. Verify the amounts match, and place a check mark (ii) in your checkbook next to each.
3. If you find any checks or deposits listed on your statement that you have not written in your checkbook enter them now.
4. Any checks or deposits you have not checked off are considered outstanding. Enter any outstanding checks or deposits on the balancing form.
5. Follow the instructions on the balancing form through to the end. The adjusted balance should now agree with the balance in your checkbook, and if it does, your checkbook is balanced.

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EXHIBIT J

1 UNITED STATES DISTRICT COURT
2 EASTERN DISTRICT OF MICHIGAN
3 NORTHERN DIVISION
4

5 PRIME ALLIANCE BANK, INC.,
6 A Utah banking corporation; and
7 SERTANT CAPITAL, LLC, a Delaware
8 limited liability company,
9 Plaintiffs,

10
11 -vs-

Case No: 1:23-cv-10564-LJM-PTM

12 Hon. Laurie J. Michelson
13

14 THE GREAT LAKES TISSUE COMPANY,
15 a Michigan corporation,
16 Defendant.

17 _____/

18
19 DEPOSITION (via Zoom) of KIP BOIE
20

21 Taken by the Plaintiff on the 19th day of September,
22 2023 via Zoom commencing at 11:38 a.m.
23

24 JOB No. 6105475

25 PAGES 1 - 210

Page 1

1 APPEARANCES:

2 For the Plaintiff: ROBERT S. MCWHORTER (P49215)
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12 For PAET: TIMOTHY M. HANSEN
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16 414-273-8473

17 For the Witness: JANICE GOLDBERG
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20 New York, New York 10016
21 212-592-1400

22
23 Reported By: Amy Bertin, CER-3871
24 Certified Electronic Reporter
25 586-468-2411

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1 Zoom Deposition

2 Tuesday, September 19, 2023

3 11:38 a.m.

4 KIP BOIE

5 was thereupon called as a witness herein, and after
6 having first been duly sworn to tell the truth, the
7 whole truth and nothing but the truth, was examined
8 and testified as follows:

9 EXAMINATION

10 BY MR. MCWHORTER:

11 Q Good morning, Mr. Boie. Could you please state your
12 full name for the record?

13 A Yeah. Kip Allen Boie.

14 Q My name is Robert McWhorter. I represent the
15 plaintiffs in this matter, Sertant Capital and
16 Prime Alliance Bank.

17 MR. MCWHORTER: Before we start the deposition
18 I want to place a stipulation or understanding on
19 the record. Given that this is a remote deposition
20 with the deponent and counsel in different states,
21 for purposes of stating where the location of the
22 deposition is, we are going to state that the
23 location of the deposition is in Michigan.

24 Is that agreed, Mr. Hansen and Ms. Goldberg?

25 MR. HANSEN: It is.

Page 5

1 MS. GOLDBERG: Yes, confirmed.

2 MR. MCWHORTER: Okay.

3 BY MR. MCWHORTER:

4 Q So, Mr. Boie, have you ever had your deposition
5 taken before?

6 A Once a long time ago, yes.

7 Q So I'm going to go over a few ground rules very
8 quickly. Even though this deposition's taken
9 remotely and in a somewhat informal setting, you're
10 under oath, you're sworn to tell the truth. And
11 that oath has the same effect as if you were in
12 court. You understand that?

13 A Yes.

14 Q And you have to give audible answers. And you have
15 to let me, the examiner, complete my sentences
16 because the court reporter can't take down people
17 talking, two people talking at once. So I would ask
18 you to give verbal responses. You can't do shakes
19 of the head. You have to give verbal responses so
20 that the court reporter can take down everyone's
21 testimony. You understand that?

22 A Yes.

23 Q If I ask a question you don't understand it, please
24 let me know and I'll try to rephrase it. And if you
25 need to take a break, let me know. At the end of

Page 6

1 this deposition, you're going to have an
2 opportunity to review the deposition and make
3 changes to it. However, if you do, counsel for
4 either party can comment on those changes at trial
5 to question your veracity. Do you understand that?

6 A Yes.

7 Q If you provide an answer, I'm going to assume that
8 you understood the question. Is there any
9 medication or any reason you can't testify
10 truthfully today?

11 A No.

12 Q Where you are currently employed?

13 A I am not currently employed.

14 Q And how long have you been unemployed?

15 A Since February of this last year.

16 Q And you became unemployed after the merger between,
17 involving Patriot Advanced Environmental
18 Technologies, I think it is, and Great Lakes Tissue
19 Group, LLC. Is that fair?

20 A That's fair. I'll clarify my answer a little bit. I
21 did do some, a couple of months of interim CEO work
22 for another business that my group has acquired
23 since. And I have not been engaged in that business
24 since July.

25 Q And what is that business?

1 A It's a small CNC machine shop just north of
2 Cincinnati, Ohio.

3 Q Is that T&T?

4 A Sorry. Just north of Cleveland, Ohio. Yes, T&T
5 Machine.

6 Q And what was your role at T&T Machine?

7 A Interim CEO.

8 Q And how long were you interim CEO?

9 A We acquired the business in December of 2022 until
10 the 1st of July 2023.

11 Q And why did you step down as CEO of that company?

12 A Other consultants and/or interim CEOs stepped in to
13 replace me so I could focus on some other things in
14 my life, personal things as well as this lawsuit
15 and other lawsuits of GLTG and the PAET Group.

16 Q When you say your group acquired T&T machine, what
17 group is that?

18 A If you'll excuse me. I do have somewhat of a
19 chronic lung problem going on right now that I'm
20 under, trying to resolve so I might cough
21 occasionally.

22 Q No problem.

23 A No Covid. So please, could you repeat the question?
24 I'm sorry.

25 Q You stated that a group acquired T&T Machine. What

1 group is that?

2 A Well, coincidentally, it is Great Lakes Tissue
3 Group, LLC. The same individuals, for the most
4 part, we're involved in this group acquisition.

5 Q Who are the members of Great Lakes Tissue Group,
6 LLC?

7 A That would be Rose Capin and myself and Richard
8 Kranitz and Song Lo is our attorney on line, too.

9 Q Is Ms. Lo a member of Great Lakes Tissue Group,
10 LLC?

11 A No, she's our counsel.

12 Q Has Ms. Lo, has she always been solely the counsel
13 for Great Lakes Tissue Group, LLC or has she also
14 been the attorney for Great Lakes Tissue Company,
15 if you know?

16 A I am not sure I know the distinction between the
17 two. I would say, no, she's always been Great Lakes
18 Tissue Group. We engaged in counsel with Great
19 Lakes Tissue Company later on.

20 Q Who is Rose Capin?

21 A Rose Capin is the principal of Rose Star Group that
22 is, yeah, of Rose Star Group.

23 Q And what is Rose Star Group, LLC?

24 A I'm not sure I can answer that for them. I don't
25 think I can answer that.

1 Q It's a Florida Limited Liability company; is that
2 right?

3 A I believe it's Florida.

4 Q And Ms. Capin is a resident of Miami, is that
5 correct?

6 A I believe so.

7 Q Is she the sole member of Rose Star Group, LLC?

8 A I do not know that.

9 Q Are you aware of any other members of Rose Star
10 Group, LLC other than Rose Capin?

11 A Yes.

12 Q What other members are there?

13 A I'm only aware of one other member, James Hoffman.

14 Q To the best of your knowledge, James Hoffman and
15 Rose Capin are the members of Rose Star Group, LLC?

16 A There may be more. I do not know.

17 Q What business is Rose Star Group, LLC?

18 A I can't answer that for them.

19 Q You don't know?

20 A I don't know specifically what their business
21 strategies are or what other businesses they may or
22 may not be involved in. No, I do not know.

23 Q Well, with respect to Great Lakes Tissue Group,
24 LLC, what is their business operations?

25 A They were a majority shareholder of Great Lakes

1 Tissue Group, LLC. And that's all that I am, I know
2 about that, I guess.

3 Q So when you said the members are Rose Capin, do you
4 mean Rose Capin individually or Rose Star Group,
5 LLC is the member?

6 A Rose -

-

7 MS. GOLDBERG: Sorry. Just with respect to
8 Great Lakes Tissue Group, LLC?

9 MR. MCWHORTER: Yes.

10 THE WITNESS: It is Rose Star Group.

11 BY MR. MCWHORTER:

12 Q And when you said that it was you individually, is
13 it you individually or is it an entity called,
14 Trout Lake Enterprises, LLC?

15 A It is Trout Lake Enterprises, LLC.

16 Q And Richard Kranitz?

17 A Kranitz.

18 Q Do you want to spell that for the court reporter?

19 A K-R-A-N-I-T-Z, I believe.

20 Q And is it, is he a member individually?

21 MS. GOLDBERG: Of Great Lakes Tissue Group,
22 LLC?

23 BY MR. MCWHORTER:

24 Q Of Great Lakes Tissue Group, LLC?

25 A I think he's a member through his LLC and I cannot

1 bring that name to the top of my mind right now.

2 Q Is it Creek Ventures, LLC?

3 A It could be.

4 Q So let's go back to, let's talk about, let's go
5 back to some basic background. Can you describe
6 your educational background briefly?

7 A Yes. After graduation from high school, I joined
8 the Navy for four years. I came out and pursued an
9 engineering degree at Wichita State University,
10 graduating in 1989, I believe it was, or '88,
11 excuse me. And I received an MBA from the
12 University of Minnesota Carlson School in 2003.

13 Q If you could go to Exhibit 30.

14 A My LinkedIn profile.

15 (Document marked for identification as
16 Plaintiff's Deposition Exhibit Number 30.)

17 BY MR. MCWHORTER:

18 Q Yes. Do you recognize this Exhibit 30?

19 A Yes.

20 Q What is this?

21 A It looks like a printout of my profile on LinkedIn.

22 Q Yes. You prepared this?

23 A Yes, I did.

24 Q Is the information contained in Exhibit 30 true and
25 accurate, to the best of your knowledge?

1 MS. GOLDBERG: I'm going to -
2 - Kip, just take a
3 minute and flip through all the pages before you
4 answer that.

5 THE WITNESS: I would say that's accurate.

6 BY MR. MCWHORTER:

7 Q Where it says on page two, it says, Trout Lake
8 Enterprises, June 20, 2021 to present. Are you
9 still - let me back up a second. What is Trout Lake
10 Enterprises, LLC?

11 A I set up Trout Lake Enterprises to serve as a
12 little bit of a vehicle through which I could run
13 income from multiple sources and be able to justify
14 expenses for my home office, et cetera, et cetera.

15 Q So in other words, it was a vehicle, it was an
16 investment vehicle to purchase other entities. Is
17 that fair?

18 A Well, no. Really, it's a business to work with
19 investors and other business owners really to
20 acquire businesses which is what I did with Great
21 Lakes Tissue Group, LLC.

22 Q So if you could turn to Exhibit 4.

23 (Document marked for identification as
24 Plaintiff's Deposition Exhibit Number 4.)

25 BY MR. MCWHORTER:

Q So I don't know if you recognize this. Do you

1 recognize what this is?

2 A I've never seen it.

3 Q It's a printout from the Minnesota Secretary of
4 State's office. And so it has the registered office
5 address at 116 Eagle Point Road, Suite 507,
6 Coleraine, Minnesota 55722. Is that your home?

7 A That was my former home before moving here to
8 Wisconsin, yes.

9 Q Where do you currently reside?

10 A In Colfax, Wisconsin.

11 Q And how long have you lived in Colfax, Wisconsin?

12 A Since November of 2022.

13 Q And so you no longer live or own a home in
14 Coleraine, Minnesota?

15 A Correct.

16 Q According to the Secretary of State's website,
17 Trout Lake Enterprise's, LLC was formed July 23rd,
18 2021. Does that sound about right?

19 A Sounds about right, yes.

20 Q And was Trout Lake Enterprises, LLC formed because
21 of your purchase or your intended purchase of or
22 investment in Great Lakes Tissue Company?

23 A Not specifically. Not specifically for that
24 purpose. I was working with a number of people
25 looking at other businesses as well.

1 Q Who are the members of Trout Lake Enterprise, LLC?

2 A My wife and myself.

3 Q And your wife is Lisa C. Boie, correct?

4 A Correct.

5 Q And what percentage ownership do you and your wife
6 have in Trout Lake Enterprises, LLC?

7 A One hundred percent.

8 Q I meant allocation. Is it fifty/fifty?

9 A Yes, I would say. I don't specifically know that we
10 delineated any portions to one another.

11 Q Now, it states that it administratively terminated
12 February 8th, 2023. Do you see that?

13 A I see that. I don't understand it but I see it.

14 Q To the best of your knowledge, is Trout Lake
15 Enterprises, LLC terminated?

16 A I don't know that. This is the first time I've seen
17 this February 8th entry. I don't know that it is or
18 not.

19 Q Until you saw that, you assumed that it was still
20 validly operating, the Trout Lake Enterprises, LLC.
21 Is that fair?

22 A That's fair.

23 Q What goods or services, if any, did Trout Lake
24 Enterprise, LLC provide to Great Lakes Tissue
25 Company?

1 A Consulting services. And as noted, I was the CEO of
2 Great Lakes Tissue Company.

3 Q Does your wife Lisa Boie, does she perform services
4 for Trout Lake Enterprises, LLC?

5 A No.

6 Q What does she do?

7 A She's my partner, let's just say.

8 Q Does she have a job?

9 A Consultant. She consults with me. We review actions
10 and so forth together. She does not, she does not
11 have a job as of just before we moved to Wisconsin.

12 Q So she has not worked since November of 2022?

13 A Yes.

14 Q What is her normal job? Prior to that, what was her
15 job before then?

16 A She worked for Mayo Clinic as a nurse for thirty-
17 two years and retired from that. And she was, prior
18 to leaving Minnesota, she was working part-time at
19 our church office.

20 Q So when you say consulting services, that's you
21 providing consulting services to Great Lakes Tissue
22 Group or Great Lakes Tissue Company, correct?

23 A Yes. Great Lakes Tissue Group, LLC, also. And any
24 other businesses that might need my services, I
25 would provide them also through that business.

1 Q So where is Trout Lake Enterprises, LLC's principal
2 place of business?

3 A My home office

4 Q In Colfax, Wisconsin?

5 A Correct.

6 Q Any other services that Trout Lake Enterprises, LLC
7 provided to Great Lakes Tissue Company?

8 A No.

9 Q What goods or services did Rose Star Group, LLC
10 provide to Great Lakes Tissue Company?

11 A Consulting services and also somewhat of a bank
12 when we needed the cash flow. Rose Star Group
13 contributed to the cash flow needs of the company
14 and was repaid through the company as well off and
15 on throughout our ownership.

16 Q And who provided the consulting services on behalf
17 of Rose Star Group, LLC?

18 A James Hoffman.

19 Q What about Rose Capin?

20 A She consulted with Jim on activities that we were
21 doing, I think. And directly working with some of
22 the staff on some of the issues that we were
23 working at the time.

24 Q And what was that?

25 A She made several visits to the plant, worked with

1 our HR department on some policy questions and
2 issues. Helped consult with Jim and I on the
3 operations of the business and the leadership and
4 the various operational activities that we wanted
5 to undertake.

6 Q What is Ms. Capin's background and occupation, if
7 you know?

8 A I don't know enough. She comes from banking is all
9 I know.

10 Q If you could turn to Exhibit 31.

11 (Document marked for identification as
12 Plaintiff's Deposition Exhibit Number 31.)

13 BY MR. MCWHORTER:

14 Q I don't know whether you recognize this. Do you
15 recognize Exhibit 31?

16 A No. I've never seen it. But I've seen the similar
17 printout from the last one you showed me.

18 Q Correct. This is from the Nevada Secretary of
19 State. So Great Lakes Tissue Group, LLC is a Nevada
20 Limited Liability Company, correct?

21 A So it shows here, yes.

22 Q Where does Mr. Hoffman reside?

23 A In Florida.

24 Q Where does Mr. Kranitz reside?

25 A In Wisconsin.

1 Q So if Ms. Capin and Mr. Hoffman live in Florida,
2 you resided in Minnesota and now you live in
3 Wisconsin. Mr. Kranitz lived in Wisconsin. Why was
4 Great Lakes Tissue Group, LLC formed in Nevada?

5 MS. GOLDBERG: I'm just going to direct you,
6 Kip, not to include privileged communications in
7 your answer.

8 THE WITNESS: I'm not sure of the reasonings. I
9 think there was a - I'm not sure why.

10 BY MR. MCWHORTER:

11 Q Have you ever resided in Nevada?

12 A No.

13 Q So if you could turn to page two. It identifies
14 three managers, Rose Star, LLC, Trout Lake
15 Enterprises, LLC and Creek Ventures, LLC. Do you
16 see that?

17 A Yes.

18 Q Is that true? Is that accurate, all three are
19 managers of the LLC?

20 A Yes.

21 Q What is the percentage ownership of each - let me
22 strike that.

23 You testified previously that these are the
24 three members of Great Lakes Tissue Group, LLC,
25 correct?

1 A Yes.

2 Q So what is the breakdown in terms of percentage
3 ownership of Great Lakes Tissue Group between these
4 entities, meaning Rose Star, LLC, Trout Lake
5 Enterprises, LLC and Creek Ventures, LLC?

6 A Creek Ventures - and this is from the best of my
7 knowledge right now as I recall without looking at
8 our incorporation papers or anything. Creek
9 Ventures owns ten percent, Trout Lake Enterprises
10 owns fifteen percent and the balance is Rose Star.

11 Q So Rose Star would own seventy-five percent?

12 A That's correct.

13 Q Do you know who the manager of Rose Star, LLC is?
14 Is it Jim Hoffman or is it Rose Capin or you don't
15 know?

16 A I don't know.

17 Q The PO Box, if you go to the third page, states
18 that the address for the entity is PO Box 27740,
19 Las Vegas, Nevada 89126. Why have an address for
20 the entity at a PO Box in Las Vegas if you don't
21 reside there?

22 A I can't answer that. That was some legal decisions
23 that our attorneys made.

24 Q Do you collect mail at that address?

25 A I don't know.

1 Q I had to ask.

2 A I imagine there's a manager service there that
3 would forward anything that we would get there. We
4 wouldn't physically go and pick up mail.

5 Q So let's talk about Great Lakes Tissue Group's
6 acquisition of the Great Lakes Tissue Company. So
7 if you could help walk me through that. So my
8 understanding is that in March 2022, Great Lakes
9 Tissue Group, LLC purchased the shares in Great
10 Lakes Tissue Company. Is that right?

11 A That's correct, I believe, yes.

12 Q And Great Lakes Tissue Group purchased one hundred
13 percent of the shares in Great Lakes Tissue
14 Company, correct?

15 A Yes.

16 Q And the purchase was from Clarence -
- and I'm going
17 to spell it for the court reporter -
- it's R-O-Z-N-
18 O-W-S-K-I, Roznowski.

19 A Roznowski, yes.

20 Q That is who you purchased, that was the seller of
21 the shares to - let me rephrase that. That's from
22 whom Great Lakes Tissue Group purchased the shares
23 in the Great Lakes Tissue Company, correct?

24 A I believe so.

25 Q He owned a hundred percent of the stock at that

1 time?

2 A That's correct, yes.

3 Q What was the purchase price for his shares?

4 A There were a lot of details in that. I believe it's
5 found in some of your exhibits. I can't speak to it
6 off the top of my head. I don't remember.

7 Q Can you give me an estimate of what, approximately
8 what the purchase price was?

9 A Somewhere around four, four and a half, five
10 million dollars, plus a carryback note.

11 Q And how much was the carryback note?

12 A Three and a half million, I believe.

13 Q And how did you arrive at that purchase price?

14 A Very long, extended negotiations I can just, is all
15 I can say

16 Q Was there an appraisal done?

17 A Not specifically, no.

18 Q What was the financial condition of Great Lakes
19 Tissue Company at the time of the closing?

20 A Fairly shaky, breaking even, condition of the plant
21 was in poor shape. It was in very much need of new
22 leadership, new management and investment capital.

23 Q Why do you say that it needed investment capital?

24 A The condition of the equipment that produces their
25 products was in very poor shape, needed to be

1 upgraded. And upgrading of that kind of equipment
2 is significant investments in the multi million
3 dollar ranges.

4 Q Was it in poor shape because it was old, because it
5 hadn't been repaired? Give me some detail about
6 that.

7 A Hadn't been properly maintained. I would say the
8 previous owner sort of milked the business for at
9 least the last ten years. Didn't really maintain
10 the equipment as a similar operating paper mill
11 would maintain their equipment. Very much, band
12 aids and so forth to keep the equipment running.

13 Q You said it was shaky. Why was it shaky
14 financially?

15 A Just in terms of its ability to produce product
16 profitably.

17 Q When you purchased, when Great Lakes Tissue Group
18 acquired the Great Lakes Tissue Company in March of
19 2022, was the company profitable?

20 A Marginally. It depended on the month.

21 Q Well, it's strange. One of the things that struck
22 me about this case, it seems as though the demand
23 for toilet paper would be a fairly constant demand
24 in terms of business. So were there issues in terms
25 of demand, customer supply? Throughout this case,

1 I've struggled with trying to get an idea of why
2 this business has struggled financially. So in
3 terms of demand, customer demand, were there issues
4 with customer demand?

5 A The customer demand was specific to a couple of key
6 customers. Great Lakes Tissue is unique in the
7 tissue business in that they served the after or
8 away from home market. So the quality of those
9 tissues is not up to the sort of the Charmin
10 quality that you would buy in a grocery store for
11 your own personal use. This company also used a
12 hundred percent recycled materials to create their
13 paper. So consequently, the quality of our paper
14 was lower. And - I think I've lost track of what
15 the rest of your question was.

16 Q Well, we were talking about demand. I appreciate
17 this. You're explaining kind of what the business
18 is, which I appreciate that. It was one of my
19 questions. What is Great Lakes Tissue Company's
20 business? If you could kind of tell me that is.

21 A And we saw an opportunity. You could say we were
22 not very smart in acquiring this business on shaky
23 ground and so forth, as I stated. But we acquired
24 the business because they used a hundred percent
25 recycled materials. No other paper company that we

1 are aware of does that. And they also had a hydro
2 power generation plant on site.

3 So the idea was we were a green energy kind of
4 company, also using green methods to produce a
5 product in a state where Cheboygan County was in an
6 opportunity zone. We were the largest employer in
7 the county. We believed we could garner lots of
8 state and local support for the business. Whatever
9 investments we could make, we believed that we
10 would have lots of support from those entities. And
11 that's why we acquired the business.

12 Q Talk to me about the hydro generation. It has a,
13 there's a hydro electrical plant that Great Lakes
14 Tissue Company operated?

15 A That's correct, yes.

16 Q And it then sold the electricity to the local
17 electric company?

18 A That which the company did not use was sold, was
19 returned to the grid, yes.

20 Q And where is the hydroelectric plant located?

21 A It's within the facility of Great Lakes Tissue
22 Company right on the river, the Cheboygan River.

23 Q The address is escaping me. It's like 500 Main
24 Street.

25 A 437, I think it is, North Main.

1 Q So my understanding is that there's the one
2 physical plant and then there's a plant across the
3 street as well?

4 A Across the street is a warehouse.

5 Q It's a warehouse. And so the hydro electrical plant
6 is right, located next to the main building?

7 A It's actually part of the main building, yes.

8 Q Was the hydroelectric portion of the business
9 profitable?

10 A As it relates to reducing the cost to Great Lakes
11 Tissue Company, yes.

12 Q And is that now being used, to your knowledge, by
13 Cheboygan Energy and Biofuels?

14 A I do not know.

15 Q When Great Lakes Tissue Group, LLC acquired the
16 Great Lakes Tissue Company, was Great Lakes Tissue
17 Company able to pay its debts in the ordinary
18 course of business?

19 A Depending on the month. Some months we were able to
20 pay all of our debts and keep up with vendors and
21 some months we were not due to, really to
22 production. If we could produce, if the equipment
23 worked well in any given month and we produced then
24 we could have enough to pay our vendors, yes.

25 Q So you're talking after March of 2022, correct?

1 A That's correct.

2 Q What about as of when you took over. Prior to that
3 when Mr. Roznowski owned Great Lakes Tissue
4 Company, was it paying its debts in the ordinary
5 course of business, to your knowledge?

6 A They had an extremely high accounts receivable with
7 most of those accounts receivable being aged at a
8 hundred and twenty days or longer. So we inherited
9 a very high debt load with really no cash reserves.
10 And from an accounting perspective, we didn't
11 understand their accounting and so we kind of
12 immediately changed the accounting of the company
13 to align with what our beliefs are for profit and
14 loss.

15 Q If you could turn to Exhibit 1.

16 (Document marked for identification as
17 Plaintiff's Deposition Exhibit Number 1.)

18 BY MR. MCWHORTER:

19 Q And Exhibit 1, just for the record, is a copy of
20 actually two subpoenas in this case. One is a
21 subpoena to you individually and one is a subpoena
22 to the custodian of the records for Great Lakes
23 Tissue Group, LLC. Do you see that?

24 A Yes.

25 Q Do you recall receiving these subpoenas?

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1 A Yes.

2 Q And did you gather documents in response to these
3 two subpoenas?

4 A I'm going to say, yes.

5 Q Well, they were documents that were produced to me.
6 Were you involved in producing them?

7 A Yes.

8 Q And if you go to the second page - I'm sorry. If
9 you go to Exhibit 2. I'm sorry. If you could go to
10 Exhibit 2.

11 A Yes.

12 (Document marked for identification as
13 Plaintiff's Deposition Exhibit Number 2.)

14 BY MR. MCWHORTER:

15 Q It's a letter dated May 24th, 2023 from Song Lo
16 Law, LLC to me. Do you see that?

17 A Yes, I do.

18 Q Do you recognize this letter?

19 A Yes.

20 Q Did you review this letter before it was sent to my
21 attention?

22 A Yes, on a high level. I mean, I didn't trace every
23 detail.

24 Q So if you look at it, there are responses to the
25 document requests. To the best of your knowledge,

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1 are those true and accurate in terms of the
2 documents that Great Lakes Tissue Group has in
3 possession?

4 A Yes.

5 Q And there's also some factual allegations that are
6 in this letter. You can familiarize yourself
7 briefly with these on page two.

8 A Yes.

9 Q Did you assist Ms. Song Lo in preparing this
10 letter?

11 MS. GOLDBERG: Kip, just answer yes or no. I
12 don't want your answer to include what you may have
13 discussed with Ms. Lo.

14 THE WITNESS: Yes, I have. I did participate,
15 yes.

16 BY MR. MCWHORTER:

17 Q So let's walk through in terms of the sale, if we
18 could. If you could turn to page two. And let's go
19 to paragraph B.

20 It says, the agreement with Mr. Roznowski
21 required that he stay guarantor on outstanding
22 loans. It was expressly conditioned that there be
23 two million available cash at closing for working
24 capital. One week before the closing he repudiated
25 these terms and demanded clearing a two point five

1 million loan from Huntington Bank secured by
2 security interest in receivables and equipment.

3 Could you just explain or give a little more
4 color to paragraph B?

5 A Well, color is a broad -

6 Q Let me rephrase it. Could you explain kind of from
7 your perspective the transactions described in
8 paragraph B on page two of Exhibit 2?

9 A Well, as it's stated, Mr. Roznowski did not want to
10 be on the, continue to be guarantor on those notes.
11 And he made it a condition of closing that we clear
12 those notes.

13 Q And when you say clear, do you mean pay?

14 A Pay those notes off, yes.

15 Q So you testified that he was going to pay four and
16 a half - that you paid four and a half million down
17 and you had a note for three and a half million as
18 part of your purchase price. That was your
19 recollection. Did the two and a half million come
20 off of this purchase price number or how did that
21 work?

22 A No. There was a stipulation in the agreement that
23 the two million dollars would remain in the capital
24 accounts for our working capital. He required us to
25 repay the two and a half million dollars. So two

1 million of that came from our working capital and a
2 half a million dollars came from -

- roughly. I'm
3 talking rough numbers. Came from a loan that we
4 were able to secure from our landlord who is Thomas
5 Homco.

6 Q Just so I understand, did you have to pay in a - so
7 you paid four and a half million to Mr. Roznowski
8 and then you had a note for three and a half
9 million. Did you have to then pay - you had to pay
10 another two and a half million on top of that, is
11 that correct?

12 A Well, it's a capital, working capital. We were
13 going to use that working capital to fund the
14 business and it was no longer there because we had
15 to pay off those notes.

16 Q So that was money that was supposed to be in the
17 bank and instead you had to spend that money to pay
18 off the loans?

19 A That's correct, yes.

20 Q So there was no reduction in the purchase price?

21 A Correct.

22 Q To obtain the five hundred thousand dollar loan
23 from the landlord, was that loan in writing?

24 A I don't recall specifically but I assume so.

25 Q Was it part of the lease that was entered into

1 between Great Lakes Tissue Company and Hom
2 Properties, LLC?

3 A I think it was probably an addendum to that lease,
4 maybe. I don't know that specifically though, as I
5 sit here today.

6 Q So if you could go to paragraph D. It says under
7 the sale and lease back agreement with Mr. Homco,
8 GLT was to repair the north building roof within
9 two years from closing proceeds. One point five
10 million of the sales prices would be held by Homco
11 to repair the south end of the roof. In addition,
12 Homco retained a six-month rent reserve from
13 closing proceeds. Do you see that?

14 A Yes.

15 Q Describe the sale and lease back agreement with Mr.
16 Homco. How did that work?

17 A He agreed to buy the building and lease it back to
18 us for the prices that are noted in the sale lease
19 back. I think we included that with our response to
20 the subpoena. And beyond that, we became the lessee
21 to Hom Properties.

22 Q Now, that lease was entered into before the
23 closing, is that right?

24 A It was simultaneously at closing, yeah.
25 Simultaneously transactions. So we took the

1 proceeds from the sale of the building to buy the
2 business.

3 Q So the money from the sale of the building was used
4 to pay Mr. Roznowski his four and a half million on
5 the purchase?

6 A That's correct.

7 Q And how much was the building sold for, do you
8 recall?

9 A I don't recall. But as stipulated there, it had six
10 months' rent reserve and it had that million and a
11 half dollars hold back for the repair of the roof.

12 Q If you could turn to Exhibit 32.

13 (Document marked for identification as
14 Plaintiff's Deposition Exhibit Number 32.)

15 BY MR. MCWHORTER:

16 Q Do you recognize this Exhibit 32?

17 A Yes. Without paging through the whole thirty-eight
18 pages, yes.

19 Q What is this?

20 A This is the sale. This is the triple net lease on
21 the building to Great Lakes Tissue Company.

22 Q So this was the lease part of the sale and lease
23 back, is that right?

24 A Yes.

25 Q It says it's dated original January 2022. If you

1 could go to page 26.

2 A 26?

3 Q Yeah. You'll see, is that your signature on page
4 26?

5 A Yes.

6 Q That's your signature as president of the Great
7 Lakes Tissue Company, correct?

8 A Correct.

9 Q And Mr. Homco's electronic signature is dated
10 February 6th, 2022. You said this was signed at the
11 closing. My understanding is that the closing
12 occurred in March of 2022 or was it February 2022?
13 Do you recall?

14 A It was March 31st.

15 Q March 31st.

16 A So I don't know why this February 6th date is
17 there.

18 Q So there is a separate sales agreement as well in
19 addition to this lease, is that correct?

20 A Yes.

21 Q I don't recall seeing that in the documents. I'll
22 just note that for the record. I don't recall
23 seeing that.

24 Do you recall how much the sale price was of
25 the property to Mr. Homco?

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1 A I do not, no.

2 Q But it was enough to cover the four and a half
3 million purchase price to Mr. Roznowski?

4 A It was enough to cover that, yes.

5 Q What's your best estimate of the purchase price?

6 A Nine million. I think seven point nine sticks in my
7 head for some reason.

8 Q Prior to that, who owned the real property? Was
9 that Great Lakes Tissue Company?

10 A I think Roznowski owned it through a separate LLC
11 and leased it to Great Lakes Tissue Company, I
12 believe.

13 Q Did you bring in Mr. Homco to purchase the
14 property? Are you the one who found Mr. Homco to
15 buy the buy and lease back the property?

16 A Our group did, yes.

17 Q Who located Mr. Homco?

18 A I don't recall specifically who did. I don't
19 recall.

20 Q Prior to this transaction, did you know Mr. Homco?

21 A I did not, no.

22 Q Best of your knowledge, did you ever provide a copy
23 of Exhibit 32 to my clients, either Sertant
24 Capital, LLC or Prime Alliance?

25 A Did we provide a copy of the triple net lease to

1 Prime Alliance? Is that what you're asking?

2 Q To the plaintiffs in this case, yes.

3 A I don't recall other than in response to the
4 subpoena which.

5 Q No, I understand that. I'm talking about prior to
6 the closing. Before - so at some point Sertant
7 Capital entered into a master lease agreement, do
8 you recall that?

9 A For the equipment.

10 Q Correct. Prior to that transaction, to the best of
11 your knowledge, you never provided a copy of the
12 triple net lease to Sertant Capital or Prime
13 Alliance, is that correct? To the best of your
14 knowledge?

15 A To the best of my knowledge, yes.

16 Q Let's do this. Sorry for jumping around. Let's go
17 to Exhibit 5 for a second.

18 (Document marked for identification as
19 Plaintiff's Deposition Exhibit Number 5.)

20 BY MR. MCWHORTER:

21 Q Do you recognize -
- take a second and familiarize
22 yourself with Exhibit 5, if you could.
23 For the record, this is a master lease
24 agreement. It's Bates stamp GLTC 0001531 and it
25 goes all the way to GLTC 001554.

1 So Mr. Boie, do you recognize Exhibit 5?

2 A Yes, I do.

3 Q Can you go to your signature on, it's Bates stamp
4 number GLTC 0001538? It says Lessee the Great Lakes
5 Tissue Company.

6 A Yeah.

7 Q It says Kip Boie, president and CEO, 9/26/2022. Do
8 you see that?

9 A Yes.

10 Q Is that your signature?

11 A Yes.

12 Q And if you could just go through, let's go to the
13 next page. There's a GLTC 001539.

14 A Yeah.

15 Q There it says again, Kip Boie, president and CEO.
16 And there's a signature says, Kip Boie. Is that
17 your signature?

18 A That's correct, yes.

19 Q As of September 27th, 2022, you were the president
20 and CEO, correct?

21 A Yes.

22 Q Were there any other officers of Great Lakes Tissue
23 Company?

24 A Other than our board members, no.

25 Q So you had directors. Were you a director?

1 A I was.

2 Q Was Mr. Hoffman a director?

3 A I think Rose was a director.

4 Q So if Mr. Hoffman says board member, would he be a

5 board of director?

6 A And that's a delineation I'm not sure I can speak

7 to. I think whether, I believe Jim was the board

8 member representative of Rose Star.

9 Q How many directors were there of Great Lakes Tissue

10 Company?

11 A You mean board members?

12 Q Yes. Board of director members?

13 A Three.

14 Q So who would be the third? Is that Richard Kranitz?

15 A That's Richard Kranitz, yes.

16 Q Was Mr. Hoffman also, corporate CEO Jim Hoffman,

17 secretary. Was he also secretary for Great Lakes

18 Tissue Company?

19 A Yes.

20 Q And so let's go to the next page, which says lease

21 schedule number one.

22 A Yes.

23 Q Is that your signature? For the record, it's GLTC

24 001540.

25 A Yes.

1 Q And again, if you go to GLTC 001542, is that your
2 signature?

3 A Yes.

4 Q And the next page, 1543, is that your signature?

5 A Yes.

6 Q And 1544, is that your signature?

7 A Yes.

8 Q And 1545?

9 A Yes.

10 Q And 1547?

11 A Yes.

12 Q And then 1549?

13 A Yes.

14 Q And 1552, which is a bill of sale?

15 A Yes.

16 Q And last but not least, 1555. It's a lessee
17 estoppel certificate. Is that your signature?

18 A Yes.

19 Q When you signed the various documents that we just
20 went through in Exhibit 5, did you have authority
21 to sign on behalf of Great Lakes Tissue Company as
22 president and CEO?

23 A Yes.

24 Q Why did you have authority?

25 A As designated by our board of directors at -
- yeah.

1 Q Did the three board of directors approve and
2 authorize you to enter into the document set forth
3 in Exhibit 5?

4 A Yes.

5 Q Was there anyone else that you had to obtain
6 authority from before you signed these documents?

7 A No.

8 Q Why did you enter into the master lease agreement?
9 Effectively - let me rephrase this. Effectively,
10 this was the sale and lease back as well of the
11 equipment, is that right?

12 A Yes.

13 Q So there was a bill of sale, there was the sale of
14 equipment and then there was a lease back from
15 Sertant Capital. Is that fair?

16 A Yes.

17 Q Why did you make the decision to enter into this
18 transaction?

19 A We needed working capital to carry on the
20 operations of the business while we were searching
21 for other investors.

22 Q Why did Great Lakes Tissue Group need working
23 capital?

24 A Well, in part because of the - well, let's say
25 principally because of the condition of the

1 business when we acquired it. And those
2 stipulations of Roznowski to liquidate those loans,
3 which were loans on that equipment. So that
4 equipment became an available asset for us to use
5 to finance the business.

6 Q So the two point five million dollars that you had
7 to pay was a loan that encumbered that equipment,
8 is that right?

9 A I believe so, yes.

10 Q And so at that point, the equipment was
11 unencumbered?

12 A Yes.

13 Q And you said it was the condition of the business
14 required working capital. Can you explain that?

15 A Well, the working capital was needed to improve the
16 production efficiency of the equipment,
17 principally. And was also needed to help cash flow
18 of the business. Help our, and keep our vendors
19 continuing to supply the raw materials that we
20 needed to produce product. And to work down our
21 accounts receivable with each individual account so
22 that they would continue to provide raw materials
23 for us so that we could continue to produce.

24 Q Prior to entering into the transaction described in
25 Exhibit 5, did Great Lakes Tissue Group have

1 problems or issues paying vendors?

2 A Well, Great Lakes Tissue Company - just correct you
3 on that.

4 Q Yes.

5 A Great Lakes Tissue Company was hand to mouth. As we
6 produced, we used those funds to pay our vendors
7 and in part to pay down the past. And so we worked
8 with each individual vendor on trying to,
9 convincing them that our production demands were
10 going to be higher as we invested in the business
11 so that they should continue to partner with us.
12 And by and large, most of them did. They just
13 appreciated the conversations and so forth that we
14 had with them, which they did not have that good of
15 a relationship with the prior ownership.

16 Q Explain that.

17 A The prior ownership stretched all of his vendors
18 out as much as he could and didn't speak with them
19 as business to business, we're partners, we're in
20 this together. It was more of a dictatorial, well,
21 if you don't give me some, if you don't give me raw
22 materials, I'll go over somewhere else. And that's
23 typically what he did and left that accounts
24 receivable wide open for a future challenge, if you
25 will.

1 Q Can we take a five-minute break?

2 A I'm good for a break, yes.

3 (Brief pause.)

4 (Document marked for identification as
5 Plaintiff's Deposition Exhibit Number 6.)

6 BY MR. MCWHORTER:

7 Q Mr. Boie, could you turn to Exhibit 6? This
8 probably is already covered in Exhibit 5. But just
9 to be on the safe side, can you tell me whether you
10 recognize this document and whether your signatures
11 are reflected on Exhibit 6?

12 A Lease schedule. Yes, I recognize that and my
13 signatures are there.

14 Q And you signed that as president and CEO, yes?

15 A Yes.

16 Q And you had authority to sign on behalf of Great
17 Lakes Tissue Company, correct?

18 A Correct.

19 Q So I'm going to show you - it's not an exhibit and
20 I don't think we think we need to mark it. I'm
21 going to show you, this is the answer that has been
22 filed in this case by Great Lakes Tissue Company,
23 just to show you. So you'll see it's the answer.
24 And in the answer to number eight which is lifting
25 the equipment. Well, actually, if we go here.

1 Well, actually paragraph seven. It says, on or
2 about October 13th, 2022, Sertant as lessor and
3 GLT, which is Great Lakes Tissue, as lessee entered
4 into a master lease agreement under which GLT
5 leased certain personal property from Sertant
6 described on separate lease schedules, executed
7 under a master lease. And it says, deny.

8 And then if you look at, as part of the master
9 lease, GLT executed lease schedule number one to
10 the master lease under which GLT agreed to lease
11 from Sertant certain equipment, other personal
12 property and then it lists it. And then the answer
13 is - and it defines lease as the master lease
14 agreement in schedule one, which are Exhibits 5 and
15 6.

16 It says, deny that defendant executed the
17 lease. Do you see that?

18 A Yes.

19 Q What's your reaction to that? To Great Lakes Tissue
20 Company's denial that it executed Exhibit 5 and 6?

21 A Just to clarify, this is Great Lakes Tissue
22 Company's response to your -

23 Q Complaint.

24 A Complaint. So this is not my response to your
25 complaint. This is Great Lakes Tissue.

1 Q Yeah, let me rephrase it. That's not a true
2 statement. Where it says, answer, deny that
3 defendant executed a lease, that's not a true
4 statement, correct?

5 A I would say that's correct.

6 Q Because Great Lakes Tissue Company did execute the
7 lease as reflected in Exhibits 5 and 6, is that
8 right?

9 A I'll take your word for the Exhibits but we did
10 execute a lease, yes.

11 Q And again, it's also denied in number nine and
12 number ten.

13 Great Lakes Tissue Company has also taken the
14 position in depositions that you lacked authority,
15 that you didn't have authority to sign the
16 documents in Exhibit 5 and 6. What's your response
17 to that?

18 A Board of directors gave me authority to do those
19 things and were well aware of every document that I
20 signed prior to signing and after signing.

21 Q And when you entered into the agreements in Exhibit
22 5 and 6, did you believe that you were doing what
23 you thought was in the best interest of the Great
24 Lakes Tissue Company?

25 A I did.

1 Q Did you execute these documents exercising your
2 best business judgment?

3 A Yes.

4 Q If you could turn to go back to Exhibit 5. It's a
5 bill of sale, page GLTC 0001552.

6 A It's long document.

7 Q I know.

8 A Bill of sale.

9 Q If you look at the second paragraph that starts,
10 seller hereby represents and warrants to buyer.

11 Well, I'll just read it. Seller hereby
12 represents and warrants to Buyer, its successors
13 and assigns that Seller is the absolute owner of
14 said Equipment free and clear of all adverse
15 claims, liens, security interest, charges,
16 encumbrances, and that Seller, its successors and
17 assigns, warrant, covenant, and agree to and with
18 Buyer, its successors and assigns, that Seller, by the
19 execution hereof, has transferred and conveys to
20 Buyer good and marketable title to each of the
21 items of Equipment listed in the aforesaid Exhibit
22 A and that Seller has the corporate and all
23 necessary authority to transfer and convey each of
24 the aforesaid items of Equipment to Buyer, and that
25 Seller covenants and agrees to warrant and defend

1 to same against any and all lawful claims and
2 demands whatsoever.

3 Do you see that?

4 A Yep.

5 MS. GOLDBERG: I just want to note for the
6 record, Rob, that it's merchantable title, not
7 marketable title.

8 MR. MCWHORTER: Did I say -

- oh, it is
9 merchantable. Thank you very much. I appreciate
10 that.

11 BY MR. MCWHORTER:

12 Q Was that a true and accurate statement?

13 A To the best of my knowledge.

14 Q At the time you signed it in September of 2022; is
15 that right?

16 A That's right.

17 Q What is your understanding of what that paragraph
18 means?

19 A That means that you now own the equipment listed in
20 Exhibit A and it's in good marketable condition,
21 merchantable title, yeah.

22 Q That you were representing and warranting that
23 there were no other security interests or liens on
24 the equipment, is that right?

25 A That's right.

1 Q And also that you had authority to sell and
2 transfer the equipment, is that right?

3 A That's right, yes.

4 Q And that statement was accurate, correct?

5 A Yes.

6 Q And the equipment that's being sold is the
7 equipment that's identified in Exhibit A, which are
8 the next two pages which is GLTC 0001553 and GLTC
9 001554, is that right?

10 A That's right.

11 Q If you could now turn paragraph 16 of the master
12 lease, which is Exhibit 5, paragraph 16. It's GLTC
13 0001535 under the paragraph that says, default.

14 A Okay.

15 Q I just want to understand, since you're the party
16 that executed this on behalf of Great Lakes Tissue
17 Company, your understanding of what constitutes
18 events of default.

19 So if you go to 16 (a). It says, an event of
20 default shall occur if lessee fails to pay when due
21 any installment of rent or any other sum owed by
22 lessee under a lease or such failure continues for
23 a period of ten days. Do you see that?

24 A Yes.

25 Q So effectively an event of default occurs if you

1 don't pay a sum owed under the lease and that
2 failure to pay continues for ten days. Isn't that
3 fair?

4 A I would say so.

5 Q If you could now go to 16 (i). It's the bottom of
6 the page. It's right above the Bates stamp number.
7 It says, any change by lessee of its legal name,
8 state of organization or organizational structure
9 without the prior written consent of Sertant.

10 So that means an event of default occurs if
11 there is an organizational structure that changes
12 without Sertant's consent, is that correct?

13 A Yes.

14 Q Was there a change in the organizational structure
15 for a Great Lakes Tissue Company? Actually, let me
16 rephrase that.

17 At some point in 2023, in roughly January
18 2023, and we'll go through those documents in a
19 second. Great Lakes Tissue Group sold its interest
20 to or merged with Patriot Advanced Environmental
21 Technologies, LLC, is that right?

22 A That's correct.

23 Q Does that constitute an organizational structural
24 change?

25 MS. GOLDBERG: Object to the form of the

1 question.

2 BY MR. MCWHORTER:

3 Q You can answer the question, Mr. Boie.

4 A Well, the form of the question, I'm not sure the
5 language in - could you restate the question?

6 Q Well, so in 2023, did the organizational structure
7 of Great Lakes Tissue Company change in 2023?

8 A I would say, not necessarily. We merged with
9 another business and new leaders took over. Is that
10 an organizational structure change?

11 Q Okay. Let's go to (j) then. Lessee, or the next
12 sentence says, an event of default, lessee or any
13 guarantor of lessee obligations under a lease, or
14 any subsidiary or controlling entity of either
15 undergoes a sale, buyout, change in control, change
16 in ownership of any type as judged solely by
17 Sertant results in a material deterioration in
18 lessee's or the guarantor's credit worthiness, or
19 if the guarantor is an individual the death of a
20 guarantor.

21 So under paragraph (j), 16 (j), if there is a
22 sale of the controlling entity, a buyout, a change
23 in control, change in ownership that results in a
24 material deterioration, that's an event of default,
25 correct?

1 MS. GOLDBERG: Objection. You can answer.

2 THE WITNESS: I would say, yes.

3 BY MR. MCWHORTER:

4 Q And so here that occurred, correct? Because there
5 was the controlling entity that changed, which was
6 Great Lakes Tissue Group, and there was a sale,
7 buyout or change in control or a change in
8 ownership, is that fair?

9 MS. GOLDBERG: Objection. You can answer.

10 THE WITNESS: It did not result in a material
11 deterioration of the lessees. We could not
12 anticipate the material deterioration of our
13 ability to - of the company, Great Lakes Tissue
14 Company's ability to abide by the terms of our
15 contracts.

16 We were told at the acquisition that the PAET
17 Group was bringing in over twenty million dollars
18 of resources and they would be able to manage and
19 grow the business according to their plan. And
20 which is why we agreed to merge because of those
21 sincere, we felt, we thought and somewhat verified
22 abilities to bring in the capital that they
23 promised. So we didn't believe that, I don't, I
24 wouldn't believe in looking at that paragraph that
25 we materially changed the ability of the company to

1 maintain the contracts.

2 BY MR. MCWHORTER:

3 Q Understood. But eventually, to the best of your
4 knowledge, Great Lakes Tissue Company's finances
5 did materially deteriorate after you entered into
6 your transaction with, I'm going to call it PAET
7 because it's easier, with PAET, is that right?

8 MS. GOLDBERG: Objection.

9 THE WITNESS: That's fair.

10 BY MR. MCWHORTER:

11 Q You can answer.

12 A Yes.

13 Q That's correct, correct? I don't think the court
14 reporter heard you.

15 A Yes. That's correct.

16 Q Are you aware of also Great Lakes Tissue Company
17 not making payments to Sertant?

18 A I'm not aware, no. I'm aware only to the extent of
19 communications from you to me, from Sertant to me
20 requesting and inquiring as to why the payments
21 weren't being made.

22 Q Well, let's turn to Exhibit 6 for a second. Let's
23 go to Exhibit 6. The rent that was supposed to be
24 paid was sixty-eight thousand eighty-two dollars
25 and thirty cents per month. Is that right?

1 1 A That sounds right, yep.
2 2 Q What was your last day at - when did your position
3 3 as CEO end with Great Lakes Tissue Company?
4 4 A On the date of closing. I believe that was January
5 5 19th, I believe.
6 6 Q 2023, correct?
7 7 A Yes.
8 8 Q Let's do it this way. We'll come back to the
9 9 payment issue. We'll come back to the payment
10 10 issue. If you could turn to tab seven.
11 11 A Tab seven of -
 -
12
12 12 MS. GOLDBERG: Is that Exhibit 7?
13
13 13 MR. MCWHORTER: Exhibit 7. Yes. Exhibit 7.
14
14 14 (Document marked for identification as
15
15 15 Plaintiff's Deposition Exhibit Number 7.)
16
16 16 BY MR. MCWHORTER:
17
17 17 Q So I'll represent to you that on April 21st, 2023
18
18 18 there was an inspection done by Quick Pro, which
19
19 19 was an entity that was hired by my clients. They
20
20 20 did an inspection. And effectively the items that
21
21 21 are listed here, one through twenty-one, were items
22
22 22 that were not found at Great Lakes Tissue Company
23
23 23 as of that date. And I understand that your last
24
24 24 date was January 19th, 2023.
25
25 25 To the best of your knowledge, when you

1 entered into that contract with - when you entered
2 into the master lease agreement with Sertant, were
3 each of the equipment identified in one through
4 twenty-one, were they in possession of Great Lakes
5 Tissue Company at that time?

6 A Well, when we entered into the agreement Sertant,
7 prior to entering into the agreement, visited the
8 plant and looked at several of the larger ticket
9 items that were listed. We didn't go down and track
10 down every forklift and scissor skid-steer. But we
11 looked at the three or four or five large line
12 items on that list to verify that they were there.
13 And I hope - not speaking for Sertant, but they
14 believed that there was enough equipment identified
15 to justify the sale lease back and that they were
16 covered. Their, the equipment value was there to
17 justify the sale lease back.

18 Q When did Sertant visit Great Lakes Tissue Company
19 to inspect the equipment?

20 A I'm going to say a couple weeks prior to the
21 execution of the documents.

22 Q So if the documents were executed in, they're dated
23 September 27th, 2022. It's your best estimate it
24 would've been sometime in early September 2022?

25 A August or September, yes, I would guess.

1 Q Do you recall who from Sertant inspected the
2 equipment?

3 A I don't remember his name but I know that he was
4 the son of the principal owner of Sertant Capital.

5 Q You don't happen to remember his name, do you?

6 A I do not, no.

7 Q Was it just one individual or was it -

8 A One individual.

9 Q You recall anything else about that - strike that.

10 So Sertant inspected the equipment in August
11 or September 2022. But as you indicated, they did
12 go through each line item, they just went to the
13 big-ticket items. Is that your understanding?

14 A That's correct, yes.

15 Q Did you walk through with them on the inspection?

16 A I did.

17 Q Was anyone else there present during that
18 inspection?

19 A Jim Hoffman was there. I believe, actually, Rose
20 Capin and Jim were both there. And we met with them
21 after the inspection. I walked through the
22 inspection with them. We walked through our
23 strategic planning or our strategic plans for the
24 business to kind of show why we have the need for
25 the capital and to make sure, or to have them have

1 the understanding that we were on a growth path or
2 we had the ability to grow the business.

3 Q Do you recall anything else that was said?

4 A No, not really.

5 Q How long was your meeting with Sertant Capital?

6 A I'm going to guess he was there for a total of
7 three hours.

8 Q And why did you explain the strategic plans for the
9 business? Why was that necessary?

10 A I'm not sure it was necessary but we wanted to
11 establish and we did establish a good working
12 relationship with them, showing them that we are a
13 good, strong, viable company. That was my goal, is
14 to have a relationship as opposed to a creditor in
15 our camp, so to speak.

16 Q Do you recall anything else from that meeting?

17 A No.

18 Q Going back to Exhibit 7, do you have any personal
19 knowledge as to why the equipment was not present
20 as of April 21st, 2023, the equipment identified in
21 Exhibit 7?

22 A Yeah. Well, I can guess. But I can, you know, I'll
23 guess. We had a general - when we acquired the
24 business, probably three-quarters of this listed
25 equipment was either inoperable or out in the scrap

1 yard somewhere, not working very well. You see a
2 number of scissor lifts. We had to rent scissor
3 lifts when we arrived. We didn't have scissor lifts
4 at our disposal because those didn't work. And
5 throughout the course of our ownership, we worked
6 with the leadership team there to scrap and replace
7 what we needed to operate the business.

8 You need three forklifts that worked very
9 well, that worked consistently. One of the
10 forklifts have to have a specific clamping
11 mechanism on them. So we either entered into new
12 leases with those forklift companies or bought new
13 forklifts. And rather than have these other ones
14 lying around, we scrapped them and took the scrap
15 value and reinvested it into the business.

16 Q So which ones specifically are you referring to?
17 Are you referring to eight and nine?

18 A I can't speak to which specific line items. I can
19 just say, generally speaking, most of this
20 equipment wasn't operable when we arrived and we
21 scrapped most of it, if not all of it as is
22 indicated. I'm not sure where the scrap column,
23 where it indicates scrapped, where that delineation
24 came from. But I would say it's probably true.

25 Q Prior to scrapping the equipment on Exhibit 7, did

1 Great Lakes Tissue Company obtain Sertant Capital
2 or Prime Alliance's consent to scrap?

3 A We did not. It was my belief, our belief that there
4 was, there remained sufficient capital or
5 sufficient equipment to - struggling for words here
6 - to justify or to back the lease agreement that we
7 had and the equipment value that was noted in that
8 lease agreement.

9 Q Well, but at the time that equipment had been sold,
10 right, to Sertant?

11 A Yeah.

12 Q And title to the equipment belonged to Sertant
13 Capital and Prime Alliance, right? Technically,
14 yes?

15 A Technically.

16 Q Yes?

17 A Yes.

18 Q Thanks. But there were, the equipment was scraped
19 and there was no notice, prior notice given to
20 Sertant or Prime Alliance before that, is that
21 correct?

22 A That's correct.

23 Q If you could turn to Exhibit 8.

24 (Document marked for identification as
25 Plaintiff's Deposition Exhibit 8.)

1 BY MR. MCWHORTER:

2 Q Do you recognize the documents in Exhibit 8?

3 A I've seen copies of them, yes. Not all of them,
4 actually. I don't recall seeing two these, this
5 many of them, no.

6 Q Does this help you in terms of providing,
7 understanding what happened to the equipment in
8 Exhibit 7 or does it not?

9 A Well, let's see. There's a reference to a New
10 Holland skid steer. I don't know if that's on here.
11 No, it's not. It doesn't really help me. That's,
12 it's two skid steer forklifts. I don't know which
13 two they're talking about from the list. I can't
14 connect A to B.

15 Q It's too vague as to what it is?

16 A Correct.

17 Q Got it. Understand. If you were going to scrap
18 equipment, who at the Great Lakes Tissue Company
19 would be in charge of scrapping the equipment?

20 A We had a general discussion with, again, with the
21 leadership of the company that, you know, you guys
22 - my instruction, my leadership style is to, you
23 tell me what you need and then we'll consider how
24 we're going to execute. They needed a forklift. And
25 okay, so let's go figure out where we're going to

1 get a forklift and we'll lease the forklift. But
2 what are we going to do with all this other stuff?
3 Well, let's try to use, scrap as much junk that we
4 have around as you can.

5 And one of those is a number of electric
6 motors that we're just sitting on pallets for years
7 and years and years. They turned out to be scrap.
8 So you have the authority to do that. They had the
9 authority to do that up to a, obviously to a limit.
10 They couldn't necessarily scrap something else that
11 we needed but we didn't have a replacement for.
12 There's also two compressors, by the way. I'll make
13 note on Exhibit 7.

14 Q One and two, yes.

15 A One and two. I can't specifically speak to those
16 two things. We bought two air compressors at
17 auction to replace those two. And that's because
18 they were, they didn't operate consistently enough
19 to where we could guarantee that our equipment
20 could continue to run. We couldn't run our
21 equipment without compressed air.

22 And so if the air compressor's down, we're
23 down, we're not making paper. And if we're not
24 making paper, we're not making revenue. So we
25 bought those two air compressors and put them in

1 for reliability reasons and scrapped the two that
2 were there.

3 Q They were bought on eBay, is that right?

4 A Yeah. Probably could be.

5 Q I think that was the testimony that someone else,
6 that they bought the compressors on eBay.

7 A Yep.

8 Q Who at the plant would you, if you were going to
9 try to find out when these items were scrapped, who
10 at the plant would you talk to? Was there a
11 particular person in charge of scrapping?

12 A A couple people. We had a maintenance supervisor
13 and we also had a kind of a plant engineer, Julie
14 Lafond who's a plant engineer and David Scott.
15 Those were the two leaders that sort of took charge
16 of answering the detail questions and so forth.
17 This would be among them, yes.

18 Q Any other thing that you recall about the missing
19 equipment on Exhibit 7?

20 A No.

21 Q Was Kling's Auto Recycling, was that a common
22 company that was used by the Great Lakes Tissue
23 Company to scrap machinery?

24 A Yes.

25 Q Let's go to Exhibit 9.

1 (Document marked for identification as
2 Plaintiff's Deposition Exhibit Number 9.)

3 BY MR. MCWHORTER:

4 Q And some of this stuff we've already gone through.
5 Actually, you know what, let's do it this way.
6 Let's go to Exhibit 10. Make it faster.

7 (Document marked for identification as
8 Plaintiff's Deposition Exhibit Number 10.)

9 BY MR. MCWHORTER:

10 Q Do you recognize Exhibit 10?

11 A Yep. Bank statements, yes.

12 Q These are bank statements for First Community Bank,
13 basically from September 28th, 2022 until January
14 29th, 2023. Do you see that?

15 A Yes.

16 Q Do you recognize these bank statements?

17 A I do.

18 Q This was an account opened by Great Lakes Tissue
19 Company at First Community Bank, is that correct?

20 A Opened by Great Lakes Tissue Group, LLC.

21 Q The bank statement says, Great Lakes Tissue
22 Company.

23 A Yeah. Yes, I know. It was Great Lakes Tissue Group
24 that physically opened the account and used that
25 account to hold these funds for when we needed

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1 them.

2 Q Although the bank account was in the name Great
3 Lakes Tissue Company, your testimony is that it was
4 actually in the name of Great Lakes Tissue Group,
5 LLC?

6 A That's my recollection. And that was, I would say,
7 our intent.

8 Q So it's your testimony that the bank account at
9 First Community Bank is a Great Lakes Tissue Group,
10 LLC bank account, not a Great Lakes Tissue Company
11 bank account?

12 A That's correct. And practically speaking, I
13 consider those almost synonymous at that timeframe,
14 during that time.

15 Q Why is that?

16 A Well, because, we - I think, as I recall, we opened
17 the account and they needed some additional
18 information about Great Lakes Tissue Company that
19 we didn't have. And so we said, well, let's just
20 open it as Great Lakes Tissue Group and somehow it
21 stayed Great Lakes Tissue Company on the
22 letterhead.

23 Q So my question was going to be, why did Great Lakes
24 Tissue Company open an account and put the address
25 at PO Box 507, Coleraine, Minnesota 55722?

1 A Because that was where I wanted to receive bank
2 statements.

3 Q Why not receive bank statements at 437 South Main
4 Street, Cheboygan, Michigan 49721? Why not receive
5 them there?

6 A Well, we deposited those monies in this account so
7 as to it be a separate savings account, if you
8 will, for the business. We did not want necessarily
9 the leadership, the finance group or leadership in
10 the company to understand that we have this huge
11 buffer so we can spend money however we want to. We
12 wanted to just continue the close hold on every
13 dollar that gets spent. And then knowing that we
14 got one point nine million dollars over here
15 doesn't, isn't helpful to that situation.

16 So that's essentially, it was a human nature
17 thing. It's a separate account. We need money,
18 we'll take money out of there and put it into the
19 operating account, which we did very, very often.
20 Within the first month, we transferred over eight
21 hundred thousand dollars into Great Lakes Tissue
22 Company accounts within the first month.

23 Q So when you said saving for the business, what
24 business are you talking about?

25 A Great Lakes Tissue Company.

1 Q And when you said that you want to keep it from the
2 leadership financial group, what group are you
3 referring to?

4 A Just our accountants and the leadership. We didn't
5 want, as I said, them to know that we had this huge
6 safety net. I didn't want anybody to take their
7 foot off the gas in terms of saving money, looking
8 for money anywhere you can. You see a pallet full
9 of motors that we're never going to use, send them
10 to Kling's and get the scrap value. Those kinds of
11 things. I didn't want people to take their foot off
12 the gas because they saw this nice big safety net.

13 Q Who consists of the leadership financial group at
14 Great Lakes Tissue Group that you wanted to keep?

15 A Well, I wouldn't say it's a financial, just a
16 leadership group. And there were the two people I
17 mentioned earlier, plus Misty Enos, I think is her
18 name, E-N-O-S. And the other leadership group was
19 Mandy Daniels, I think it is. She was the HR
20 person.

21 Q So Misty - I'm sorry, what was her last name?

22 A Enos.

23 Q Mandy Daniels. And who else is in this leadership
24 group?

25 A David Scott and Julie Lafond. There were a couple

1 of others in our leadership team. That's a team
2 that we had daily and weekly meetings with. How did
3 we do today? What did we do? What equipment failed?
4 What do we do about it? Where does the money come
5 from? All those kinds of day-to-day business
6 operations. We had a core group of people that I'm
7 talking about here.

8 Q So if you look at the first page of Exhibit 10, it
9 has a zero balance. So this, it appears that this
10 account was opened September 14th, 2022. Is that
11 about accurate?

12 A Yes.

13 Q And there was roughly six thousand seven hundred
14 and one dollars and two cents that was opening this
15 account, do you see that?

16 A Yes.

17 Q Where did these funds come from?

18 A I don't remember.

19 Q Well, actually, if you go to the second, third
20 page, you'll see it says Great Lakes Tissue
21 Company. You'll see a five thousand dollar check.
22 Do you - or a deposit. I'm sorry. It's a deposit
23 slip.

24 A Oh.

25 Q Do you see that?

1 A Yes.

2 Q So is that funds from Great Lakes Tissue Company?

3 A Probably. Yes. It looks like it, yes.

4 Q And I can't read the other seventeen-o-one, I can't
5 read that. If you go to the third page, or actually
6 it says page four of fourteen.

7 A Yeah.

8 Q And you'll see -

- actually, before I ask this
9 question, who were the signatories on this account?
10 Was it just you?

11 A It was me and Rose Capin.

12 Q Was your leadership group that you identified, the
13 Misty, Mandy, David, et cetera, were they aware of
14 the sale and lease back involving Sertant Capital
15 and Prime Alliance?

16 A No.

17 Q And why is that?

18 A Again, this was a board level decision that we made
19 on the finance group to do these things. You know
20 too much information is sometimes too much
21 information for others in the organization. And so
22 we kept it private between the board.

23 Q In opening this account under - opening the First
24 Community Bank account, did the board of directors
25 for Great Lakes Tissue Company approve that?

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1 A Yes. It's essentially the same people.

2 Q I understand. And so Great Lakes Tissue Company
3 authorized you to open the account at First
4 Community Bank, is that fair?

5 A That's fair.

6 Q If we could go to page four of the First Community
7 Bank Alliance Bank statement. It says, October 17th
8 in wire Prime Alliance Bank, one million nine
9 hundred and ten thousand four hundred and seventeen
10 dollars and seventy cents. Do you see that?

11 A Yes.

12 Q And if you could keep that page and go back to
13 page, to Exhibit 9.

14 A Okay.

15 (Document marked for identification as
16 Plaintiff's Deposition Exhibit Number 9.)

17 BY MR. MCWHORTER:

18 Q Do you recognize the first page of Exhibit 9?

19 A Yeah. I think that's just the wire instructions
20 that came to us.

21 Q So the wire was being sent to Great Lakes Tissue
22 Company, is that correct? Did you see that at the
23 bottom left?

24 A Yes.

25 Q So when Prime Alliance Bank wired the one point

1 1 nine million dollars on October 17, 2022, it was
2 2 wiring the funds to Great Lakes Tissue Company, is
3 3 that correct?
4 4 A Yes.
5 5 Q Going back to Exhibit 10. So the funds were
6 6 deposited in - so the one million nine hundred and
7 7 ten thousand four hundred and seventeen dollars and
8 8 seventy cents was deposited in First Community
9 9 Bank, correct?
10 10 A Yes.
11 11 Q And then there were transfers, you'll see, from
12 12 th
13 13 October 18th to October 26 . There were transfers
14 14 to Great Lakes Tissue Company's operating account,
15 15 except for one, obviously King Commercial. Let me
16 16 back up a second.
17 17 What is King Commercial Capital, Inc.?
18 18 A They were one of the, another financing tool we
19 19 used was to sell our receivables. And they were a
20 20 company that we had an agreement to - they bought
21 21 our receivables in advance and we paid them fifteen
22 22 thousand dollars on the 19th, according to our
23 23 contract with them.
24 24 Q So Great Lakes Tissue Company entered into a
25 25 contract with King Commercial Capital to basically
factor its accounts receivables, is that -

1 A I'm not sure about the term factoring. But we,
2 that's, that was what we used, yes.

3 Q So you sold, Great Lakes Tissue Company sold its
4 accounts receivables to King Commercial Capital?

5 A I would say, you know, I don't know how this - what
6 all of the correct terms are. So I would say that
7 is a true statement. King Capital looked at our
8 incoming receivables compared to our debt
9 requirements and justified giving us advances on
10 those receivables. And fifteen thousand dollars was
11 the payment for that payment.

12 Q Explain the transaction, roughly. What was the
13 amount of the advance from King Commercial Capital?
14 Explain the transaction.

15 A I don't have that in front of me right now. I
16 can't.

17 Q Do you know how, what the amount of the advance
18 that King Commercial Capital gave to Great Lakes
19 Tissue Company?

20 A No. I don't have that with me right now.

21 Q Do you have an estimate of how much the advance
22 was?

23 A No.

24 Q Effectively, King Commercial Capital loaned money
25 to Great Lakes Tissue Company in exchange for

1 receiving its receivables?

2 A In exchange for a payment schedule, I would say,
3 that was tied to our receivables.

4 Q So Great Lakes Tissue Company was obligated to pay
5 fifteen thousand dollars a month?

6 A I don't recall if it was fifteen thousand dollars a
7 month or if it was so much per week or what the
8 circumstances were. I just know that we paid them
9 fifteen thousand on that day from that account.

10 Q Why did Great Lakes Tissue Company enter into this
11 transaction with King Commercial Capital?

12 A We needed the capital to operate the business. The
13 condition of the company, as discussed earlier, was
14 in horrible shape. And if we don't make money every
15 - if we can't make money in a given month, where
16 does that money come from? So that was our
17 financing, some part of our financing strategy to
18 keep the company afloat while we were looking for
19 more investors.

20 Q So at this time, in October of 2022, was Great
21 Lakes Tissue Company not paying its debts in the
22 ordinary course of business?

23 A Some months, that was correct, and some months we
24 were able to make a profit, yes.

25 Q Well, there's a difference. Making a profit. But

1 was, at this time in October of 2022, was Great
2 Lakes Tissue Company paying its debts in the
3 ordinary course when they're due? In other words,
4 is it -

5 A Absolutely. Every single month we made our
6 payments. And or we discussed with vendors our
7 situation and deferred a payment or something like
8 that. It was hand to mouth. We made money, we'd
9 figure out how to spend it and we'd spend it. And
10 if we can't make a bill to a vendor, we get them on
11 the phone and we discuss with them. It was a very,
12 it was a daily process managing our cash flow.

13 Q Ron Van Den Heuvel recently said in an interview
14 that you did - that your management group during
15 this time did not pay any bills during the month of
16 September, October, November, December 2022. Is
17 that accurate?

18 A That is not accurate. That's a - I would say it
19 was, that's almost a blasphemous statement against
20 us.

21 Q So in September, October, November, December of
22 2022, Great Lakes Tissue Company was paying its
23 debts in the ordinary course of business?

24 A Yes.

25 Q So other than the fifteen thousand - going back to

1 Exhibit 10, page four, the other remaining funds
2 were all transferred to Great Lakes Tissue
3 Company's operating accounts, is that right? As
4 reflected on page four of Exhibit 10.

5 A Well, and you'll see on page seven there was a
6 transfer to Sertant Capital, also. There's a wire
7 out to Grand Traverse. And on page seven, also,
8 Grand Traverse was a vendor of ours. There were a
9 couple of transfers out to Rose Star Group, which
10 was repayment of funds that she had put in earlier
11 in the month. There was a lot, there was all of
12 these transfers were ordinary course of business
13 for our business. There was, there's nothing here
14 that is embezzlement as the accusations and
15 blasphemous accusations have been leveled on us.

16 Q If you could go back to, I want to stay on page
17 four. It says a deposit of five hundred thousand
18 dollars. And if you look at page six, it has a
19 deposit slip. It's from Great Lakes Tissue Company.
20 Why deposit five hundred thousand dollars after you
21 just transferred out, you've transferred about
22 seven hundred thousand dollars out to Great Lakes
23 Tissue. Why deposit another five hundred thousand
24 dollars back?

25 A I don't remember the specific reason for that. It

1 could very well be that that month was a very good
2 month for us. And rather than leave those funds in
3 our account, we decided to move them over to our
4 savings account. I don't remember.

5 Q So instead of leaving it in the operating account,
6 you wanted to leave it in the savings account so it
7 wasn't spent?

8 A That's what my recollection is.

9 Q Let's go to page seven of Exhibit 10. And you're
10 going to see on here, you'll see there's two
11 payments to, it says out wire Trout Lake on
12 November 4th for a hundred thousand eight eighteen
13 eleven. And then there's another forty thousand
14 dollars November 7th to Trout Lake. Do you see
15 that?

16 A M'hm.

17 Q Is that yes?

18 A Yes.

19 Q And why was there a transfer of a hundred forty
20 thousand eight hundred and eighteen dollars and
21 eleven cents in November of 2022 to Trout Lake
22 Enterprises, LLC?

23 A Well, the forty thousand dollars was for director's
24 fees going back to the beginning of the
25 acquisition. And then the hundred thousand dollars

1 are monies that I invested of my own. I invested as
2 part of the acquisition process. I made several
3 trips to Great Lakes Tissue on my own dime. And I
4 had expenses associated with that, affiliated with
5 that that we carried on the books for the time that
6 we owned it. Prior to the merger we wanted to clear
7 those accounts receivable to me and others. And
8 that's why those payments were made, what those
9 payments were for, also.

10 Q So these payments were made in anticipation of the
11 merger with PAET?

12 A They were made prior to the merger with PAET so
13 that we could know that our group was paid for the
14 investments that we'd made.

15 Q Now, at the time these payments were made, the
16 Great Lakes Tissue Company had issues with its
17 roof, correct?

18 A Yes.

19 Q And we're going to go through those in a second on
20 the roof. Do you recall approximately what the cost
21 was to repair the roof? And I'm talking about as of
22 November of 2022.

23 A No.

24 Q Ballpark? Was it more than a million dollars?

25 A Ballpark, the part of the roof that we were working

1 on was more than a million dollars, yes.

2 Q And isn't it fair to say that in November of 2022,
3 the Great Lakes Tissue Company lacked the funds to
4 repair the roof?

5 A We were still working on finding investors to help
6 us do that, yes.

7 Q Why is that? Why were you looking for investors?

8 A Because the company on its own couldn't afford to
9 do that.

10 Q So why not leave the hundred and forty thousand
11 eight hundred and eighteen dollars and eleven cents
12 in the company so that it could build the roof and
13 pay other expenses? Why take the money out of the
14 company in November of 2022?

15 A Because of the assurances from PAET that they had
16 plenty of funding to carry on with and do all of
17 the activities that we had in motion, plus other
18 investments that they were planning to make. We
19 were assured that those monies were going to be
20 there to cover those costs. And so we felt
21 confident that if we took our investments out of
22 the company, the company would still be able to
23 function because of the assurances given by PAET.
24 And Thomas Homco, I would say.

25 Q How much did you invest? You indicated that the one

1 hundred thousand eight eighteen eleven was to
2 reimburse you for money that you put in on the
3 original acquisition. How much money did you
4 personally put in in the acquisition?

5 A I didn't put any money into the acquisition other
6 than my time and materials that were reimbursed. My
7 time and expenses. The risk, I used, I put out that
8 risk to acquire the company in the hopes and
9 expectation that they would be repaid.

10 Q So you didn't personally put up a dime to purchase
11 the company?

12 A Yes. Correct.

13 Q How much money did Rose Star Group, LLC put in to
14 purchase?

15 A I don't know.

16 Q Any money, to your knowledge?

17 A I don't know.

18 Q Was this transaction, was the purchase from
19 Clarence Roznowski, was it purchased - was it
20 financed entirely from the sale and lease back of
21 the property?

22 A The majority of it, yes.

23 Q Is it fair to say a hundred percent of it?

24 A Yes.

25 Q So you didn't put any money into it. What about

1 just to complete the list. Did Richard Kranitz, did
2 he put any money in?

3 A Yes. I don't - I'm not sure how that's relevant to
4 this but he didn't put any money in, also.

5 Q He did not?

6 A He did not.

7 Q So help me out then. I don't - the hundred thousand
8 eight eighteen eleven that was paid, you said it
9 was to reimburse you for the money advanced on the
10 purchase. Explain that to me. What was the hundred
11 thousand eight eighteen eleven for?

12 MS. GOLDBERG: Objection. You can answer.

13 THE WITNESS: Again, it was for expenses
14 incurred prior to the acquisition and reimbursement
15 of those expenses.

16 BY MR. MCWHORTER:

17 Q What type of expenses?

18 A Travel expenses, office expenses, time spent, those
19 kinds of things. Over, we talked to, we were in
20 negotiations with Clarence for well over seven
21 months, probably, before we closed the deal.

22 Q Well, how did you arrive at a hundred thousand
23 eight eighteen eleven?

24 A I have an invoice and I have receipts.

25 Q So you submitted an invoice to Trout Lake

1 Enterprises, LLC?

2 A Trout Lake Enterprises submitted an invoice to
3 Great Lakes Tissue Group.

4 Q For that amount?

5 A Yes.

6 Q And was it an itemized invoice?

7 A On a high level itemized. I mean, it didn't track
8 each gas or whatever purchase.

9 MR. HANSEN: Rob, I'm sorry to interrupt. Can I
10 just ask a quick clarifying question?

11 MR. MCWHORTER: Sure.

12 MR. HANSEN: The Trout Lake invoice went to
13 Great Lakes Tissue Group or Great Lakes Tissue
14 Company? I missed that answer.

15 BY MR. MCWHORTER:

16 Q That was what I was going to ask. Who it was sent
17 to.

18 A I don't recall it. It could have been one or the
19 other.

20 Q Do you know if that it - who would it have been
21 delivered to?

22 A Misty.

23 Q So the invoice was given to Misty Enos at Great
24 Lakes Tissue Company, is that correct?

25 A According to my memory today, yes.

1 1 Q So presumably that invoice would be in the records
2 2 of Great Lakes Tissue Company.
3 3 A Assuming she's kept good records, that's correct. I
4 4 gave it - and the invoice was at the inception or
5 5 when we took over the company in April 2022. I'm
6 6 not sure the date on the invoice but, yes.
7 7 Q The November 2, it says out wire Hom Paper XI,
8 8 which I assume is eleven. It's a hundred thousand
9 9 three sixty-eight thirty-four. Do you see that?
10 10 A Which page?
11 11 Q Seven -
 - yeah.
12
13 12 A Yes. I see that.
14 13 Q What's that for?
15 14 A Probably a combination of a rent payment and
16 payments on loans that he'd given us to enable the
17 close.
18 17 Q And when you say rent, you mean rent, that's rent
19 for the building for Great Lakes Tissue Company,
20 correct?
21 20 A That's correct, yes.
22 21 Q So that payment would be for the benefit of - that
23 payment meaning the hundred thousand three sixty-
24 eight thirty-four would be for the benefit of Great
25 Lakes Tissue Company, correct?
 A Correct.

1 Q There's a wire to Rich Kranitz for forty thousand
2 dollars. What's that for?

3 A Director's fees from the beginning to date, getting
4 director's fees caught up.

5 Q Was there a resolution that was passed by the board
6 of directors authorizing director's fees?

7 A I believe so.

8 Q Do you know when that resolution would've passed?

9 A I do not.

10 Q November 7th it has, there's two wires for a
11 hundred and forty thousand dollars.

12 A Right.

13 Q To Rose Star Group.

14 A Yes.

15 Q And then there's another wire for November 17th to
16 Rose Star Group for a hundred thousand dollars.
17 What are those three wires for?

18 A Repayment of funds that Rose Star had put into
19 Great Lakes Tissue Company's accounts to enable us
20 to continue to operate. They were repayment of
21 loans that Rose Star had given to the company. And
22 plus the forty, one of the forties there was
23 director's fees. So there were three director's
24 fees of forty thousand dollars plus those monies
25 that total, what, two hundred and forty thousand.

1 Three hundred and forty thousand dollars of monies
2 that she'd given to the company that the company
3 repaid her.

4 Q Well, so that's, my math, it's three hundred eight
5 thousand. So out of that three eighty, forty
6 thousand of that would've been director's fees and
7 the other three hundred and forty thousand dollars
8 would be repayment of loans?

9 A That's correct.

10 Q When did Rose Star Group loan three hundred and
11 forty thousand dollars to Great Lakes Tissue
12 Company?

13 A I don't remember. It was probably several
14 transactions that were in the fifty to seventy-five
15 thousand dollar range. There were probably several
16 of those over the preceding months that were
17 repaid.

18 Q Were those loans - how were those loans documented?
19 Were they just ledger entries? Were there
20 promissory notes? How were those loans documented?

21 A I believe just ledger entries.

22 Q And why was Rose Star Group loaning? Why did they
23 loan three hundred and forty thousand dollars to
24 Great Lakes Tissue Group? What was the purpose of
25 the loan?

1 A Operating capital.

2 Q Just curious. November 21st, out wire Maynards

3 Auction. Any idea what that is?

4 A That was equipment that we purchased in an auction

5 to improve the plant productivity.

6 Q So that was equipment that was used by Great Lakes

7 Tissue Company?

8 A Yes.

9 Q Is that equipment still at Great Lakes Tissue

10 Company?

11 A I would imagine it is, to the best of my knowledge

12 anyway.

13 Q Do you recall what kind of equipment it is?

14 A No, I don't. There was some, I think there was some

15 filtration items there to help us make pulp more

16 efficiently. That's all I remember.

17 Q There are two credits on this statement. One it

18 says in wire, returned wire for Rose Star Group, a

19 hundred and thirty-nine thousand nine fifty-five.

20 Do you see that? Do you have any idea why there's a

21 returned wire?

22 A On page seven or?

23 Q Page seven still?

24 A I'm not sure why that's there. That may change.

25 Q I don't even see a wire going out.

1 A I don't recall why that's there.

2 Q And then there's a two hundred and eighty thousand
3 dollar in wire to Great Lakes Tissue Company. Any
4 reason why Great Lakes Tissue Company is depositing
5 two hundred and eighty thousand dollars into this
6 account? Again, is it the savings idea?

7 A Yeah.

8 Q If you could go to page ten.

9 A Okay.

10 Q You'll see a payment December 2nd to Sertant
11 Capital for sixty-eight thousand eighty-two dollars
12 and thirty cents. Do you see that?

13 A Yep.

14 Q And then if you go to the next page, page twelve.
15 You'll see a payment that was made January 4th for
16 sixty-eight thousand eighty-two dollars and thirty
17 cents, and then it's returned ACH. Do you see that?

18 A Yes, I do.

19 Q Do you know why it was returned?

20 A Probably because we didn't have the money, the
21 funds in the account.

22 Q Given by the NSF charge right below it. You see
23 that?

24 A Yep.

25 Q And so is it fair to say that the - and after this

1 return payment, during your tenure, there were no
2 other payments made to Prime Alliance after January
3 4th?

4 A From this account.

5 Q Well, or from any account from Great Lakes Tissue?

6 A I believe that that payment was then made from the
7 Great Lakes Tissue Company account as opposed to
8 from this account, I believe. Or because it's the
9 January payment and we knew we were closing, we
10 left that for the new primary owners to take care
11 of.

12 Q Well, I'll put it this way. If Sertant Capital,
13 Prime Alliance said that the last payment that they
14 received was December 2, 2022, do you have any
15 reason to dispute that?

16 A No.

17 Q Going to page twelve. There's an out wire to T&T
18 Machine for fifty-five thousand, it says, to be put
19 in savings. Do you see that?

20 A Yep.

21 Q What does that mean?

22 A Well, prior to that, up above you'll see we
23 received two hundred and nine thousand dollars, I
24 think it is here, on December 16th. We received
25 that, those were proceeds from the acquisition of

1 T&T Machine. We, for convenience, Great Lakes
2 Tissue Group for convenience put it in this account
3 and then we're going to wire transfer it back to
4 T&T. We did it, we did fifty thousand dollars,
5 fifty-five thousand dollars there, and ultimately
6 we closed the account with still a balance owed to
7 T&T Machine of whatever that difference is. So we
8 actually put more money into T&T or into Great
9 Lakes Tissue Company from this account than we
10 received from the Sertant loan, let's just say.

11 Q I want to correct what I said before. Actually,
12 there was a second attempted payment at Prime
13 Alliance on January 10th. And that was also
14 returned, correct?

15 A Yes.

16 Q Do you have any specific recollection of attempting
17 to make any other payment after that?

18 A I do not.

19 Q And your last day was with January 19th, which was
20 nine days later?

21 A Right. We closed the account on the 17th.

22 Q Why close the account?

23 A We believed that the new ownership group or the new
24 controlling group had funds in other accounts that
25 they didn't necessarily need this account so we

1 closed it.

2 Q There's five thousand dollars paid to, wire to Rose
3 Star Group. Why pay five thousand dollars to Rose
4 Star Group.

5 A In return for services rendered, I would say. And
6 or loan, you know, kind of loans paid. That's why.
7 And perhaps reimbursement of travel charges.

8 Q Do you have a specific recollection as to what this
9 payment is or are you just guessing as to what it
10 is?

11 A I'm guessing.

12 Q So you don't know specifically why they received
13 the five thousand dollars?

14 A No.

15 Q So why open First Community Bank? The bank - let me
16 strike that.

17 The bank, Great Lakes Tissue Company's bank
18 account traditionally had been Citizens National
19 Bank, is that correct?

20 A Their initial - Great Lakes Tissue Company had an
21 account with Citizens National Bank. No. Had an
22 account with First Community Bank. They also had an
23 account with Nicolet. Their primary account was
24 with Nicolet Bank. One of the reasons for opening
25 these other two accounts was to see if doing

1 business with them was any easier or more
2 cooperative than the Nicolet Bank folks were to us.
3 And so that's another reason for opening those two
4 accounts.

5 Q When you say two accounts, what's the second
6 account?

7 A Citizens National.

8 (Document marked for identification as
9 Plaintiff's Deposition Exhibit Number 11.)

10 BY MR. MCWHORTER:

11 Q So go to Exhibit 11. If you could turn to Exhibit
12 11.

13 A Yep.

14 Q You're referring to this account, correct?

15 A That's correct, yes.

st

16 Q So this account was opened October 31 . I'm sorry.
17 October 12th, 2022, correct?

18 A Yep.

19 Q Again, you recognize these bank statements,
20 correct?

21 A I do.

22 Q So again, what was the decision - let me back up.
23 At the time, when you took over in 2022 through
24 September of 2022, what bank accounts did Great
25 Lakes Tissue Company have?

1 A When we took over in -

2 Q Well, let me strike that.

3 As of August of 2022, before you opened the
4 two accounts, the First Community account Citizens
5 National Bank account, what accounts did Great
6 Lakes Tissue Company have?

7 A Just the Nicolet Bank accounts. There were three
8 accounts there.

9 Q So there are three accounts there. And you decided
10 to open an account at Citizens National Bank and at
11 First Community Bank?

12 A Yes.

13 Q And why did you decide to open those two accounts?

14 A Just to figure out is there another banking
15 relationship that would be better than the
16 relationship that we had with Nicolet Bank. We were
17 looking for a bank relationship that would help us
18 grow as opposed to Nicolet Bank was very, had been,
19 I think had a bad taste in their mouth for Great
20 Lakes Tissue Company because the previous owner.
21 And we weren't happy with the level of engagement
22 that they were willing to have with us. Just in
23 terms of give us a line of credit, give us a credit
24 card with five thousand dollars. They wouldn't do
25 any of that stuff for us. So we looked for other

1 banking relationships and that's where we landed
2 with those two.

3 Q Well, that's because you were looking for working
4 capital, right?

5 A A little bit. And it's also just to have a banking
6 relationship as opposed to a checking account.

7 Q Understood. That was the same thing you were
8 looking for with Sertant Capital and Prime Alliance
9 Bank?

10 A That's correct.

11 Q You wanted to have - by entering into the master
12 lease agreement and the schedule one, you were
13 looking to establish a banking relationship that
14 you could use to help build and grow the Great
15 Lakes Tissue Company?

16 A Yes. I would say that.

17 Q So let's talk about Citizens National Bank, the
18 Exhibit 11. What was the purpose of this account?

19 A As already stated, just to establish a banking
20 relationship with this bank. I had met the bank
21 president several times and he encouraged me to
22 give them a try and we did.

23 Q This account went, the statements went directly to
24 Great Lakes Tissue Company at 437 South Main
25 Street, correct?

1 A Correct.

2 Q And -

-

3 A I think I went -

- I went paperless with them so they
4 came to me via email, typically.

5 Q So we previously talked about the five hundred
6 thousand dollars that had paid back in the First
7 Community account. So if I can understand this
8 transaction. After you received the one point nine
9 million dollars from Prime Alliance, you then
10 transfer a million dollars on October 19, 2022 from
11 the First Community Bank account to the Great Lakes
12 Tissue Company account. And then you write a check
13 off of it for five hundred thousand dollars back to
14 First Community Bank. Is that accurate, at least
15 based on this bank statement?

16 A Yes. Yes. There's about nine days between the two
17 dates. And I recall -

- well, maybe ask, go ahead and
18 ask your question.

19 Q Well, I'm trying to understand why. Why money going
20 back and forth.

21 A Well, because I wasn't in town at the time. And I
22 needed to have more money in the First Community
23 Bank account to be able to make the payments that
24 we wanted to make out of that account. And the
25 Citizens National Bank turned out to be too

1 difficult to work with, if you will, to get a wire
2 transfer when you're -

- the first wire transfer if
you've not physically in the office, they need you
to sign, they need you to do all kinds of things
and they weren't willing to do that when I wasn't
in the office. So I needed to make the transfer. In
fact, I wrote a check and expedited the check over
to First Community so that it could be there in
time to make whatever payments I needed to make at
the time.

11 Q So if you look at the second page of Exhibit 11,
12 you'll see two outgoing wire transfers on October
13 16th, 2022 that total four hundred thousand
14 dollars. One is for a hundred and twenty thousand
15 dollars, one is for two hundred and eighty thousand
16 dollars. And I'll just tell you that when you look
17 at the Nicolet National Bank, I don't see that,
18 those transfers. So where, to whom were those
19 transfers payable to, do you know?

20 MS. GOLDBERG: Just let the record reflect the
21 payments are on November 16th, not October 16th.

22 BY MR. MCWHORTER:

23 Q I'm sorry. November 16th, 2022. I apologize. It's
24 two payments totaling four hundred thousand. Who
25 did you make those payable to?

th

1 A On the 16 , on November 16th?

2 Q Yes.

3 A Well, you see the incoming wire on November 16th on
4 Exhibit 10. You see two hundred and eighty thousand
5 dollars coming in to the account. I'm looking at
6 Exhibit 10, page seven. There's two hundred and
7 eighty thousand dollars of it right there.

8 Q Got it.

9 A And the hundred and twenty, I am going to guess - I
10 don't know where the hundred and twenty went on the
11 top of my head. I'm sure we could figure that out
12 if we do a little more bank forensics with the
13 Great Lakes Tissue Group Nicolet accounts to see if
14 there was a hundred and twenty put in there. And
15 we're doing this forensic accounting in real time.
16 So I'm on the record and swearing that it's true.
17 I'm just, these are my recollections.

18 Q Understood. If you don't know where the hundred and
19 twenty is, that's fine.

20 A I don't know where it, where it went to.

21 Q Again, any idea why the money's going back and
22 forth between the two eighty, the five hundred
23 thousand dollars back and forth between Citizens
24 National and -

25 A It's ease of banking. Citizens National - First

1 Community was just easier to deal with in terms of
2 making payments and transfers and so forth. And I
3 decided very early that I didn't like the other
4 banks, Citizens National. So I decided, we decided
5 collectively as a board to put them aside and
6 continue working with First Community.
7 Q The next page, there's an outgoing wire transfer
8 December 8th, 2022 for ninety-five thousand. Any
9 idea what that's for?
10 MS. GOLDBERG: Sorry. Which -
11 - Rob, which
12 Exhibit are you looking at?
13 BY MR. MCWHORTER:
14 Q Exhibit 11. GLTC 000090.
15 A Now, you can see one of the reasons I didn't like
16 Citizens is because they're bank statements are
17 very esoteric. You can't tell what the heck
18 happened.
19 Q No, not at all.
20 A And so I don't recall, as I said.
21 Q And so eventually this was, this account was closed
22 it looks like, if you go to page GLTCGLLC 1397.
23 A On Exhibit 11?
24 Q Yeah. If you look at the end of it, this is a
25 statement that looks like it's the same account. It
looks like it's closed as of January 17th, 2023.

1 A Yep.

2 Q And why did you close that? Because of the merger?

3 A Yeah. Same answer as the other one.

4 (Document marked for identification as
5 Plaintiff's Deposition Exhibit Number 12.)

6 BY MR. MCWHORTER:

7 Q If you could go to Exhibit 12. Let me ask you this
8 question. Did you receive a paycheck from Great
9 Lakes Tissue Company?

10 A For the first several months I invoiced my salary
11 payments to Great Lakes Tissue Company. And I don't
12 recall the date, but at some point in, I'm going to
13 say, beginning in the fall somewhere, I went over
14 to be a W2 employee and my salary was paid direct.

15 Q What about Rose Capin, was she a W2 employee?

16 A No.

17 Q Jim Hoffman, was he a W2 employee?

18 A No.

19 Q Richard Kranitz, was he a W2 employee?

20 A No.

21 Q So if you go to Exhibit 12. First of all, Exhibit
22 12, do you recognize Exhibit 12?

23 A Yeah, I recognize it as a Nicolet Bank statement.

24 Q These are bank statements for the account that
25 Great Lakes Tissue Company had, correct?

1 A That's correct,

2 Q Now, this is account number 5579. Is this their
3 general operating account?

4 A As I recall, yes. Yes. Yes, it was.

5 Q And so if you go to the second page, you'll see
6 Great Lakes on May 2nd, 2022, it says Great Lakes,
7 Kip Boie, 7937. It says, amount two thousand three
8 hundred and seven dollars and seventy cents. Do you
9 see that?

nd

10 A On May 2 ?

11 Q Yes.

12 A Yes.

13 Q Is that your wages?

14 A That was my weekly wage, yes.

15 Q At some point, did that stop and the payment was
16 made -

17 A W2. Yep. At some point I became a W2 employee as
18 opposed to a 1099 employee, so to speak.

19 Q So was there a paycheck company that Great Lakes
20 Tissue Company used?

21 A Yes. Elliot and Sandler was a local CPA firm was
22 used to do that.

23 Q So they would send the payroll checks out?

24 A Right. And do all the withholdings and everything,
25 yes.

1 Q And so you continued to receive two thousand three
2 hundred and seven dollars and seventy cents as your
3 weekly payroll all the way until you left in
4 January of 2023?

5 A Approximately, yes. Approximately that amount. I'm
6 not sure. I think it was, I think we did some
7 rounding. I don't remember exactly the amount of
8 W2 salary I took.

9 Q If you go to the third page of Exhibit 12, you'll
10 see on May 9th, you'll see one that says Great
11 Lakes Tissue, Kip Boie. Which is, again, the two
12 thousand three hundred and seven dollars and
13 seventy cents. And then underneath that, you'll see
14 another one for May 9th, 2022, the Great Lakes
15 Trout Lake, four thousand two hundred and seventeen
16 dollars and ninety cents. Do you see that?

17 A Yes.

18 Q What's that for?

19 A Probably travel expenses for that week or that
20 month, I should say. I probably made two trips
21 there. So airplanes, hotels, et cetera, et cetera.

22 Q So there are a number of entries where you have
23 payments made to Trout Lake. For instance, May
24 24th, 2022, the Great Lakes, Trout Lake, ten
25 thousand dollars. That's a, that would be

1 reimbursement of travel expenses or expenses?

2 A I believe that's what that would've been for, yes.

3 Q So each of those entries that we have here, I mean,
4 unless you want us to go through each one, they
5 would be related to travel expenses?

6 A Yes. And I have invoices to back up all that, by
7 the way.

8 Q If you go to the statement for June 30, 2022,
9 GLTCLLC 1304.

10 A Yes.

11 Q You'll see another one for ten grand. That would be
12 for expenses?

13 A I believe so.

14 Q So how would it work logistically? Who would you
15 submit your travel expense invoices to at Great
16 Lakes Tissue Company?

17 A Misty.

18 Q So you would submit your travel expenses and then
19 Misty would authorize the issuance of the checks?

20 A This round number of - yes, that's true.

21 Q What were you going to say about the round number?

22 A This round number of ten thousand dollars may have
23 been salary. Four weeks of salary for a month was
24 probably what those were for. Rounded up ten
25 thousand dollars a month. A hundred twenty thousand

1 dollars a year for a CEO pay is a pretty good deal,
2 actually.

3 Q So that may have been salary?

4 A That probably, those round numbers were more than
5 likely salary.

6 Q And then if you go to the next page, you'll see the
7 Great Lakes Tissue - I'm sorry. It said like June
8 th st th
9 14 , June 21 , June 24 , you'll see it says the
10 Great Lakes, Trout Lake two thousand three-o-seven
11 seventy which seems to be the same amount as your
12 weekly wages.

13 A Don't know. That was probably coincidentally an
14 invoice for travel expenses that was close to that
15 number. Could be. I don't know.

16 Q So did there come a point where your salary started
17 getting paid to Trout Lake instead of to you
18 individually?

19 A No. There came a point to where the salary after -
20 it was later than June where the salary was paid to
21 me individually. My W2 to me as a salaried employee
22 as opposed to 1099.

23 Q But so why is it being, why is two thousand three
24 hundred and seven dollars and seventy cents being
25 paid to Trout Lake Enterprises?

 A Reimbursement of expenses. Trout Lake and Kip Boie

1 are the same thing.

2 Q Yeah. But the two thousand three hundred and seven
3 dollars and seventy cents was the amount of your
4 salary previously. Why is - and you have three
5 payments in the exact same amount. It's not your
6 salary?

7 A It could have been. It could have been the payment
8 if salary. It could have been. I don't recall.

9 Q Yeah.

10 A I haven't scrubbed these bank statements as we're
11 trying to do here.

12 Q Yeah, I understand.

13 A I'm going from the top of my head. And if there's
14 any concern for embezzlement as has been charged
15 against me, I'm standing by to prove every one of
16 these line items are real and in the normal course
17 of business and approved by my board of directors.

18 Q The June 24th, 2022 for ten thousand one ninety-
19 nine and a penny, that's probably expenses,
20 correct?

21 A That's probably expenses.

22 Q Let's jump to the back. GLTG LLC 1320.

23 MR. HANSEN: Rob, can I get that page number
24 again? Is that a Bates number?

25 MR. MCWHORTER: Yes. It's GLTG LLC 1320. And

1 it's statement September 30th, 2022.

2 MR. HANSEN: Okay.

3 BY MR. MCWHORTER:

4 Q If you go to other credits. You'll see it says
5 incoming wire fifty thousand dollars from Rosemarie
6 Capin. And then twenty thousand and then another
7 eighty thousand. Do you see that?

8 A Yes, I do.

9 Q What are those?

10 A Those were, as noted before, Rose input capital
11 into the business as we needed to operate the
12 business so that we could continue to be solvent.

13 Q I didn't see any other accounts that she's done
14 that. If she was not going to deposit in this
15 account, were there other accounts that Rosemarie
16 could have or did deposit funds for loans?

17 A I don't recall.

18 Q What's Pin Hook Capital, LLC?

19 A That was one of the lenders that we went to to get
20 investment capital or to get capital needed to
21 operate the business. And we paid them on a weekly
22 or a monthly basis, I'm not sure which, until they
23 were paid off. And so they advanced us a hundred
24 and thirty-five thousand dollars, you can see
25 there, and that's what we did. That's what we took

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1 from them. And Chrome Capital, likewise, on the
2 next line for ninety thousand dollars.

3 Q What was their collateral for their loan?

4 A Receivables. Receivables and inventory, I should
5 say.

6 Q Was Chrome Capital, LLC paid off?

7 A I don't recall.

8 Q What about Pin Hook Capital, LLC, were they paid?

9 A I don't recall. There were a number of creditors
10 that were not paid from the date of the merger. The
11 new organization just stopped paying all of its
12 bills, including yours to Sertant, and started
13 calling me an embezzler.

14 Q If you could go to the next page, which is
15 September 30th, 2022. It's GLTG LLC 1321. There is a
16 payment of fifty thousand dollars September 13th,
17 2022. Is that just repaying the loan that she made
18 twelve days earlier?

19 A Yes.

20 Q Any reason that the loan was only for twelve days?

21 A It was a matter of, we had the cash flow to pay it
22 back so we paid it back. There were no terms on
23 these loans. They were just, here it is. When we
24 could pay it back, we paid it back. Sometimes with
25 interest, sometimes not.

1 Q How was the interest calculated?

2 A You loan me fifty thousand dollars, we pay back
3 maybe fifty-five. I don't know. It was very, as we
4 could afford it and as we were reasonable as
5 investors in the business, we would pay ourselves
6 back perhaps a little bit more than what we put in.
7 And you can see some of these payments down here,
8 while you're on this page, 9-15, a payment to Pin
9 Hook of four thousand four hundred and ninety-seven
10 dollars. Silver Line. Oh, no, that's not it. But so
11 there's, so you can see there's another payment on
12 16, Pin Hook. So we had automatic withdrawal
13 payments on some of these loans and they all
14 stopped when the acquisition was, or when the
15 merger was finalized.

16 Q If you go to October 31st, 2022. It's GLTG LLC 1330.
17 October 21st, 2022 there's a payment to Rose Star
18 for thirty-seven thousand three ninety-two. Do you
19 know what that's for?

20 A No.

21 Q Is that repayment of the loan?

22 A I assume so, yes.

23 Q Then there's October 24th, 2022, there are, one
24 payment is to Great Lakes, Song Lo for twenty-five
25 thousand two hundred and fifty-nine dollars and

1 seventy cents. What's that for?

2 A Legal services.

3 Q Is that legal services that she provided to Great
4 Lakes Tissue Group or to Great Lakes Tissue
5 Company?

6 A Yes. Probably to Great Lakes Tissue Group. And it
7 was probably an invoice that ran for four or five
8 or six months before we paid it back, before we
9 paid her. That's probably several months of
10 services.

11 Q What type of legal work did Song Lo provide Great
12 Lakes Tissue Company.

13 MS. GOLDBERG: Kip, just please try and keep
14 your answers general so that -

-

15 MR. MCWHORTER: I'm not asking for
16 attorney/client privilege.

17 BY MR. MCWHORTER:

18 Q Yes. I just want to like in general. Was it
19 transactional work, was it litigation work? Was
20 it, you know, what kind of work was it?

21 A I'm not sure how to answer this. I mean,
22 transactional. She was the secretary of the board
23 of directors for GLTG LLC. And so it was
24 transactional work as well as that, I guess.

25 Q Underneath that it's October 24th, 2022, the Great

1 Lakes, Trout Lake, forty-five thousand. What's
2 that?

3 A I don't recall.

4 Q Do you know if it's for expenses, loans?

5 A I don't.

6 Q You don't know?

7 A I don't recall.

8 (Document marked for identification as
9 Plaintiff's Deposition Exhibit Number 12A.)

10 BY MR. MCWHORTER:

11 Q If you could turn to Exhibit 12A. I apologize. I
12 had to add this in. So I didn't want to renumber so
13 I made it 12A. Do you recognize Exhibit 12A?

14 A No.

15 Q This isn't something from the Great Lakes - this
16 was something that was produced from Great Lakes
17 Tissue Company. Does that look like the general
18 format that they have their books and records? That
19 doesn't ring a bell?

20 A It doesn't ring a bell, no.

21 Q This seems to be a total of the amount that was
22 paid to Trout Lake Enterprises from the Nicolet
23 account from January 1st, 2022 to December 31st,
24 2022. Does that refresh your recollection as to
25 what those payments would've been for?

1 A Well, I mean, it's obvious looking at it. That's
2 what it is. I don't know how accurate it is or
3 whether it's true or not. That some of those line
4 items look, as we've discussed, look like salary
5 payments. Some of those look like reimbursement for
6 expenses. In my view, a hundred and eighteen
7 thousand six hundred and ninety-seven dollars is a
8 suitable salary and reimbursements to pay a CEO of
9 a company. So I'm not sure why you're going down
10 this line of questioning.

11 Q Okay.

12 A Am I on trial here? What's the scoop?

13 Q Well, I'm just going through. This is something
14 they produced and I'm just asking.

15 A We made payments within normal operating procedures
16 of a corporation in alignment with our officers and
17 board of directors. Nothing here should look
18 untoward.

19 Q I'm not suggesting - I'm not suggesting otherwise.
20 Not at all.

21 A I might actually ask for a break because my dander
22 is getting raised up here.

23 Q No problem. We can take a break. We can take a
24 break, absolutely. And let's go off the record
25 then.

1 (Brief pause.)

2 (Document marked for identification as
3 Plaintiff's Deposition Exhibit Number 3.)

4 BY MR. MCWHORTER:

5 Q Mr. Boie, before we go into Exhibit 3 which I
6 indicated, I just want to go over a couple things
7 and just see if you're, if you - of your knowledge
8 of kind of current events. Are you aware that Great
9 Lakes Tissue Company no longer operates currently?

10 A I've been told or I understand through the
11 grapevine that the company name has changed.

12 Q And what has it been changed to?

13 A I understand it's Tissue Depot.

14 Q Are you aware that the employees, the equipment,
15 all of the assets of Great Lakes Tissue Company
16 have been transferred to Tissue Depot, Inc.?

17 A I am not aware of that.

18 Q Did you ever consent to the transfer of any assets
19 from Great Lakes Tissue Company to Tissue Depot,
20 Inc.?

21 A As a board member, I think is what you're referring
22 to? If I'm a board member, did I consent to it?

23 Q Yes.

24 A I did not.

25 Q Currently, are you a board member of Great Lakes

1 Tissue Company?

2 A No.

3 Q You ceased being a board member in January of 2023,
4 correct?

5 A Correct.

6 Q And you ceased being the CEO and president of Great
7 Lakes Tissue Company as of January 2023, correct?

8 A Correct.

9 Q Who replaced you as president and CEO?

10 A Great question. It feels like it's been a revolving
11 door. Initially, it was Jeff Prange. And since
12 then, I don't know who's operating the business
13 right now.

14 Q Great Lakes Tissue Group is a - and we can go
15 through this in a second - is a ten percent owner
16 of PAET, correct?

17 A Correct.

18 Q Has PAET ever provided notice to you that it
19 transferred the assets of Great Lakes Tissue
20 Company to Tissue Depot, Inc.?

21 A No.

22 Q One of the assets that Great Lakes Tissue Company
23 had was environmental permits.

24 A M'hm.

25 Q Are you aware of that?

1 A Yes.

2 Q What are environmental permits?

3 A They are working with the DNR and the EGLE is the
4 name of the organization in Michigan. You apply for
5 permits to use water and to use it responsibly. And
6 so Great Lakes Tissue Company can bring in so much
7 water from the river and it dispenses so much water
8 daily to the river. And the cleanliness and so
9 forth has to be maintained. And there's annual
10 permits that are renewed. There's inspections.
11 There's all kinds of things.

12 Any company that wants to make paper has to go
13 through many, many hurdles to get these permits and
14 they are very valuable to the company. So if
15 they've been transferred away from Great Lakes
16 Tissue Company, I have a problem with that as a
17 board member of PAET.

18 Q When you say you're a board member, is there a
19 board for PAET?

20 A There was initially and it was outlined in the
21 merger agreement who was going to be on the board
22 of directors, yes.

23 Q And you are a member of the board of directors?

24 A Yes.

25 Q Are you currently a member of the board of

1 directors of PAET?

2 A I don't know. I've never -

3 - I've written to the
4 board, I've written to the chairman of the board
5 several times. I've written to Thomas Homco several
6 times as a board member requesting information on
7 activities and specific activities as it relates to
8 them defaulting on loans, specifically. And also
9 the Sertant agreement and have received no replies
or responses from them. Zero.

10 Q So if the environmental permits were transferred
11 from Great Lakes Tissue Company to Tissue Depot,
12 Inc. that would disturb you?

13 A Yes.

14 Q Why is that?

15 A Well, unless Tissue Depot was owned by PAET, wholly
16 owned, that might be fine with me. If they want to
17 make a name change to the company and the company
18 is still controlled by PAET of which we are ten
19 percent owners of, I would be fine with that. But
20 not knowing is what I'm not fine with.

21 Q Are you aware that employees now receive their
22 checks from Tissue Depot, Inc. as opposed to Great
23 Lakes Tissue Company?

24 A I am not aware of that.

25 Q Are you aware of the fact that the front sign to

1 the outside of the building is now Tissue Depot,
2 Inc.?

3 A I'm not aware of that either.

4 Q Are you aware that the hydroelectric plant is being
5 used by Cheboygan Energy and Biofuels?

6 A I'm not aware of that.

7 Q Do you have any interest in Cheboygan Energy and
8 Biofuels?

9 A Not that I know of.

10 Q What's the value of the environmental permits?

11 A In round numbers, probably twenty million.

12 Q That's consistent with what another witness
13 testified.

14 Are those assets unencumbered? Meaning, are
15 there any liens on those environmental permits?

16 A Not that I'm aware of. There weren't while we owned
17 the business.

18 Q Did Ron Van Den Heuvel - strike that.

19 Did Ron Van Den Heuvel, did you bring Ron Van
20 Den Heuvel into Great Lakes Tissue Company?

21 A Yes. In the early months of our ownership.

22 Q And he was brought in as a consultant.

23 A He was brought in - he volunteered, first of all,
24 to be a consultant. Ron was on parole. He chose
25 Cheboygan, Michigan to be the place that he was

1 paroled to. And almost from the very beginning, he
2 was approaching our group, offering to pay us more
3 than we paid Clarence Roznowski for this business.
4 And the ten months ensuing, many, many, many back-
5 and-forth communications about that, whether or not
6 we would merge, would we sell, what would we do in
7 order for him and his group to gain control of
8 Great Lakes Tissue so that he could go on with his
9 vision for what the company could become. I don't
10 think I answered your question but -

11 Q No. I understand. So from September - from March,
12 April 2022 until January 2023, when you stepped
13 down, what was his title or position?

14 A He actually was a consultant from, I'm going to say
15 mid, till the midsummer months. He came in and we
16 had an employment contract with Clarence Roznowski
17 to maintain or to stay and help and consult. And
18 because of the animosities of, that happened
19 through the transaction, we chose not to use him as
20 a consultant.

21 And Ron was there, available, raising his
22 hand, has many, many years of experience in the
23 paper business. We believed that we could utilize
24 his experience to help us in our early months
25 because I didn't know anything about paper making

1 when we first started. So that's what his role was.
2 He came in and assessed the value, or the condition
3 of the equipment and helped us begin to make - made
4 some recommendations of things that we should be
5 doing to improve the equipment.

6 We wanted to upgrade the line that was there.
7 We wanted to prepare it for another line. Maybe we
8 were going to do some pulping operations. And as he
9 consulted with us, he had full access to the entire
10 company to understand what the condition of the
11 equipment was.

12 Then shortly in June or July, we kind of
13 discovered that he was shooting his mouth off to
14 all of our employees about how he was going to buy
15 the mill and none of our employees were interested
16 in that. And his experience or his knowledge that
17 he was passing on, I discovered over time, was
18 duplicative of the knowledge and experience of the
19 team that we had in place. And so I felt confident
20 that I could continue to operate without his
21 consulting services. And it was better for us from
22 an employee morale perspective to show the
23 employees that we were not sort of in bed with Ron
24 Van Den Heuvel but were using him only as a
25 consultant.

1 Q Did there come a point where you terminated the
2 consulting relationship?

3 A Yes. Somewhere around the time the SEC subpoenaed
4 us for all our communications with Ron Van Den
5 Heuvel relative to his offers to us to buy the
6 business.

7 Q When was that?

8 A I'm going to say it was probably springtime, April,
9 May, June.

10 Q So you terminated the consulting relationship. You
11 were paying him, what, a hundred bucks an hour as a
12 consultant?

13 A We were paying him - that's what he wanted. We were
14 paying him something on the order of maybe eight to
15 ten thousand dollars a month, plus he had use of
16 one of our company vehicles.

17 Q So come springtime, you said you terminated that.
18 But then he ended up basically reappearing on
19 behalf of the PAET Group?

20 A Let me redo the timeline. April, May - we acquired
21 April. April, May, June, July ish is when we
22 terminated him and got rid of him. So we terminated
23 our agreement with him and took our car back. And
24 that was about when the SEC was asking for all
25 communications with him from us. And they

1 subpoenaed and we sent boxes and boxes and boxes of
2 information that he had stored in the office
3 warehouse, the warehouse in the office that he'd
4 been using while working with us.

5 Q After you terminated his role as consultant, is it
6 fair to say he reappeared through PAET? Is that,
7 how did that work?

8 A Yeah. He continued to make forays into to us or
9 intimations to us about what he wanted to do. And
10 there were many correspondences back and forth.
11 Even I have a long rambling handwritten proposal
12 for all of the things that he was going to do with
13 Great Lakes Tissue. And so he continued with PAET
14 sort of as the front company, if you will, for his
15 activities. Because according to his parole, I
16 don't think he had, was supposed to be involved in
17 any business whatsoever. So he had PAET there and
18 Jim Prange was one of his partners in PAET
19 providing us with proposals to buy and acquire and,
20 or acquire or what have you because he had all this
21 money potentially that could come into the
22 business. He - and I'm probably embellishing. I'm
23 not embellishing. I'm probably giving you too much
24 information.

25 Q No, it's good.

1 A He eventually had a proposal over Labor Day of that
2 year. He brought in a bunch of consultants and a
3 bunch of people to make proposals and to put
4 together a final plan for what they wanted to do
5 with the business. He engaged with our landlord,
6 Thomas Homco with the idea of having him be part of
7 the business, also part of the investor group, if
8 you will.

9 And Thomas - between Homco and all of the
10 other sort of pieces moving around in terms of
11 where's the money going to come from was our main
12 question. Homco became satisfied with a list of
13 equipment that he had, twenty million, more than
14 forty million dollars of equipment that he had in
15 Wisconsin, in De Pere, Wisconsin, that he was going
16 to bring into the plant and get it operational and
17 have all this revenue from all of these other
18 revenue streams.

19 And the terms that were used with Homco was, I
20 don't understand why you guys aren't working with
21 this Van Den Heuvel guy because it's better to own
22 a little bit of a large, growing, bustling business
23 than to own all of a struggling business that you
24 have today. And with all of those sort of
25 influential features, plus a list of equipment that

1 we knew we could draw on if we were defaulted on,
2 we agreed to merge. We didn't get any money in the
3 merger. We have a note, fifteen million dollar note
4 that's due in December of 2024. And so we agreed to
5 merge on those terms.

6 Q The forty million dollars of equipment was
7 equipment from Ron Van Den Heuvel?

8 A Yes.

9 Q Mr. Van Den Heuvel, I believe, indicates in his
10 interview that he loaned five million dollars to
11 Great Lakes Tissue Company. Do you know anything
12 about that? No?

13 A I never saw any money from Ron.

14 Q And that as collateral, he took an interest in the
15 environmental permits. Do you know anything about
16 that?

17 A No.

18 Q He never made a loan while you were CEO?

19 A Never.

20 Q Let's just kind of get, just so I have
21 authenticated, we'll go through them very quickly.
22 Exhibit 20. Since you kind of hit that topic, we'll
23 hit through it quickly.

24 (Document marked for identification as
25 Plaintiff's Deposition Exhibit Number 20.)

1 BY MR. MCWHORTER:

2 Q So Exhibit 20 is a letter from Ron Van Den Heuvel.
3 Sorry. PAET, LLC to Great Lakes Tissue. It's dated
4 June 29th, 2022. Do you see that?

5 A Yes.

6 Q It says, Inventor. Is that what that says for his
7 authorization?

8 A Yeah. Inventor. Well, and this is, I think his
9 attempt at disguising his role in putting this all
10 together so that he wouldn't get in trouble with
11 his parole.

12 Q So is this about the time where after you had let
13 him go that he kind of reappeared on behalf of
14 PAET?

15 A Yeah. And he never disappeared, I would say. I
16 mean, we would get weekly things that we would
17 laugh about and this was one of them. Because
18 there's no money behind it. There is virtually zero
19 credibility behind this offer.

20 Q And why do you -

-

21 A Which is why we never took him up on it.

22 Q Why do you say that?

23 A Well, he talks about having the capital here. He
24 talks about - he didn't have the ability to do any
25 of this stuff.

1 Q So if you go to Exhibit 21.

2 (Document marked for identification as
3 Plaintiff's Deposition Exhibit Number 21.)

4 BY MR. MCWHORTER:

5 Q There's another, is this another letter that was
6 sent from Ron as well?

7 A M'hm.

8 Q From PAET. It's not signed. Any idea why that is?

9 A Because we didn't, we weren't going to sign it
10 unless he signed it. I mean, it was a proposal that
11 he said, go ahead and sign this and we'll be off
12 and running. Well, we're not going to sign that. He
13 talks about Jim George in the group will own ten
14 percent. And somebody else will own, you know, Echo
15 Fiber has five hundred tons of pulp a day and all
16 this other. It was very grandiose, large scale.

17 He's got some, he's got prepaid purchases of
18 five million dollars. Well, we knew that that was
19 wrong or that was erroneous because he had a letter
20 committing to doing that but it was from 2015 or
21 2017. Purely Cotton was non-existent. PAET was non-
22 existent. And he wanted us to sign it and we said,
23 I don't think so.

24 Q I saw one of the documents, and there's a reference
25 to it on paragraph S about some contract in Ghana.

1 A Yeah.

2 Q Explain that.

3 A Well, the vision that he had - and it's a darn good
4 vision, I would say. Was to, we create, in Ghana
5 they have this developing country. They don't have
6 a lot of toilet tissue. People are developing. So
7 they're, so they're going from holes in the ground
8 for toilets to real toilets and all that other
9 stuff. And the government wanted to figure out how
10 to provide toilet paper, but also to provide
11 energy.

12 And his proposals included the ability to make
13 biodiesel fuel from the poly material which is a
14 byproduct of the recycled materials that we take in
15 to make paper. And if you can convert biofuel from
16 - so you think about a paper plate. It's got a thin
17 film of poly on it. Those are the kinds of papers
18 that we were getting in. Our process would strip
19 that poly material away and only use the pulp.

20 And that poly material, where does it go?
21 Well, it went into mountains and mountains and
22 mountains of debris that were kept in piles at
23 Great Lakes Tissue Company. And in anticipation of
24 being able to sell them or convert that to
25 biodiesel, if you can convert that to biodiesel,

1 then you have a hundred percent sustainable
2 business that that generates all of its own power,
3 uses nothing but recycled materials and actually
4 has power to spare for the municipality that's
5 using it.

6 So Ghana, he proposes or says, was very hot to
7 trot on that. And Great Lakes Tissue Company in
8 Cheboygan was going to be the demonstration for how
9 that works. And once it's demonstrated, then the
10 government of Ghana would fund X millions of
11 dollars, whatever they were, they were six hundred
12 and fifty million dollars. It's like, okay.

13 Q So when Great Lakes Tissue Company entered into the
14 master lease with Sertant Capital and Prime
15 Alliance, what was the stage of the negotiations
16 with PAET?

17 A Dead. It was alive and dead, alive and dead. It was
18 probably dead. And I'll say when we finally agreed
19 to the merger, again, we felt like they had enough
20 capital that they would, there would be no default
21 on any of the, on any of the creditors. And indeed
22 our strategy, I don't know, part of the certain
23 strategy of selling the equipment and leasing it
24 back was later on we were going to buy it back at
25 which point we could reset the depreciation clock

1 and start, if the business, start depreciating that
2 business down. That was our intent.

3 Q So if you go to Exhibit 22. Let's see if we can go
4 through these real quick.

5 (Document marked for identification as
6 Plaintiff's Deposition Exhibit Number 22.)

7 BY MR. MCWHORTER:

8 Q It's the letter of intent December 5th, 2022. Do
9 you recognize this?

10 A Yes.

11 Q Is it fair to say, so you're, that once you got
12 into towards December of 2022, is that when your
13 negotiations with PAET gelled, so to speak?

14 A Yeah. And it really came together, look at item
15 number six, when Thomas Homco came on board and
16 said he was going to be on the board of directors
17 and control all the money. We put a lot of our
18 credibility -

-

19 Q Faith.

20 A - faith. Thank you. In the fact that he was coming
21 on board. He had enough of a glimpse of that
22 business plan to be able to say that he wanted to
23 be on board. And again, he was kind of one of the
24 guys that said, you want to be a small part of
25 something huge or do you want to be a hundred

1 percent of something tiny?

2 And that's really - and then also we could get
3 paid. Part of this proposal, I believe, suggested
4 that he would buy - as part of our agreement to buy
5 the business from Roznowski, we had an option to
6 buy the warehouse across the street. That option
7 was a two million dollar option. So we could buy
8 the warehouse at any time across the street over, I
9 think, a five-year period or two million dollars.

10 Thomas Homco was very interested in that
11 building. And so as part of this, the final deal
12 structure, he paid us a million and a half dollars
13 for that two million dollar option. And then we
14 took a note for the other fifteen that would be
15 paid in two years plus a ten percent ownership
16 stake in the merged business.

17 Q If you could go to Exhibit 23.

18 (Document marked for identification as
19 Plaintiff's Deposition Exhibit Number 23.)

20 BY MR. MCWHORTER:

21 Q And this is the merger agreement between Great
22 Lakes Tissue Group and PAET, correct?

23 A Yes.

24 Q And that's your signature on page seven of this
25 agreement?

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1 A Yes.

2 Q Mr. Swenson, during his deposition, indicated that
3 this agreement was signed January 13th, 2023 and
4 that they were basically locked out for the next
5 week until January 19th, 2023. Any response to
6 that?

7 A Well, I don't know what locked out means. We agreed
8 that, we signed it on that date but we needed to
9 see proof of the funds that were going to be paid
10 us, the one point five, before the agreement was
11 finalized. It was subject to payment of the one
12 point five. And we weren't, we didn't want to have
13 them come in because we weren't sure that that
14 payment was ever going to come.

15 Q Prior to entering into the merger agreement, did
16 Great Lakes Tissue Company or anyone on their
17 behalf ever obtain the consent or authorization of
18 either Sertant Capital or Prime Alliance Bank?

19 A Approval for the merger?

20 Q Yes.

21 A I don't believe - no, we did not.

22 Q Were they even provided notice, prior notice of the
23 merger?

24 A No.

25 Q Would you say that the merger was a change in

1 control or a change of the organizational structure
2 of Great Lakes Tissue Company?

3 A Yes.

4 Q So after the merger - if you could go to page
5 seventy-eight. It's actually GLTC 00084. It lists
6 the directors, the members of Environmental
7 Technology.

8 A Yes. Okay.

9 Q So for PAET, the directors are listed here on GLTC
10 00084. Do you see that?

11 A Yep.

12 Q That was the directors as of January 13th, 2023,
13 correct?

14 A That's as far as I know, yes.

15 Q Are they still, are these individuals all still the
16 directors, to your knowledge?

17 A To my knowledge, no. I know at least a couple of
18 them are not. Jeff Prange is no longer involved. I
19 don't know about Paul Jilek. I never met Bernard.
20 And I don't believe Thomas Homco. Well, I know that
21 Swenson was the chairman at the point wherein he
22 made all these wild accusation accusations in his
23 statement, his declaration to the court relative to
24 this lawsuit. He was, he listed himself as the
25 chairman of that company. So I, it is not the same

1 mix as was presented at the, on that date.

2 Q Have you ever had a meeting of the directors since
3 January 13th, 2023?

4 A Never.

5 Q Who are the directors - to the best of your
6 knowledge, who are the directors of Great Lakes
7 Tissue Company currently, do you know?

8 A The directors of Great Lakes Tissue Company? As far
9 as last I knew, Swenson was the chairman. And I
10 believe Bernard is still there. I believe - I don't
11 know who Charlie Alders is. And I know that Homco
12 is still there. Jeff Prange has left a long time
13 ago. Paul Jilek left to go back to Best Buy. I
14 think he works for Best Buy. The officers down
15 below, I don't believe are necessarily around
16 anymore but they could be. They locked me out on
17 the day of the merger, period. Not me locking them
18 out before.

19 Q Did Great Lakes Tissue Company - so Great Lakes
20 Tissue Company shut down in December of 2022
21 because of the roof issue. It had contracts with
22 customers.

23 A Actually, I'll correct you. We shut down in August
24 of 2022 when the building inspector came in with
25 OSHA and kind of condemned that end of the building

1 until we had a safety plan. So for the month of
2 August, we did not make paper.

3 Q And you didn't make paper in December either?

4 A Potentially, yes.

5 Q The customers that Tissue Depot, Inc. is now
6 supplying paper for are the same customers that
7 Great Lakes Tissue Company had?

8 A I don't believe they are.

9 Q You don't think so?

10 A I don't.

11 Q Why is that?

12 A Because I don't think they're making paper. I think
13 they're treading water looking for investors right
14 now.

15 Q You don't believe that they're making - they're not
16 selling paper to the former customers of Great
17 Lakes Tissue Company?

18 A From my perspective, I don't know.

19 Q Got it.

20 A My guess is they're not making paper because they
21 made all of their vendors angry by not paying them.
22 And they have all kinds of other debts that they're
23 trying to service, which is probably why they
24 changed their name. And Tissue Depot may be selling
25 paper to other resellers as, they call them parent

1 roles, not as finished product. But they may or may
2 not. I have no idea what they're doing.

3 Q My only question is, my reason I was going this way
4 is, is there value in those customers? So in other
5 words, if Great Lakes Tissue Company had these
6 customer relations and now they're Tissue Depot,
7 Inc., would Tissue Depot get some asset of value by
8 having those customer relations?

9 A If they make the products that Great Lakes Tissue
10 Company made before, there is value there, yes.

11 Q Let's go to Exhibit 3 and let's go through Mr.
12 Swenson's declaration.

13 A Okay.

14 Q You're familiar with Exhibit 3?

15 A Yes.

16 Q If we could go through it. And if you could help me
17 point out what is inaccurate. So let's start
18 probably on paragraph seven, page two. It says,
19 since taking over GLT, the new ownership group has
20 discovered an elaborate scheme of self-dealing and
21 embezzlement perpetrated by GLT, by Mr. Boie. Do
22 you see that?

23 A Yes.

24 Q That's not true, is it?

25 A That is not true.

1 Q And we just went through earlier as to what the
2 payments that you received were for?

3 A That's correct, yes.

4 Q After buying GLT but before selling it to PAET,
5 Boie attempted to sell off all of GLT's assets,
6 including the subject equipment as well as future
7 receivables. Notably, the equipment at issue here
8 could not be sold because the equipment was already
9 offered as collateral to secure other corporate
10 obligations. Do you see that?

11 A Yes.

12 Q Is that true? Those two allegations, eight and
13 nine?

14 A Well, we did not try to sell all the assets of GLT.
15 As noted before, we did a sale lease back of the
16 equipment that we could continue to use the
17 equipment to operate. If we'd sold it, we wouldn't
18 be able to operate. And the equipment could be sold
19 because we took other, took other bank notes of
20 Huntington Bank off when we acquired the business.
21 So we had that collateral, we had that, those
22 assets to sell to operate the business.

23 Q So because Huntington Bank was paid off as part of
24 the closing with Mr. Roznowski the -

25 A UCCs.

1 Q The UCC was then canceled, it was terminated.

2 A That's right.

3 Q And as to selling off the assets, that's the - and
4 the receivables, we talked about that before. That
5 was for working capital that you put back in the
6 business?

7 A Yes.

8 Q Paragraphs 10, the City of Cheboygan assisted in
9 providing funds to the mill and took a security
10 interest in the assets. Is that statement accurate?

11 A No.

12 Q Why is it not accurate?

13 A Well, I guess technically it could be. I don't
14 know. I'm not an attorney. But the City of
15 Cheboygan, as part of our closing with Roznowski,
16 there was a loan to MEDC which is one of the
17 environmental groups in the city of Cheboygan that
18 Roznowski was on that we needed to remove him from.
19 And the city of Cheboygan stepped in and said,
20 well, we'll step in and subordinate and be
21 subordinate on that and go along with the business
22 so that MEDC would be satisfied so that the
23 transaction could take place.

24 And I didn't describe that very well. But
25 essentially this is all related to clearing an

1 obligation that Great Lakes Tissue Company had to
2 MEDC that had to be cleared up before we acquired
3 the business from Roznowski.

4 Q So was that debt satisfied?

5 A No. It's still on the books.

6 Q What does the MEDC stand for?

7 A Michigan Environmental -

- not -

- no. Michigan

8 Environmental something.

9 Q Do you know when the city of Cheboygan assisted in
10 providing fund, I assume that means funding to the
11 mill. Do you know when they provided funding?

12 A They never provided funding to the mill ever.

13 Q Are you aware of any -

14 A And then it didn't take security interest in any of
15 the assets.

16 Q And it says the city of Cheboygan, in turn,
17 subordinated its interest to IMB to enable GLT to
18 perform necessary plant improvements, upgrade,
19 allowing GLT to remain a going concern. Do you know
20 what that's referring to?

21 A Well, half of that sentence is true. They did
22 subordinate its interest to the bank. But that
23 subordination didn't enable GLT to do any of those
24 other things. Because it was just changing names
25 for who was backing the loan. There was no money

1 involved.

2 Q That was a loan. INB was a loan, not to Great Lakes
3 Tissue. It was a loan to, I believe to Mr. Homco,
4 is that right?

5 A No. It was a loan to Great Lakes Tissue Company way
6 back when. It might've been part of the 2008
7 recession area. I'm not sure when. But at some
8 point MEDC stepped in and helped Great Lakes Tissue
9 with some capital. And there was a half a million
10 dollars remaining on that. I think it was a half a
11 million dollars that MEDC still had on their books
12 as a receivable. And we had it on our books as a
13 payable. And in order to make that transaction
14 happen, the transaction between Roznowski and GLTG,
15 that obligation had to be, that guarantor had to be
16 moved from Roznowski and it was removed and instead
17 replaced by the city of Cheboygan.

18 And I'm way over my head in describing this
19 stuff. If we want to get into the weeds, I think we
20 have to get the attorneys and look at all the other
21 things to understand exactly what happened. But
22 this is my recollection.

23 Q I didn't mark this as an exhibit but I'm just going
24 to see if this refreshes your recollection. Because
25 I think you're not exactly correct. But let show

1 you something.

2 I'm going to show you - you know what, we'll
3 mark it. I'll send it around. We'll mark it as
4 Exhibit -

-

5 MS. GOLDBERG: 33.

6 MR. MCWHORTER: 33.

7 (Document marked for identification as
8 Plaintiff's Deposition Exhibit Number 33.)

9 BY MR. MCWHORTER:

10 Q It is a financing statement that's by IMB National
11 Association but it's to Hom Paper XI, LLC.

12 A Oh.

13 Q Does that refresh your recollection at all?

14 A It probably only because part of that note
15 securing, part of that MEDC note was used the
16 building as collateral probably.

17 Q What is Hom Paper XI, LLC?

18 A That was the LLC that Homco set up to hold the
19 building under that organizational name.

20 Q But that looks like it's a loan from IMB to Hom
21 Paper XI. Do you have any personal knowledge of
22 that transaction?

23 A It was a paper swap to make the UCC clear so that
24 we could make, we could do the acquisition. He
25 would go through with acquiring the building. That

1 would enable us to go through with the acquisition.

2 Q But the long and short of it is there was no lien
3 on the equipment that Sertant Capital and Prime
4 Alliance Bank took title to, correct?

5 A That's correct, yes.

6 Q And so paragraph twelve, both city of Cheboygan and
7 IMB have a superior claim of possession. I assume
8 you would deny that?

9 A I would deny that, yeah.

10 Q Thirteen we kind of gone over. I have discovered
11 that Boie set up two secret bank accounts in the
12 name of GLT in an apparent effort to keep his
13 fraudulent sales off the books.

14 I assume he's referring to City National
15 account and the First Community Bank account.

16 A That's what he's referring to, yes.

17 Q Was anyone at Great Lakes Tissue Company aware of
18 those two accounts?

19 A Yes.

20 Q How were they aware of them?

21 A Misty was aware of them because she saw wire
22 transfers coming into them, into the Nicolet
23 account. And we told her, well, that's our other
24 bank account. So she was aware of it. And by the
25 way, all the board of directors, there was no

1 secret bank accounts. I wasn't going around in the
2 dark of night moving stuff around. This is a
3 blasphemous statement that Mr. Swenson should have
4 known as a chairman of the company at least to
5 start perusing the bank statements to show incoming
6 wire transfers coming from those accounts.

7 Q Did Great Lakes Tissue Company have an accountant?

8 A Yes. Sandler. Elliot Sandler.

9 Q So did Mr. Sandler have bank account information to
10 prepare taxes?

11 A Yes.

12 Q So would he have had those two accounts?

13 A He had prepared taxes for every year prior to our
14 ownership, so, no.

15 Q He did not prepare taxes for the year 2022?

16 A Year 2022?

17 Q Probably not because you left in January 19th so
18 taxes would've been prepared yet.

19 A That's correct, yes.

20 Q Going to the next page, paragraph three, 1617.

21 We've already covered where the money, where the
22 money went through the bank accounts.

23 When the assets were sold, when the merger
24 occurred that we went through before. And it says,
25 Boie sold GLT to current ownership group without

1 disclosing that GLT supposedly had no assets. GLT
2 certainly had assets when you, when the merger went
3 through, right?

4 A Yes.

5 Q It had environmental permits, it had customers, it
6 had a building, it had employees, it had a lot of
7 assets.

8 A It did.

9 Q It has possession of equipment which was owned by
10 Sertant. It had assets.

11 A It had assets capable of generating revenue and
12 profits. And by the way, it was an as is/where is
13 sale. So whether or not it had assets when we sold
14 it to them is a moot point because it was as is/
15 where is.

16 Q One of the complaints that Great Lakes Tissue Group
17 have raised is that they didn't know of the loan,
18 the master lease involving Sertant Capital and/or
19 Prime Alliance Bank. Do you know if that
20 transaction was ever disclosed to them?

21 A I don't believe it ever was.

22 Q Well, let me ask you this question. Did PAET
23 conduct any due diligence, to your knowledge, prior
24 to the sale?

25 A No. None was really asked for or given because of

1 the prior relationship, I would say, as we
2 discussed. It was on again, off again, on again,
3 off again. We didn't want to waste our time. And it
4 was an as is/where is. And Van Den Heuvel had
5 access to the plant to understand how poor a
6 condition it was months before.

7 Any astute business person could say, this
8 business is in tough shape back then, I bet it's
9 still in tough shape today. And they put themselves
10 out as having enough money to cure all of our
11 problems and then we're going to go and we're going
12 to make money like gangbusters. They put on a
13 persona of not really caring because we got enough
14 money so we can fix it all. Don't worry about it.

15 Q How much money did they represent they were going
16 to invest into Great Lakes Tissue Company?

17 A More than twenty, more than twenty million. They
18 talked about Ron Van Den Heuvel had sold part of
19 his interest in his family business in De Pere,
20 Wisconsin. And so he had five million dollars
21 there. He had another investor over here that was
22 going to bring in fifteen. And then he had all of
23 his equipment that he was going to bring up. And
24 then with that, they were going to go after the big
25 money that they needed to do the rest of the stuff

1 they wanted to do.

2 Q And as far as you can tell, those representations
3 were all false?

4 A Well, they were half-truths, probably. And I'm
5 going to - yeah, probably half-truths.

6 Q Prior to the merger agreement, did PAET inspect
7 Great Lakes Tissue Groups books and records?

8 A No.

9 Q So PAET is going to merge with and take a hundred
10 percent of the stock and it didn't conduct any
11 review of the books and records of Great Lakes
12 Tissue Company to find out what debts it had and
13 what assets it had?

14 A That's correct.

15 Q Do you know why that is?

16 A Because they felt like they had enough money to be
17 able to withstand whatever we had done, whatever
18 was there. They felt like they had - twenty million
19 dollars would've done a tremendous amount to that
20 plant. And we wouldn't even be talking if they had
21 what they represented they did have and used it do
22 half of what they presented that they were going to
23 do.

24 Q Is it poss - well, never mind. That's speculation.

25 Do you know if PAET conducted a UCC search

1 prior to the merger?

2 A No, I don't. I don't know that.

3 Q Do you know if PAET went through with the merger so
4 that it could get access to the environmental
5 permits?

6 MR. HANSEN: Object to form.

7 THE WITNESS: That's -
- yeah.

8 BY MR. MCWHORTER:

9 Q You don't know?

10 A I don't know.

11 Q If you could go back to Exhibit 32, which is the
12 triple net lease.

13 A Yeah.

14 Q If you go to page twenty-one, paragraph twenty-four
15 point one and it's the second paragraph. It says,
16 notwithstanding this provision, in addition buyer
17 as landlord to receive as collateral for the lease
18 the production equipment is further described in
19 the November 20th, 2020 appraisal by Dean
20 Machinery. And then it has an Exhibit B.

21 A Which page are you at again?

22 Q Page twenty-one.

23 A Sorry. Which paragraph again?

24 Q Twenty-four point one. And it's the second
25 paragraph says, notwithstanding this provision in

1 addition buyer as landlord.

2 A Yes. I believe this was a subordinated position,
3 subordinated to us or - and legally I can't, I
4 can't guess or understand or describe why, what
5 that might be. But I know that our team believed
6 that was a, that he had a subordinate position and
7 not a first position in that equipment but a second
8 position.

9 Q And do you know what that basis of that belief is?

10 A Well, it's based on discussions with counsel as we
11 were going through -

12 Q Got it. Was this provision ever disclosed to
13 Sertant Capital or Prime Alliance Bank, to your
14 knowledge?

15 A To my knowledge, no. And we didn't feel like we
16 needed to. And there wasn't, he didn't file a UCC
17 on it.

18 Q Well, that was my point next. You're not aware of
19 any UCC ever being filed, correct?

20 A That's correct, yes.

21 Q I am not sure if - I didn't really go through
22 these. Let's do this. Let's go to, let's just go
23 through these exhibits really quick. Exhibit 24.

24 1 (Document marked for identification as
25 Plaintiff's Deposition Exhibit Number 24.)

1 BY MR. MCWHORTER:

2 Q Do you recognize this letter?

3 A Yes.

4 Q What is this letter?

5 A This was a letter to the chairman of the board
6 expressing some concerns that we had about PAET's
7 capital position. And as is outlined in here our
8 concerns.

9 Q In the second paragraph, just to echo what you have
10 said earlier, the PAET indicated it was going to
11 bring five million in fresh capital and over twenty
12 million in equipment. Without these assurances, I
13 know that GLTG would not have gone forward with the
14 merger transition. Is that true?

15 A That's true.

16 Q And were you aware of the inability of Great Lakes
17 Tissue Group to cover payroll?

18 A Great Lakes Tissue Company?

19 Q Company, yes.

20 A Not until - I mean, you know.

21 Q I'm talking February 2023.

22 A I don't know. I think we knew through our sources
23 that somehow payroll was getting made but not much
24 else was happening.

25 Q Well, were you operating in January 2023?

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1 A We were preparing to do the roof. So we had to shut
2 down to do some work that we had on the north side
3 roof. And so we were kind of shut down in January.
4 We had planned to shut down January through however
5 long it took to get the roof back up so that we
6 could go back and be operational again.

7 Q And where were you planning on getting the funding
8 for the roof? The investors?

9 A Yeah.

10 Q And how many employees did you have? How many
11 employees did Great Lakes Tissue Company have as of
12 January of 2023 when the merger occurred?

13 A It was somewhere on the order of eighty.

14 Q Eighty employees.

15 A Yes. We were running the paper machine around the
16 clock when it was running. And we were running two
17 shifts in our converting area.

18 Q Would it surprise you to learn that there are
19 approximately now, my understanding, about thirty-
20 eight employees?

21 A No, it doesn't surprise me. Because I, that's how I
22 know they're not producing anything. You can't
23 start and stop a paper machine. It's just
24 inefficient as hell. You got to keep it running for
25 as long as it's running. So you got to run multiple

1 shifts, and then you got to have an outsource for
2 that paper to go somewhere. And our sources say
3 there are no trucks leaving that plant.

4 Q It says, it seems that PAET has been non-responsive
5 to a number of creditors and the company is in
6 danger of multiple lawsuits from these creditors.
7 Do you see that?

8 A Yep.

9 Q What's the basis for that?

10 A That's creditors calling me up directly because I
11 was the guarantor on some of those notes. And
12 wanting to collect, wondering where the payments
13 were, what's going on. I forwarded all those to
14 Jeff Prange, who was in the role of president/CEO
15 at the time. He hadn't responded to any of them.
16 And my next step was go to go to the chairman of
17 the board or go to the board, what the heck's
18 happening here.

19 Q Did you ever get a response to this letter?

20 A No. We did have a February 15th conference call. I
th

21 believe it was February 15 . To sort of clear the
22 air. It was a phone call with Homco. And I'm not
23 sure who was on the call. I'd have to look at my
24 notes. But in that call, they agreed to a
25 communication path that went through Jeff Prange.

1 And that path was never followed after that. So
2 subsequent letters refer to that February 15th
3 phone call.

4 Q Do you recall anything else that was said during
5 that February 15th phone call?

6 A No. Nothing specifically comes to mind.

7 Q Exhibit 25.

8 (Document marked for identification as
9 Plaintiff's Deposition Exhibit Number 25.)

10 BY MR. MCWHORTER:

11 Q So do you recognize Exhibit 25?

12 A Yes.

13 Q It's a demand letter from Sertant Capital giving
14 notice of default, right?

15 A Yes.

16 Q To the best of your knowledge, did Great Lakes
17 Tissue Group not make payments for rent for January
18 1st and February 1st, 2023? Do you know?

19 A Great Lakes Tissue Company did not, to the best of
20 my knowledge, which is why this was generated, I'm
21 sure.

22 Q And when you received Exhibit 25, what did you do
23 with this letter?

24 A I forwarded it on to the rest of the Great Lakes
25 Tissue Company leadership, Prange, Mike Garso, who

1 registered agent. Mike was only on the surface for
2 a relatively short period of time and he
3 disappeared. So I forwarded on to them and with
4 the, what are we doing about this kind of comment.

5 Q So did you get a response?

6 A No.

7 Q So on February 15th when you had your conference
8 call, did you discuss the demand letter in Exhibit
9 25?

10 A I'm sure we did. And assurances were given that our
11 money's coming and we'll take care of everything,
12 we'll take care of all the creditors and everything
13 will be fine. And the follow-up letter that I sent
14 them was, okay, in accordance with what we said,
15 here's a list of the creditors and how much they're
16 owed. Let me know how I can answer any other
17 questions. No response to that.

18 Q Well, let's go to that, Exhibit 26.

19 (Document marked for identification as
20 Plaintiff's Deposition Exhibit Number 26.)

21 BY MR. MCWHORTER:

22 Q Do you recognize this document?

23 A Email to Homco.

24 Q Yep.

25 A Yeah. This was before my February 1st letter, I

1 believe. This was February 9th.

2 Q It'd be eight days later.

3 A Yes, you're right. And before our - and shortly
4 after that, Homco said, well, let's just get on the
5 phone and figure it out. And that's when we got on
6 the phone on the 15th, I believe, as I remember.

7 Q It says, second line, we have been inundated with
8 calls from creditors indicating payments and
9 obligations to them are not being met.

10 A Yep.

11 Q What do you mean by that?

12 A Well, people were not - were getting called - I was
13 getting calls from creditors, which were our
14 vendors, as well as the creditors saying, where's
15 our payment? Well, how come you're not paying us?
16 And every time I'd get a call or what have you, I
17 would supply Jeff Prange's name and number and say
18 contact him. He is now in charge of the business.
19 I'm no longer in charge of the business.

20 Q So prior to the merger in 2023, did you receive the
21 same type of calls that you were receiving in
22 February of 2023?

23 A No, no, no. We would receive calls from our vendors
24 saying, how you doing? Are you going to pay us this
25 month, this week? When can you pay us? And it was a

1 very sort of typical sort of back and forth. Well,
2 we can pay you five thousand this week and ten
3 thousand next week. Can you work with that? Well,
4 I'd rather have ten thousand this week and five -

5 you know, those kinds of conversations we had all
6 the time with our vendors but we never not returned
7 phone calls.

8 Q So isn't it fair to say that after the merger there
9 was a deterioration of Great Lake Tissue's credit
10 worthiness because it's not paying its debts in the
11 ordinary course of business?

12 A That's fair to say.

13 Q So did Tom respond to this, respond to your email?

14 Is that what led to the February 15th call, right?

| | | |
|----|---|---------------|
| 15 | A | I believe so. |
|----|---|---------------|

16 Q And now here's the Exhibit I think you're referring
17 to, Exhibit 27.

| | | |
|----|---|-------|
| 18 | A | Yeah. |
|----|---|-------|

19 (Document marked for identification as
20 Plaintiff's Deposition Exhibit Number 27.)

21 BY MR. MCWHORTER:

22 Q So you recognize Exhibit 27?

| | | |
|----|---|------------|
| 23 | A | Yes, I do. |
|----|---|------------|

24 Q So this is the February 15th call you're referring
25 to. And this was your follow-up letter based on

1 that call?

2 A Yep.

3 Q Were you provided any explanation as to why Great
4 Lakes Tissue Company was not paying its debts?

5 A No.

6 Q Were you notified that there was a decision -
7 strike that.

8 Was there any discussion at this point in
9 February 2023 to transfer all of the assets from
10 Great Lakes Tissue Company to Tissue Depot, Inc.?

11 A I wasn't involved in those discussions if there
12 were.

13 Q Were you aware of a decision to transfer the
14 company from the assets of Great Lakes Tissue
15 Company to Tissue Depot, Inc. because of the debts
16 that Great Lakes Tissue had?

17 A No.

18 Q You were the guarantor on several debts, correct?

19 A That's correct, yes.

20 Q Any idea how much in debt you guaranteed?

21 A Probably around eight hundred, nine hundred
22 thousand between four companies, including Sertant.
23 No, no. Not including Sertant. Excuse me.

24 Q You've guaranteed debts that were made to Great
25 Lakes Tissue Company totaling about eight hundred

1 thousand dollars?

2 A Yeah.

3 Q And you did this between taking over in March of
4 2022 to January of 2023?

5 A I would say March to November maybe.

6 Q What kind of loans were these for?

7 A These were for - these were similar, like we talked
8 before, Pin Hook and the others were cash flow
9 loans, essentially. They see what your cash flow is
10 and they see what your income is by looking at your
11 bank statements. And they say, we'll loan you this
12 much and you pay us back this much. And we agreed
13 to those, to their terms. By the way, it didn't,
14 wasn't readily obvious to me that I was a guarantor
15 until sort of they started knocking on my door.

16 Q Got it.

17 A I thought Great Lakes Tissue Company was the sole
18 guarantor and their receivables were the sole
19 guarantor. And I was signing as the president of
20 the company, not as a guarantor. It's a little bit
21 of predatory lending which is why I've engaged
22 Janice in New York, in part.

23 Q So with some of these guarantees, with the
24 guarantees, you weren't aware that you were a
25 guarantor. You thought you were just simply signing

1 us as president of the bank - president of the
2 company?

3 A Yeah.

4 Q Sorry. Bad habit.

5 A Yeah, no worries. And a little bit of maybe naivete
6 on my part for doing that. That was not the
7 smartest move I've ever made. And if not for the
8 assurances of PAET prior to the merger, we would
9 not have done the merger. Because knowing that they
10 would've defaulted on these loans would've
11 prevented us from doing the merger.

12 Q When PAET had represented to you that they had
13 twenty million dollars that they were going to
14 inject in capital, did they provide you with
15 anything to substantiate that? In other words, how
16 did you know that? What did you rely upon in
17 deciding to go forward with the merger?

18 MR. HANSEN: Object to the form.

19 BY MR. MCWHORTER:

20 Q If anything?

21 A There were lists of equipment and market values
22 with estimations from appraisers of values for all
23 of this equipment totaling twenty million dollars.
24 Ron Van Den Heuvel told me that on the day of
25 closing, that evening he had five trucks scheduled

1 to arrive. And then the next day and it's going to
2 happen. We're going to do it. It's going to be
3 perfect, don't worry about it.

4 Q And you talk about equipment, you're talking about
5 non Sertant Capital, Prime Alliance equipment?

6 A Right.

7 Q Did they provide you with financial statements? Did
8 PAET provide you with financial statements?

9 A No.

10 Q If you look at Exhibit 27 it says, attached is a
11 summons and the creditor list that I sent January
12 27th. Also, I sent the Sertant Capital agreements
13 to you earlier this week. Be sure to read
14 carefully.

15 Why did you provide the Sertant Capital
16 agreements to Jeff Prange, Paul Jilek and Ron Van
17 Den Heuvel?

18 A Why?

19 Q Yeah.

20 A Because they apparently didn't have them from the
21 company documentations. And I wanted to make sure
22 that they had them so that they would begin to
23 abide by them.

24 Q So one of the allegations that they've made in this
25 case is that they had no knowledge and that the

1 loan to Sertant Capital is not in the books and
2 records of Great Lakes Tissue Group. What's your
3 thoughts on that? What's your response?

4 A A little bit of forensic accounting and discussions
5 with the accountant at the time, Misty, would've
6 caused them to say, oh, okay, well, we didn't know
7 that. Well, and Misty would've said, if you want
8 any more information, talk to Kip. And they could
9 have called me anytime and I would've helped them
10 understand what that condition was. After the
11 merger, I received no phone calls from anybody
12 asking for clarifications of what their obligations
13 were or any of that.

14 Q Were those agreements, was the master lease
15 agreement and the other agreements we went through
16 in Exhibits 5 and 6, were they in the books and
17 records of Great Lakes Tissue Company?

18 A I believe so, yes.

19 Q Did -
-
-

20 A Or, and if they couldn't find them, I was readily
21 available to give them to them.

22 Q And they never asked - again, prior to entering the
23 merger agreement, they never asked to see creditor
24 lists, correct?

25 A Correct.

1 Q Did they go through your financial statements? Did
2 they go through anything in terms of -

3 A No. Well, and a little bit of that bravado. Again,
4 speaking to them, their assertions that they had
5 plenty of money. All of that bravado, oh, we got
6 twenty million dollars, we got enough money to
7 survive anything. So, okay, I don't feel obligated
8 to give you anything if you're not going to ask.

9 Q Well, doesn't it strike you as strange that you're
10 going to buy a business, you are buying it as is/
11 where is and you're not looking at what the assets
12 and liabilities of the company were?

13 MS. GOLDBERG: Object to form.

14 THE WITNESS: Well, I think it is, it's
15 interesting. I think that there's a little bit of
16 chasing the pot of gold at the end of the rainbow.
17 You create a story that's large enough, you don't
18 worry about little old GLT making paper over here.
19 You look at Ghana, you look at all of these
20 millions and millions, millions of dollars that
21 they were going to make through other things. And
22 you go, we don't need to worry about that. We got
23 money in the bank. They'll take care of that. Just,
24 we're just, we just need to get by this merger
25 thing and we'll be, we'll be fine.

1 BY MR. MCWHORTER:

2 Q Did PAET have an accountant that looked at the
3 books and records of Great Lakes Tissue Company
4 before the merger?

5 MS. GOLDBERG: Object to form.

6 BY MR. MCWHORTER:

7 Q You can answer.

8 A Not that I'm aware of.

9 Q Let's look at Exhibit 28.

10 (Document marked for identification as
11 Plaintiff's Deposition Exhibit Number 28.)

12 BY MR. MCWHORTER:

13 Q Do you recognize this Exhibit?

14 A Yes.

15 Q What is this Exhibit?

16 A This is an email exchange I had with Paul Jilek who
17 was the COO for a short period of time as he's
18 stating in his signature line. And just kind of -
- I
19 got to recall what it is here.

20 MS. GOLDBERG: Just take your time and read
21 through the whole email chain, Kip. Let us know
22 when you're ready.

23 THE WITNESS: So it's just a brief exchange,
24 email exchange with Paul Jilek. And as I was
25 instructed on the 15, thank you for your

1 conversation today. In alignment with that, here's
2 the creditors. And he laments about there are so
3 many undisclosed lender debts, countless vendors
4 that are unpaid, insurance, taxes. You know, it's a
5 full-time job keep up. And my, anyway, and then he
6 makes the accusation that we, you know, double
7 collateralized. And I'm telling him to go back and
8 look at the agreements. We did not.

9 BY MR. MCWHORTER:

10 Q Let's break this, let's see if we can go, break
11 this email down. So if you go down to the bottom
12 section, bottom email, the one that's from you
13 February 15th, 2023 at 3:08 PM. It says, attached
14 are the documents of Sertant Capital who worked
15 with for sale lease back financing on converting
16 equipment. This replaced loans that were forced to
17 pay off our transaction with Clarence.

18 So what you're referring to is this loan with
19 Sertant replaced the Huntington Bank loan.

20 A Right.

21 Q And again, this is on the February - is this email
22 sent a after your phone call on February 15th?

23 A Yes.

24 Q So during that call, again, did they ask for you to
25 send the Sertant documents or did you just go ahead

1 and send them?

2 A I just went ahead and sent them. And they, during
3 that call, my recollection is they said, we'll deal
4 with all the creditors and everything. You guys -
5 and, well, who's the right person to send this
6 stuff to? And Paul was on that list which is why I
7 sent them what I sent them.

8 Q And then on February 19 - so give me your reaction,
9 your explanation as to why it's not true, this
10 statement about Paul Jilek says, one very direct
11 question. Is it true that you provided the same
12 collateral for the GLT property and the equipment
13 fail lease back with Sertant Capital for three
14 million. It is fraudulent to double dip and provide
15 the same collateral to different agreements in
16 first position.

17 What's your response to that statement?

18 A Well, it's in my response to him. We believed that
19 Homco was in the second position, not in the first
20 position. And read the documents. And it was, my
21 nose was bent out of joint a little bit. And I
22 told him I take issue with it personally, so.

23 Q So after this email, did you have any other further
24 communications with PAET in terms of demanding
25 information?

1 A All of the one-way communications that we've sort
2 of already - or some of the one-way communications
3 that we've talked about. I sent a letter and
4 received nothing in return.

5 Q Can you turn to Exhibit 29?

6 A Yeah.

7 (Document marked for identification as
8 Plaintiff's Deposition Exhibit Number 29.)

9 BY MR. MCWHORTER:

10 Q What is this document? Do you know?

11 A This document was sent to me by an undisclosed
12 person who went to a tour that PAET had put on for
13 local business people to come and see the plant and
14 see all the beautiful, wonderful things that we've
15 done. And I think this was one of the handouts that
16 was given.

17 Q At the time you received it, were the owners of
18 PAET those that were listed, to your knowledge, in
19 the top, the one through nine on the top part of
20 this Exhibit?

21 A Yeah. I didn't know. I don't know who PKJ Family
22 is. I don't know who Mike Ball is. Tim Hansen is an
23 owner. I didn't know that. Jerry Schmidt. I don't
24 know who that is. But that's -

-

25 MR. HANSEN: Just so the record's clear. I'm

1 not an owner.

2 BY MR. MCWHORTER:

3 Q Keep going.

4 A That's what I assumed. That those were the owners
5 and these were the officers now. And the board of
6 directors was showing Don Swenson and Gordon
7 Nameni. Paul Jilek still, Homco. All those people.
8 And me, albeit, I don't come to board meetings,
9 apparently. Or I'm not invited to board meetings.

10 Q So why is PAET doing a handout when it's Great
11 Lakes Tissue Company that's operating the facility?
12 Any idea?

13 A No.

14 MR. HANSEN: Object to the form.

15 THE WITNESS: I have no idea.

16 BY MR. MCWHORTER:

17 Q Do you know when approximately you received Exhibit
18 29?

19 A I'm going to say early summer.

20 Q 2023, correct.

21 A 2023, yes.

22 Q I might as well hit the roof real quick and then I
23 think we're done.

24 So if you could kind of just walk me through
25 the issues with the roof. Exhibit 16 is the

1 earliest I could find in terms of a communication
2 relating to the roof.

3 (Document marked for identification as
4 Plaintiff's Deposition Exhibit Number 16.)

5 BY MR. MCWHORTER:

6 Q So when you closed, there was money that was
7 supposed to go towards the south end and north end.
8 Can you kind of walk me through the roof issue?

9 A Well, as part of the deal for closing, Homco
10 inspected the roof, decided that it needed repairs
11 and wanted to escrow some monies to cover those
12 repairs.

13 We, upon taking ownership, realized very
14 quickly that it was not the south end of the roof
15 that was a problem, it was the north end of the
16 roof, of the building that was the problem. And we
17 needed to repair the north end first. And so we
18 started working with Tom and he hired a structural
19 engineer to come in and assess the roof and give us
20 a plan on the north end for how to fix it.

21 The structural engineer came away from that
22 and was moved to write a letter to the Cheboygan
23 County Building Inspector suggesting that the
24 building be condemned because our employees were in
25 danger and so forth. And so that, and that was

1 around sometime in July that he came in and wrote
2 the letter to the building inspector.

3 OSHA came in on, somewhere around, towards the
4 - it was the last - I know exactly when it was. It
5 was the last business day of July. And July was our
6 best shipping month that we ever had. And the
7 building inspector came in and I was, I left town
8 to get on a flight to come back to Minnesota. And
9 the building inspector, and they shut us down
10 pending a safety plan and structural drawings that
11 would show how we're going to repair the roof to be
12 satisfactory to their conditions or to their
13 satisfaction. That specific Exhibit is June 21st.

14 Q Let's just walk through this. Exhibit 16, you
15 recognize this Exhibit?

16 A Yeah. This is Exhibit 16. Yes.

17 Q So that's the Cheboygan County Department of
18 Building Safety notifying you about the danger of
19 roof collapse.

20 A Right.

21 (Document marked for identification as
22 Plaintiff's Deposition Exhibit Number 17.)

23 BY MR. MCWHORTER:

24 Q And then Exhibit 17 is the engineering report that
25 you were just testifying to, the July 25th, 2020

1 1 report.
2 2 A Yep.
3 3 Q And then based on that report, you received Exhibit
4 4 18, the report of unsafe building condition.
5 5 A Yes.
6 6 (Document marked for identification as
7 7 Plaintiff's Deposition Exhibit Number 18.)
8 8 BY MR. MCWHORTER:
9 9 Q Is this what you were referring to? You said
10 10 August. Is this really the -
11 11 A Yeah. This is the end of July, yeah. That was the
12 12 th
13 13 last, July 29 I believe was the last business
14 14 day.
15 15 Q And then you guys were, so you were closed down in
16 16 August?
17 17 A Yep.
18 18 Q Did you reopen back up again?
19 19 A Yes. We found an engineering firm and a contractor
20 20 to work together with our team. And Julie Lafond
21 21 and David Scott were critical in that role in
22 22 putting together a plan that Mr. Cronk would accept
23 23 and then reauthorized us to begin working there
24 24 again. And that was a safety plan coupled with an
25 25 engineering design of what we were going to do to
the building and when we were going to do it. The

1 safety plan was to allow us to minimally operate in
2 that part of the building without endangering our
3 employees. And then the operational plan was a
4 secondary part of that - or the building plan was a
5 secondary part of that.

6 Q And then in December, going to Exhibit 19, there's
7 a roof collapse, is that right?

8 A Yep.

9 (Document marked for identification as
10 Plaintiff's Deposition Exhibit Number 19.)

11 BY MR. MCWHORTER:

12 Q And as a result, you had to lay off fifty
13 employees, correct?

14 A Yep. Yes. Roughly.

15 Q And then Exhibit 19 is the email to, I assume
16 employees? No. It's a - what is Exhibit 19? I'll
17 just -

- I guess it's just an email confirming that
18 you guys are closing the north end of the building
19 effective December 21st.

20 A Yeah.

21 Q Was any of the equipment that Sertant Capital have,
22 is it threatened by - was the equipment threatened
23 by the - let me rephrase that.

24 Given the condition of the roof, was the
25 equipment that was owned by Sertant Capital and

1 Prime Alliance, was the condition of that equipment
2 threatened because of the roof?

3 A Not that I recall directly. And if it was, it was
4 one or two minor pieces of equipment.

5 Q Do you know what the condition of the roof is now?

6 A I know Google Earth shows some repairs have been
7 made to the roof. But other than that, I do not
8 know anything.

9 Q You haven't been provided notice of anything?

10 A No.

11 MR. MCWHORTER: I think I'm done. Can we take a
12 five minute break? And then I think I'm done.

13 (Brief pause.)

14 MR. MCWHORTER: Mr. Boie, I have no further
15 questions at this time and so we will go ahead and
16 turn it over to Ms. Goldberg.

17 MS. GOLDBERG: Thank you, Mr. McWhorter.

18 EXAMINATION

19 BY MS. GOLDBERG:

20 Q Hi, Kip. I'm just going to ask you a few clarifying
21 questions from your testimony you gave in response
22 to Mr. McWhorter's questioning.

23 The first question I have for you is, earlier
24 in the deposition you testified that you had served
25 as the interim CEO of a company called T&T

1 Machines, do you recall that?

2 A Yes.

3 Q And do you know if Great Lakes Tissue Group, LLC is
4 the owner of T&T Machines?

5 A They are not technically the owner of T&T Machines.
6 There is, it is a company called Precision
7 Enterprises, I think.

8 Q And do you know how Precision Enterprises came to
9 be the owner of T&T Machines?

10 A I'm not sure. The Great Lake Tissue Group had been
11 negotiating with the owners of T&T. And our
12 contract was getting close to coming together. And
13 we I think at the last minute changed the name from
14 Great Lakes Tissue Group to Precision Enterprises.
15 Precision Manufacturing Enterprises, I think it is.
16 PME.

17 Q And do you personally have any interest or
18 affiliation with Precision?

19 A I do not.

20 Q Does Trout Lake Enterprises, LLC have any
21 affiliation with Precision?

22 A No.

23 Q The next question, my next question just relates to
24 Exhibits 5, 6, and 8 which Mr. McWhorter showed to
25 you. So if you want to review, have them open just

1 for the next few questions that may be helpful.

2 A Sure, sure.

3 Q Exhibits 5 and 6 that we looked at, those two
4 Exhibits comprise the lease agreement with Sertant
5 Capital, is that correct?

6 A Yes.

7 Q And we looked at your signature on those two
8 Exhibits and the execution date was in September of
9 2022, is that correct?

10 A That is correct, yep.

11 Q And then Exhibit 8 is a compilation of fourteen
12 receipts that were issued in connection with sales
13 of equipment for scrap, is that correct?

14 A Yes.

15 Q And if you look at the first page of Exhibit 8,
16 it's a Kling's Auto Recycling receipt for electric
17 motors and it says the date on that receipt is
18 August 23rd, 2022. Do you see that?

19 A I do, yes.

20 Q And that receipt predates the execution of the
21 Sertant lease reflected in Exhibits 5 and 6,
22 correct?

23 A That's correct, yep.

24 Q And then page two of Exhibit 8 is another receipt.
25 And this one is dated August 17th, 2022. Do you see

| | | |
|---|---|-------|
| 1 | 1 | that? |
|---|---|-------|

| | | | |
|---|---|---|------|
| 2 | 2 | A | Yep. |
|---|---|---|------|

3 3 Q And that receipt also predates the date of the
4 4 Sertant contract, correct?

| | | | |
|---|---|---|---------------|
| 5 | 5 | A | Yes, it does. |
|---|---|---|---------------|

6 6 Q Page three of Exhibit 8 is another Kling's Auto
7 7 Recycling receipt. And do you see that date as July
8 8 28th, 2022?

| | | | |
|---|---|---|------|
| 9 | 9 | A | Yes. |
|---|---|---|------|

10 10 Q And that predates the date -

11

11 A The date's -

12

| | | | |
|----|----|---|--|
| 13 | 12 | Q | Let me just finish the question and then you can |
| 14 | 13 | | get your answer in. |

15 14 That predates the execution of the Sertant
16 15 contract, correct?

| | | | |
|----|----|---|----------|
| 17 | 16 | A | Correct. |
|----|----|---|----------|

18 17 Q Page four of Exhibit 8 is another receipt dated
19 18 July 28th, 2022 and that predates the September 22
20 19 execution of the Sertant contract, correct?

| | | | |
|----|----|---|-----------------|
| 21 | 20 | A | That's correct. |
|----|----|---|-----------------|

22 21 Q Page five appears to be the back of a receipt so I
23 22 don't see any information on page five of Exhibit
24 23 8. Page six of Exhibit 8 is a Kling's Auto
25 24 Recycling receipt and that one is dated December
25 25 20th, 2022. Do you see that?

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1 A Yes.

2 Q So this receipt reflects something, a scrap
3 transaction that occurred after the execution of
4 the Sertant contract, correct?

5 A Yes, that's correct.

6 Q And then page seven is very faint but I think if
7 you zoom in you can see that it appears to reflect
8 a receipt with the date of June 2nd, 2022. Can you
9 see that?

10 A Yes.

11 Q If you look above handwriting that says, heavy
12 torching.

13 A Yes.

14 Q If you enlarge the PDF, you can see that date?

15 A Yep.

16 Q And that June 2nd, 2022 date, that predates the
17 September 2022 date of the Sertant contract?

18 A That is correct.

19 Q And then page eight of Exhibit 8 is another receipt
20 dated July 28th, 2022. Do you see that?

21 A Yes.

22 Q And that predates the Sertant contract?

23 A Yes, it does.

24 Q Page nine of Exhibit 8 is a Kling's receipt dated
25 September 8th, 2022. Does that receipt predate the

1 signature date of the Sertant contract?

2 A It does.

3 Q Page ten is once again, is another receipt also
4 with the date of September 8th, 2022. And that also
5 predated the signature of the Sertant contract, is
6 that correct?

7 A That's correct.

8 Q Page eleven of Exhibit 8 is a receipt dated July
9 28th, 2022. And is it correct that that predates
10 the September 2022 Sertant contract?

11 A That's correct, it does.

12 Q I do not see any information on page twelve. Page
13 thirteen of Exhibit 8 is another receipt dated
14 August 17th, 2022. And does that predate the
15 Sertant contract of September, 2022?

16 A It does.

17 Q And then the final page of Exhibit 8 is a receipt
18 dated August 23rd, 2022. And does that receipt
19 predate the Sertant contract?

20 A Yes, it does.

21 Q Thank you, Mr. Boie.

22 MS. GOLDBERG: I have no more questions for you
23 on my redirect.

24 MR. MCWHORTER: Hey, Tim, let me - can I ask
25 one question off of this?

1 MR. HANSEN: Yep.

2 REEXAMINATION

3 BY MR. MCWHORTER:

4 Q Mr. Boie, I appreciate going through Exhibit 8 on
5 the dates. From any of these receipts, can you tell
6 from these receipts whether any of these items
7 relate to the missing equipment listed on Exhibit
8 7?

9 A Yeah. I can't make any one-to-one comparison line
10 by line to any of those, no.

11 Q So you don't know, you don't have personal
12 knowledge of whether the equipment on Exhibit 7
13 was -

-

14 MS. GOLDBERG: I'm sorry. You -

-

15 BY MR. MCWHORTER:

16 Q I'm trying to think of the right word. I want to
17 say disposed of. You don't know when the items in
18 Exhibit 7, whether they were scrapped, when they
19 were scrapped or no longer at the location at Great
20 Lakes Tissue Company, correct?

21 A Well, they - we wouldn't get the receipt or the
22 money if the scrap hadn't left the location. Was
23 that your question?

24 Q No. I'm not sure if I understand the answer. What
25 does that mean?

1 A Well, the date of the receipt is the date that the
2 equipment, that Kling's took the equipment or took
3 whatever it was away, the scrap away.

4 Q I understand. But how do you know if, from your
5 knowledge whether, for instance, the first page,
6 Great Lakes Tissue, electric motors, August 23rd,
7 2022. How do you know whether any of these items on
8 one through twenty-nine relate to that electric
9 motor?

10 A Well, in the case of electric motors, I'm a hundred
11 percent sure, ninety percent sure that that does
12 not relate to anything on the list.

13 Q The second page is electric motors. Same thing?

14 A Yep. It -

15 Q Page three is -
 - go ahead.

16 A No, you go ahead. Page three.

17 Q So LS heavy torching New Holland skidster, do you
18 see that on here?

19 A I do.

20 Q Which one is that?

21 A I have no idea.

22 Q You don't know which of the twenty-one is the New
23 Holland skidster?

24 A No, no.

25 Q And forklifts. There are -
 - is there a forklift on

1 here? Do you see forklift for number four, page
2 four. Do you see a forklift on one through twenty-
3 one?

4 A Yep.

5 Q Which one's a forklift?

6 A On which list? On the list of -

-

7 Q Missing equipment.

8 MS. GOLDBERG: On Exhibit 7.

9 THE WITNESS: On Exhibit 7. I can only say it
10 could be. But I don't know for sure. I don't see
11 any forklifts on here. Except I do know that the
12 two, line fifteen and sixteen are probably
13 forklifts. Line fourteen is probably a forklift,
14 also. So it could be but I, there is no way of
15 telling which line item applies to which scrap
16 receipt.

17 BY MR. MCWHORTER:

18 Q Right. And the New Holland skidster could be - I
19 saw skidster. Oh, seventeen. Could be but you don't
20 know.

21 A Could be, yeah. But I don't know.

22 Q Let me ask you this question. Was Sertant Capital
23 ever, or Prime Alliance ever advised that any of
24 the equipment that it purchased was scrapped, to
25 your knowledge? Prior to the sale?

1 MS. GOLDBERG: Okay. I was just going to ask to
2 clarify the time period.

3 THE WITNESS: No.

4 BY MR. MCWHORTER:

5 Q Again, page six, going to page six, compressor. I
6 know you talked about it could be the two
7 compressors. Do you know if that compressor on page
8 six is the compressor in line one and two?

9 A I do not know that. I think it - I don't know that.
10 No, I don't know that.

11 Q How many compressors did Great Lakes Tissue Company
12 have?

13 A Well, it depends. We had two industrial compressors
14 that were used in production. I believe there was
15 also smaller compressors to run air tools and so
16 forth in other various shops. That compressor could
17 be that, also. I don't know.

18 Q We covered forklifts. Two skidsters on number nine.
19 Do you see a skidster?

20 A Yep. I see page nine.

21 Q Is there skidsters on the missing equipment list?

22 A Number seventeen is the skidster.

23 Q The long and short of it is, you can't tell from
24 these receipts whether they correspond with one
25 through twenty-one or not?

1 A That is correct.

2 MR. MCWHORTER: I don't have any further
3 questions.

4 MS. GOLDBERG: I don't have any questions
5 following that either.

6 EXAMINATION

7 BY MR. HANSEN:

8 Q Mr. Boie, my name is Tim Hansen. I represent PAET,
9 do you understand that?

10 A Yes.

11 Q I'd like to talk to you about Sertant. When did
12 Great Lakes Tissue Company first become acquainted
13 with Sertant?

14 A I'm going to say a couple months prior to executing
15 the contract.

16 Q So maybe late July, early August, something like
17 that of '22?

18 A Yes. Something like that.

19 Q How did Great Lakes Tissue Company find Sertant?

20 A I don't recall.

21 Q Were you acting on behalf of Great Lakes Tissue
22 Company around that time, summer of 2022, seeking
23 funding for operations at Great Lakes Tissue
24 Company?

25 A Was I acting -
- could you rephrase that or restate

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1 that, please?

2 Q Yes. In the summer of 2022, was Great Lakes Tissue
3 Company actively trying to find sources of capital
4 and/or lending to continue its operations?

5 A Yes.

6 Q And you did a deal with Avian, correct?

7 A Yes.

8 Q And a deal with Capital, correct?

9 A As I recall, yes.

10 Q And a few others, correct?

11 A M'hm.

12 Q Is that a yes?

13 A Yes.

14 Q And that's how you ended up as a personal guarantor
15 on several hundred thousand dollars, correct? Those
16 were related to those various forms of funding,
17 correct?

18 A Yes.

19 Q And Sertant was in that mix as well, right?

20 A Mr. Who?

21 Q Sertant was in that mix as well?

22 A Yes.

23 Q Do you remember how you found -

-

24 A Timing wise, Sertant was the last creditor that I
25 think we worked with prior to the merger.

1 Q Were you primarily the one responsible on behalf of
2 Great Lakes Tissue Company for finding the lenders?

3 A No.

4 Q Who was?

5 A Jim Hoffman.

6 Q What was his role? Who did he work for?

7 A He's a representative of Rose Star Group.

8 Q Did he have a formal affiliation with Great Lakes
9 Tissue Company?

10 A As an employee?

11 Q Whether employee, owner, officer, director,
12 whatever.

13 A He had an informal relationship in that he was
14 instrumental in helping me resolve cash flow issues
15 and interfacing with vendors.

16 Q What was the nature of that relationship?

17 A Give me an example of what you mean? Is it
18 collegial? Is it -

-

19 Q Why was he doing it?

20 A Because he was representing Rose Star Group, the
21 majority shareholder.

22 Q So is it your testimony that he is the one who went
23 out and found these various lenders, purchasers,
24 sources of funding like Sertant?

25 A In part.

1 Q Do you remember whether he was responsible for
2 putting Great Lakes Tissue Company in contact with
3 Sertant?

4 A I don't remember, no.

5 Q Would there have been anyone else who would have
6 introduced Great Lakes Tissue Company to Sertant?

7 A Not likely.

8 Q What is the first time that you remember being in
9 touch with anyone from Sertant?

10 A I don't have a specific date in mind. But, again,
11 I'll, you know, we'll backtrack from when the
12 contract was and assume it took a couple months to
13 get the contract done.

14 Q Was it a phone call, email communication? How did
15 you initiate the conversation about the purchase?

16 A I don't recall. It was probably phone calls.

17 Q And at some point I think you testified that a
18 principal of Sertant did visit the mill in
19 Cheboygan?

20 A Yes.

21 Q And you were there with him?

22 A M'hm.

23 Q Is that a yes?

24 A Yes.

25 Q And you believe that that person was the son of

1 another principal of Sertant, is that right?

2 A That's correct.

3 Q But you don't remember his name?

4 A I don't remember his name today. I could probably
5 find it somewhere.

6 Q How would you find it?

7 A I would peruse my notes.

8 Q What notes do you have?

9 A I have volumes of notes taken from meetings and so
10 forth over the past twenty-five years that I could
11 look at and try to figure out over the last couple
12 years where that, what that guy's name was.

13 Q Have you produced those notes to anyone in this
14 litigation?

15 A No.

16 Q Have you provided those to your lawyer to be
17 produced?

18 A No.

19 Q What do you remember about Sertant's visit to
20 Cheboygan?

21 A I remember him coming in, meeting in the conference
22 room. Discussing what our future plans were for the
23 business. Discussing why did we buy this business.
24 Describing the condition of the plant that you're
25 going to see as you walk about. And that we'll show

1 you the equipment and we'll get into as much detail
2 as you like. And then we went out and walked the
3 plant, looked at the major pieces of equipment.

4 Q Prior to that meeting, you provided Sertant with a
5 list of the equipment that you had intended to
6 offer for sale?

7 A Yes.

8 Q When Sertant came to visit and you went around and
9 looked at, I think, did you describe them as major
10 pieces of equipment? Is that what you're saying?

11 A Yes.

12 Q I think you testified earlier it was three, four,
13 maybe five significant pieces that Sertant was
14 primarily interested in?

15 A Yes. Those are what I pointed out, yes.

16 MS. GOLDBERG: Kip, just let Tim finish his
17 whole question before you start to answer so you're
18 not speaking over each other, okay?

19 THE WITNESS: Okay. Thank you.

20 BY MR. HANSEN:

21 Q Who decided what pieces of equipment to show
22 Sertant?

23 A I guess, me.

24 Q Did the representative from Sertant tell you that
25 he wanted to see everything on the list of what you

1 were proposing to sell? Or did you just sort of
2 take the lead and show him what you wanted to show
3 him?

4 MS. GOLDBERG: Object to the form. You can
5 answer.

6 THE WITNESS: We had the list of equipment, as
7 I recall. And you could see the values of the
8 equipment. And as we looked at a piece of equipment
9 out in the plant, yep, there's that line item and
10 there's that line item and there's that line item.
11 And at some point we collectively said - he
12 collectively said, okay, I'm satisfied.

13 BY MR. HANSEN:

14 Q Did you go through, did you show this person every
15 piece of equipment on the list or was it limited to
16 the three to five pieces you've been talking about
17 during today's deposition?

18 A It was not an inventory checklist kind of a tour.
19 It was, here's the converting machine, here it is
20 on the list. There's some other equipment in the
21 back room that's the compressor and some other
22 things. It was very casual, shall we say.

23 Q And were there any items on the list that you had
24 and were sharing with Sertant where the equipment
25 was inoperable, impaired or somehow otherwise not

1 usable?

2 A Not to my knowledge.

3 Q So everything on the list that you were proposing
4 to sell was in good working order?

5 A I wouldn't say that.

6 Q What would you say?

7 A I would say I was not knowledgeable about all of
8 the things on the list being a hundred percent
9 operable.

10 Q Did you explain that some items on the list - let
11 try that again. Did you explain to the person from
12 Sertant that some items on the list were not
13 operable?

14 A No.

15 Q Did he ask whether everything on the list was in
16 good working order?

17 A No.

18 Q Did you give him the impression that everything on
19 the list was in good working order?

20 MS. GOLDBERG: Object to the form. You can
21 answer.

22 THE WITNESS: I don't believe so.

23 BY MR. HANSEN;

24 Q What do you recall were the major pieces of
25 equipment that you wanted to show him?

1 A The converting equipment which was three production
2 cells, if you will.

3 Q Let me just pause you there before you get to the
4 next pieces of equipment. Can you describe what
5 those production cells, you know, what's the nature
6 of that equipment? What did it look like?

7 A Well, one production cell took parent rolls of
8 paper and converted it to the toilet paper rolls
9 that we typically use and wrap them and put them in
10 a case. That was one big base. Another base took a
11 parent roll and created the larger diameter rolls
12 of paper that you see sometimes in baseball games
13 or whatever. You know, the big large rolls that go
14 into the dispensers. And another machine base was
15 used to marry two parent rolls into one two-ply
16 parent roll and we sold the paper that way.

17 Q How big were these three bases?

18 A The room was probably half the size of a football
19 stadium.

20 Q And was the equipment that -

 - let's take the first
21 base. The major piece of equipment that was listed
22 on the equipment that you were intending to sell to
23 Sertant, how big was that piece of equipment?

24 A Which one? The first one that I described?

25 Q Yes. The first one.

1 A Well, it actually -
 - that production cell
2 encompassed three or four of the line items that
3 were on the list.

4 Q And were those integrated into one unit to perform
5 the process that you described?

6 A Yes. There's a conveyor connecting two pieces of
7 equipment. Yes. They're integrated in that sense,
8 yes.

9 Q And are the pieces of equipment mounted to the
10 ground of the facility?

| | | |
|----|---|------|
| 11 | A | Yes. |
|----|---|------|

12 Q Is that also true for the second base and the third
13 base that you were telling me about?

| | | |
|----|---|------|
| 14 | A | Yes. |
|----|---|------|

15 Q These are big pieces of equipment that are mounted
16 into the floor?

17 A Pretty much, yes.

18 Q How long have they been in place, mounted to the
19 floor?

20 A I don't know. Prior to our ownership. I'm not sure.
21 They were there when we got there and I would say,
22 you know, maybe for three or four years prior to
23 that as it relates to this converting equipment.

| | | |
|----|---|--|
| 24 | Q | Who owned the building at the time in September of |
| 25 | | 2022? |

1 A Clarence. In September of 2022?

2 Q Yes.

3 A Prior to the merger?

4 Q Yes.

5 A Thomas Homco. Hom Paper XI.

6 Q So we've talked about those three bases with the
7 equipment that's mounted to the floor of the
8 building. Were there other large pieces of
9 equipment in that three to five number that you
10 described that you looked at in addition to those
11 three bases?

12 A Yes.

13 Q What were those?

14 A The paper machine.

15 Q And what's the paper machine?

16 A It's a paper making machine. It's a large machine
17 that's about, I'll say, thirty feet in width and
18 two hundred and fifty feet in length. And probably
19 seventy-five to a hundred feet in height?

20 Q This a massive machine?

21 A Massive machine, correct. That's where the majority
22 of -

23 - that and the paper converting is where the
majority of -

- the investment to Sertant was.

24 Q Of the three to five -

25 - and I think you testified,
correct me if I'm wrong, the three to five pieces

1 1 of equipment that we're talking about, in your
2 2 view, were adequate security for the lease, is that
3 3 fair?
4 4 A Yes. On aggregate, yes.
5 5 Q Because you had testified, I believe, earlier that
6 6 there were smaller moveable pieces of equipment
7 7 that you didn't really think mattered too much
8 8 because you had enough security with Sertant, in
9 9 your view, with the three to five large pieces,
10 10 correct?
11 11 MR. GOLDBERG: Object to the -
-
12 12 MR. MCWHORTER: Object to the -
- go ahead,
13 13 Janice.
14 14 MS. GOLDBERG: I'll put my, I object to the
15 15 form of the question.
16 16 MR. MCWHORTER: I'm going to object as well to
17 17 the form of the question. Go ahead. You can answer
18 18 the -
-
19 19 MS. GOLDBERG: You can answer now.
20 20 THE WITNESS: There were -
- I would -
- before I
21 21 answer the question is, is of those three -
- please
22 22 rephrase your question. I'm sorry. I got lost.
23 23 BY MR. HANSEN:
24 24 Q Yes. So we're talking about these three to five
25 25 pieces that I believe you said, in your view, were

1 adequate security for the lease. They were valuable
2 enough to cover whatever your obligation were for
3 the lease, is that fair?

4 MR. MCWHORTER: I'm going to -
- same objection.

5 Form of the question. I think it's vague.

6 MS. GOLDBERG: Same objection as well. You can
7 answer, Kip.

8 THE WITNESS: Well, there were other pieces of
9 equipment that, on aggregate, not just the three to
10 five that I'm talking about of which we only talked
11 about really four. I think there was more like five
12 to seven. There was pulpers, there was underground
13 equipment, there was a bioplant that converts, that
14 makes sure the water is clean. And there's a bunch
15 of other equipment. And on aggregate, I felt like,
16 and I believe that Sertant felt like there was
17 enough equity in the equipment or whatever in the
18 equipment to justify their transaction.

19 BY MR. HANSEN:

20 Q Well, why do you believe that Sertant felt that
21 way?

22 A Why do I believe Sertant Capital felt that way?

| | | |
|----|---|------|
| 23 | Q | Yes. |
|----|---|------|

24 A Because they went through with the deal.

25 0 So then let's use the number seven for the large

1 pieces of equipment that you've just described. For
2 all of those, are those all mounted and integrated
3 into the building itself?

4 MR. MCWHORTER: Objection to the extent you're
5 asking for a legal conclusion. Form of the
6 question.

7 BY MR. HANSEN:

8 Q I'm intending it only to be from your
9 understanding, Mr. Boie. Technically, these are
10 large pieces of equipment that are mounted to the
11 floor of the building or integrated into the
12 building, is that fair?

13 A Many of them. I would say at least fifty percent of
14 them. But as we've just discussed, a skidsteer is
15 not mounted to the floor.

16 Q And I apologize. I was trying to limit my question
17 to the seven pieces of large equipment.

18 A Okay.

19 Q Of those seven, are there any that are not mounted
20 somehow to the building itself?

21 A No.

22 Q Setting aside the seven, the big seven we've been
23 talking about, with all the other equipment, do you
24 recall whether the representative of Sertant wanted
25 to see or inspect any of those pieces of equipment?

1 A I don't recall, no.

2 Q Would he have been free to do so, if he wanted?

3 A Yes.

4 Q You weren't trying to prevent Sertant from having a
5 complete, adequate fair inspection of all the
6 equipment, correct?

7 A No, we were not.

8 Q And you weren't trying to conceal anything,
9 correct?

10 A Correct.

11 Q Had Sertant asked to see anything other than the
12 big seven that we've been talking about?

13 A You know, I -

- it was all kind of fluid. You know,
14 at some point during the tour we agreed that the
15 tour was adequate and let's move on.

16 Q When this representative of Sertant was there
17 looking at the equipment, did you see him taking
18 any notes or photographs?

19 A I believe he took some photographs.

20 Q Do you know whether he took any notes?

21 A I don't recall.

22 Q Have you seen any of the photographs that you
23 believe he took?

24 A No, I have not.

25 Q Did Sertant follow up in any way with you about any

1 of the equipment following the inspection?

2 A No.

3 Q Did Sertant during the inspection ask whether any
4 of the equipment had any other liens or
5 encumbrances associated with it?

6 A I don't recall.

7 Q Did they ask for any UCC filings related to any of
8 the equipment?

9 A Not that I recall.

10 Q Were there any other liens or encumbrances on the
11 equipment?

12 A Not that I'm aware of.

13 Q I believe you said that during this same meeting
14 you had talked about the growth path and the
15 strategic plan for the mill with Sertant, is that
16 right?

17 A Yes.

18 Q Tell me as much as you can remember about what you
19 told Sertant at that inspection?

20 A Well, we told them -

- I'm struggling because I told
21 the investment story and our plan story to dozens
22 of people. And I'm not sure, to the extent that I
23 covered all of this with Sertant or not. And so I
24 don't know how to answer the question except to
25 guess about what I described for them as our growth

1 path. Which was to upgrade the equipment and that
2 was on line one that they owned. Our intentions
3 were to upgrade that equipment with a five million
4 dollar investment. And to bring the plant into full
5 production with that one machine which would allow
6 us to ship roughly twice as much product as we were
7 shipping today, or at that time. And then we had
8 plans to line two, three, four, whatever. And so I
9 believe their interest in us was not only short
10 term related to this part of the acquisition but
11 they might have been interested in investing in
12 other equipment that we were going to put into the
13 plant.

14 Q So when you were discussing the five million dollar
15 investment in upgrading the equipment or the line
16 with Sertant, were you hopeful that Sertant would
17 be the source of that five million dollar
18 financing?

19 A No.

20 Q Who did you think would finance that five million
21 dollars?

22 A Any number of other investors who we were talking
23 to at the time or investment plans that we were
24 talking to at the time.

25 Q Did at that time in summer or fall of 2022, did

1 that include Ron Van Den Heuvel or anyone from
2 PAET?

3 A They were one of several investors that were
4 bubbling around. And not specifically but we felt
5 like we had a lot of interest in the Great Lakes
6 Tissue story, which was a hundred percent
7 recyclable, a hundred percent in energy independent
8 in a state that is particularly green conscious, in
9 an opportunity zone in the largest employer in the
10 county we believed we could get a lot of state,
11 local and federal backing to do the projects that
12 we were planning on doing.

13 Q Who were the other investors that were circulating
14 around?

15 A I can't really speak to that today. MEDC was one of
16 them. Michigan Economic Development Council, which
17 is what MEDC stands for. They were interested. I
18 think there were, there could have been state
19 grants that could have been applied for and gone
20 after. We could have gone to the state legislature
21 with some lobbying efforts to find funding within
22 the state government was really the main ones. And
23 then with those things coming, other investors will
24 come along behind that and continue to back you.

25 Q At the time though, when Sertant was doing its

1 inspection, you had in your mind some of these
2 grants or other kinds of government opportunities.
3 Did you have anyone else at the time that you were
4 talking with about making a private investment or
5 purchasing Great Lakes Tissue?

6 A No.

7 Q But you were talking with PAET at that time, is
8 that right?

9 A Off and on.

10 Q Did you discuss with Sertant the possibility that
11 you had a private organization that was considering
12 merging with or purchasing Great Lakes Tissue
13 Company?

14 A We did not.

15 Q How far along were the discussions between PAET and
16 Great Lakes Tissue Company at the time of the
17 Sertant inspection?

18 A I would say probably at zero.

19 Q Well, how were - how was it at zero if you had
20 already been in conversations with them?

21 A Well, as I said before, we would receive a
22 proposal, a thirty-five point proposal that didn't
23 really have any teeth in it, didn't really say
24 where the money was coming from and so forth. And
25 so, yeah, it's interesting to read through. It's

1 interesting to understand that Ghana is out there
2 with six hundred and fifty million dollars but how
3 do you verify any of that stuff?

4 And so to us, until PAET could come with the
5 real meat, show me the meat, you know, where's the
6 beef as it were, those proposals were not
7 considered viable by us. And so that's why I say it
8 was zero. Zero to ten miles an hour, back to zero.
9 Zero to fifteen miles an hour, back to zero, kind
10 of a thing.

11 Q But at some point between the Sertant inspection
12 and the closing in January of 2023, Great Lakes
13 Tissue Company and PAET did come to an agreement,
14 right?

15 A Yeah, probably in late December.

16 Q It happened that quickly?

17 A In late December PAET and Great Lakes Tissue Group,
18 LLC came to an agreement in principle.

19 Q When did the negotiation start?

20 A April 1st, 2021 or 2022. And Ron Van Den Heuvel
21 called us up, offered us to pay twice what we paid
22 for it.

23 Q But in your view, that was still at zero as far as
24 the progress of -

25 A Right. And it depends on how you define

1 negotiations.

2 Q Well, you're telling me that during the Sertant
3 inspection in September of 2022, it was at zero.
4 When, in your view, was there some significant
5 progress made between the discussions or during, in
6 discussing with PAET the transaction occurred in
7 January of '23?

8 A I don't know. Probably mid-December.

9 Q During the Sertant inspection, did you discuss with
10 Sertant the various economic problems that you
11 testified about Great Lakes Tissue Company having?

12 A Not really, no.

13 Q The fact that you were hand to mouth, I believe was
14 your testimony. You didn't talk about that?

15 A I think we talked about it being a challenging
16 business that we had to keep our hands on the
17 tiller every second of the day. And that part of
18 the reason we needed their capital was to solidify
19 our business. We weren't going to use that capital
20 to do the five million dollar upgrade. We were
21 going to use that capital to do incremental
22 upgrades to the pieces of equipment to improve the
23 reliability of the overall machine. And as you
24 improve the reliability over the overall machine,
25 you're able to make more paper and able to show

1 more profit. And as you're showing more profit,
2 you're able to attract more investors.

3 Q Is that what you told Sertant at that meeting?

4 A I don't recall specifically telling them that but
5 that was our thought process at the time.

6 Q And after you got the money from - well, how much
7 money did Great Lakes Tissue Company actually
8 receive from Sertant?

9 A The one point nine and change. I'll just say I
10 don't remember the exact number.

11 Q But not all of that was immediately available as
12 cash to be used, correct?

13 A All of that was immediately available. Sertant had
14 a two million dollar holdback. Not 2 million. I'm
15 sorry. A one million dollar sort of holdback for,
16 as we showed improvements that we could have access
17 to that additional capital.

18 Q So once Great Lakes Tissue Company did its deal
19 with Sertant and the cash hit the Great Lakes
20 Tissue Company bank account, how much money was
21 available to Great Lakes Tissue Company to make the
22 upgrades that you were describing?

23 A The one point nine that we talked about.

24 Q And how did Great Lakes Tissue Company use the one
25 point nine million to upgrade the equipment?

1 A Well, as timing was, our roof failed in December
2 and we were forced to use a lot of that to help
3 fund that.

4 Q How much of the one point nine was used for the
5 roof repair?

6 A I don't recall.

7 Q Was it closer to one hundred thousand dollars or
8 closer to one million dollars?

9 A You know, again, I don't recall. We had to keep the
10 doors open, also. And so we were using capital for
11 what we needed to use it at that day on that month
12 in that week.

13 Q So did Great Lakes Tissue Company use any of the
14 Sertant funds to improve any of the equipment at
15 the mill?

16 A Yes.

17 Q How much money?

18 A I can't -

 - I don't have that in front of me. Every
19 dollar we spent on maintenance, for instance. Every
20 time we bought a new generator or a new -

 - or we,
21 you know, everything that we bought, you know,
22 every time we did something it was for the benefit
23 of improving the efficiency of the plant. So, yes,
24 we did use that money to improve the efficiency of
25 the plant. We did not use that money to

1 specifically buy this fifty thousand dollar piece
2 of equipment to do X, Y and Z. But we did use the
3 money to improve the plant.

4 Q Do you think that the way Great Lakes Tissue
5 Company used the money was working towards
6 achieving its goal of being more attractive for
7 future lenders, future business partners?

8 A Well, I think the goal was to be more profitable,
9 to generate a profit at that point. And then
10 secondarily, that makes us more attractive to
11 outside investors.

12 Q Did the Sertant money help Great Lakes Tissue
13 Company become more profitable?

14 A Yes. Notwithstanding the roof failing on us,
15 failing in December.

16 Q So Great Lakes Tissue Company was profitable in
17 2022?

18 A Of the ten months that we operated the business, we
19 were profitable for three or four of those months.

20 Q In the year of 2022, though, did you turn a profit?

21 A The year of 2022, we did not turn a profit.

22 Q During the Sertant inspection, did Sertant ask to
23 see any of the books and records of Great Lakes
24 Tissue Company?

25 A I don't recall.

1 Q Had they asked, would Great Lakes Tissue Company
2 have provided those books and records to Sertant?

3 A Yes.

4 Q Would that have been -
- would you directly have done
5 that or would that have been someone else?

6 A I would have done that. They were put together
7 with, you know, by and large between Jim Hoffman
8 and Misty.

9 Q So I want to focus on the timeframe that starts
10 with the Sertant inspection and ends with the
11 merger agreement with PAET, okay?

12 A Okay.

13 Q So with that timeframe in mind and I believe your
14 testimony was that at some point during that time
15 period, some of the equipment that Great Lakes
16 Tissue Company sold to Sertant Great Lakes Tissue
17 Company actually scrapped some of that equipment.
18 Is that right?

19 MS. GOLDBERG: Objection. You can answer.

20 MR. HANSEN: What's the objection?

21 MS. GOLDBERG: I don't know that Mr. Boie
22 testified to that before.

23 MR. HANSEN: Well, let me clarify that and see
24 if it's a cleaner record.

25 BY MR. HANSEN:

1 Q Mr. Boie, did you testify that at some point
2 between the Sertant inspection and the closing of
3 the PAET/Great Lakes Tissue Company merger, did
4 Great Lakes Tissue Company scrap any of the
5 equipment that it sold to Sertant?

6 A No significant equipment was scrapped after the
7 inspection or before.

8 Q What do you mean significant?

9 A A fork truck compared to a paper machine. Fork
10 truck's insignificant compared to the paper
11 machine.

12 Q And when you say insignificant, was that something
13 that was in the Sertant agreement? Were there
14 categories of equipment that were significant
15 versus insignificant?

16 A The equipment list was not broken down by
17 significance and insignificance.

18 Q That was a determination that you made?

19 A Yeah.

20 Q How many pieces of equipment were scrapped between
21 the Sertant inspection and the merger of PAET and
22 Great Lakes Tissue?

23 A I don't know.

24 Q Would you say it's three pieces, closer to three
25 pieces or closer to thirty pieces?

1 A I would say it was closer to one piece considering
2 the receipts that have been provided all predate
3 the inspection or predate the agreement.

4 Q Was any of, was any equipment that was sold to
5 Sertant lost during the roof collapse?

| | | |
|---|---|-----|
| 6 | A | No. |
|---|---|-----|

7 Q There was no Sertant equipment that was damaged or
8 lost or scrapped as a result of the roof
9 collapsing?

| | | |
|----|---|--------------------------|
| 10 | A | Not to my knowledge, no. |
|----|---|--------------------------|

11 Q Earlier you mentioned comments that Mr. Van Den
12 Heuvel made about capital that he said he would be
13 able to deploy to keep the mill running. Do you
14 remember that?

| | | |
|----|---|------|
| 15 | A | Yes. |
|----|---|------|

| | | |
|----|---|-------------------------------|
| 16 | Q | What can you remember about - |
|----|---|-------------------------------|

- well, first of all,
17 how many times did you meet with Mr. Van Den
18 Heuvel?

19 A Many, many, many times. He lived in Cheboygan.

20 Q But I think you told me that it wasn't until late
21 December when things between PAET and Great Lakes
22 Tissue Company got serious, right?

| | | |
|----|---|-------|
| 23 | A | Yeah. |
|----|---|-------|

24 Q So can we use December 1st or do you think it was
25 later than that when things in your mind got more

| | |
|---|----------|
| 1 | serious? |
|---|----------|

2 A Probably a little later than that. 15th.

| | | |
|---|---|------------|
| 3 | Q | I'm sorry? |
|---|---|------------|

| | | |
|---|---|-------|
| 4 | A | 15th. |
|---|---|-------|

5 Q So December 15th, that was really the first time
6 when, in your mind, where you felt that the
7 negotiations or the discussions about a potential
8 deal between PAET and Great Lakes Tissue Company
9 really got serious, is that fair?

10 A Yeah. This time.

11 Q Well, I don't understand what you mean by this
12 time.

13 A Well, again, I said it was a seesaw event. And we
14 didn't know at the middle of December that we were
15 going to have a deal until all of the details were
16 sort of sorted out. And a lot of those details

17 still hadn't been sorted out on December 15 .

18 Q Prior to December 15th, though, you told me that
19 basically you didn't consider it serious. It was at
20 zero because there was no teeth, right?

21 A No. Because there was no details that needed to be
22 sorted out. It wasn't an agreement and structure
23 enough to really cause a serious look.

24 Q But until December 15th, at some point, something
25 changed around December 15th, in your mind, that

1 made it more serious, right?

2 A Yes.

3 Q What changed?

4 A Somehow they had - and I'm not sure who, PAET, Ron
5 and/or Tom Homco had convinced Clarence Roznowski
6 to transfer his three and a half million dollar
7 loan payback that we had from our transaction to
8 the new business. That was a huge deal. Huge, huge,
9 huge, huge.

10 Q When did that happen?

11 A We couldn't do a transaction unless we could pay
12 off Clarence in the meantime.

13 Q When did that happen?

14 A I don't know the exact dates but it was around that
15 time that that detail got worked out. And the other
16 major detail - I'm not supposed to volunteer stuff.
17 But the other major detail was the option, Homco
18 buying our option to the building, to the warehouse
19 building for one and a half million dollars.

20 Q Did those two things happen around December 15th?

21 A To my memory, that's about, seems - that seems
22 about - those two things needed to be resolved
23 before we started looking seriously at it and
24 that's about the timing of it.

25 Q Now, going back to where I started off. You had

1 told Mr. McWhorter that Ron Van Den Heuvel made
2 statements to you about, I'll call it access to
3 capital or equipment or other things that he told
4 you about. Do you remember that testimony?

5 A Yep.

6 Q When did Mr. Van Den Heuvel make those statements
7 to you?

8 A Many times. Many, many times. Many, many, many
9 times he did.

10 Q And we're including prior to December 15th?

11 A Yes.

12 Q And those statements that Mr. Van Den Heuvel made
13 prior to December 15, presumably you didn't take
14 those very seriously because in your mind the
15 potential deal between PAET and Great Lakes Tissue
16 Company really didn't get serious or mature until
17 mid-December '22, correct?

18 A Well, no. I would say we - there was a round of
19 investors prior to that that seemed credible. We
20 talked to a person at Piper Jaffray, for instance,
21 that was offering to do a bond issue for a
22 bazillion dollars. And we talked to that person and
23 that person said that, yes, we have done business
24 with the Van Den Heuvel family and they've never
25 done us wrong and we're going to do this deal and

1 all that we need is you guys to sell it to them.

2 There was another investor that was going to
3 buy the warehouse for ten million dollars. Even
4 came and visited the warehouse and saw that there
5 was more to this than just a warehouse acquisition.
6 There was haranguing about the business part and he
7 didn't want to have anything to do with that and so
8 he left.

9 Q Approximately, when was the Piper Jaffray bond deal
10 discussed?

11 A We, he had a big meeting on Labor Day.

12 Q Of 2022?

13 A Of 2022. And I'm sorry. Was it Labor Day? It was
14 Memorial Day. It was Memorial Day of 2022. And he
15 brought in all of these people, some of which are
16 on the list, Gordon Nameni, Prange, all of the
17 players to talk about and solidify their plan. And
18 one of which was to have a conference call with the
19 Piper Jaffray guy to have a conference call with
20 this other guy so that this leadership group that
21 Ron was forming would have confidence, would know
22 the plan singularly as one and would be able to get
23 behind the plan as one.

24 Q What happened to that deal?

25 A I don't know. It seems like it disintegrated again.

1 They put together a giant plan and that plan kind
2 of evolved into the plan that they had at the
3 acquisition. All the pieces of that plan back at
4 Memorial Day were the same pieces of the plan that
5 we saw at closing but with, perhaps, different
6 players and different sets of experts behind them.

7 Q Did the Piper Jaffray -

- do you remember who was
8 there from Piper Jaffray?

9 A I'm trying to remember the guy's name and I'm -
- I'm
0 not supposed to look at my phone so I can't tell
1 you right now who it was.

12 Q During the discussion, were you primarily the lead
13 person for Great Lakes Tissue Company in the
14 discussions with Piper Jaffray?

15 A It was a team effort.

| | | |
|----|---|-----------------------|
| 16 | Q | Who was on your team? |
|----|---|-----------------------|

| | | |
|----|---|--|
| 17 | A | The board members of Great Lakes Tissue Group? |
|----|---|--|

18 Q At that point in time, on Memorial Day of 2022, did
19 Piper Jaffray make any representations about Ron
20 Van Den Heuvel having assets or equipment that
21 would be contributing to the deal?

| | | |
|----|---|-----|
| 22 | A | No. |
|----|---|-----|

23 Q So when did you believe -

- well, strike that.

24 How important were the alleged representations
25 that Mr. Van Den Heuvel made to you about his

1 ability to contribute capital and/or equipment to
2 you doing the deal?

3 A Imminently the most important part.

4 Q And what specifically did he say that -
- and when
5 did he say it?

6 A I guess I'm not prepared for specifics. I suppose
7 we could construct a timeline of how many times he
8 made a run at us with X,Y, Z specifics and so
9 forth. As I mentioned, he made several runs at us
10 throughout from April 2022 through December. He
11 made many, many, many proposals to us over time. So
12 I can't speak to a specific one.

13 Q But the only proposal that ended up in a
14 consummated deal was the one that began in earnest
15 on December 15th, right?

16 A No. I would say the one that began in earnest on
17 December 15 was the same one as before but it had
18 the backing of Clarence and it had the backing of
19 Homco and so that made the credibility of the offer
20 acceptable to us.

21 Q None of the statements that you could tell me Mr.
22 Van Den Heuvel made you, though, made their way
23 into the deal, right?

24 A No. I would think in principle, in terms of
25 promises of future financing did not make it into

1 the deal.

2 Q Did anything that - did you rely on anything that
3 Mr. Van Den Heuvel said that is now memorialized in
4 the merger agreement?

5 A I'd have to look at the merger agreement to answer
6 that, again, in detail.

7 Q Merger agreement doesn't have any reps or
8 warranties in it, does it?

9 A I'm not sure. I understand what reps and warranties
10 technically mean. It warrantied that they would
11 abide by corporate governances and put me on the
12 board of directors. And it would carry on business
13 and it would be solvent. It had those reps and
14 warranties in there for sure.

15 Q Well, let's take a look at Exhibit 23 which is the
16 merger agreement. And you just tell me when you
17 have that in front of you.

18 A Yep.

19 Q Is there any anything in the agreement, whether
20 it's a rep or warranty, a term, provision, anything
21 in here that is a promise by PAET, Ron Van Den
22 Heuvel or anyone else associated with it to
23 contribute certain money or certain equipment along
24 the lines of what you're telling me Mr. Van Den
25 Heuvel told you and was important to you?

1 MS. GOLDBERG: Object to the form. You can
2 answer, Kip, if you can. And I would also advise
3 you to take as much time as you need to review
4 Exhibit 23 before you answer.

5 THE WITNESS: Yeah, I would say, I'd have to
6 look at Exhibit 23 exhaustively to figure that out.
7 It's an eight-seven page document so I can't answer
8 that right now.

9 BY MR. HANSEN:

10 Q If what you're telling me Mr. Van Den Heuvel told
11 you was important to you, though, would you have
12 tried to make sure that it was in the agreement
13 itself?

14 MS. GOLDBERG: Object to the form. You can
15 answer.

16 THE WITNESS: Come on. I rely on legal counsel
17 and the, and our group decisions to do that.

18 BY MR. HANSEN:

19 Q Why don't you take a look at page thirty of the
20 merger agreement. It's also, it's page fifty-eight
21 of seventy-nine. But above that it's page thirty.
22 The Bates number on it is GLTC64.

23 (Brief pause.)

24 MR. HANSEN: So we took a little break. And for
25 a couple of different reasons, we're going to pause

1 the deposition for the day. I believe that counsel
2 is in agreement that we will hold the deposition
3 open and continue it at a mutually agreeable time.
4 And to the extent that we need to have a meeting to
5 confer on it, we will. But for today, I think we're
6 going to end the deposition without closing it.

7 And we will just, the counsel will get
8 together and make plans to continue it and work
9 towards getting this done quickly.

10 Anything to add, Janice or Rob?

11 MS. GOLDBERG: I mean, I will just say on
12 behalf of the witness that we are amenable to
13 providing Mr. Boie for the seven hours that
14 counsel's entitled to pursuant to the Sertant
15 subpoena. And beyond that, we will reserve our
16 rights to meet and confer regarding additional
17 time.

18 MR. HANSEN: Understood. And I'm not trying to
19 box anybody out of that. Everyone will reserve all
20 rights. I think that's fair.

21 Rob, is that okay with you?

22 MR. MCWHORTER: It is okay. Mr. Boie, thank you
23 for taking your time. I don't have anything else to
24 add.

25 (Deposition adjourned at 5:50 p.m.)

— — —

CERTIFICATE OF NOTARY

[illegible]

I certify that this transcript, consisting of 209 pages, is a complete, true, and correct record of the testimony of KIP BOIE, held in this case on Tuesday, September 19th, 2023.

I also certify that prior to taking this deposition, KIP BOIE, was duly sworn to tell the truth.

I also certify that I am not a relative or employee of or an attorney for a party; or financially interested in the action.

Ang Benton

Amy Bertin, CER-3871

Notary Public

Oakland County, Michigan

My Commission Expires: 08-12-24

1 I declare under penalty of perjury
2 under the laws that the foregoing is
3 true and correct.

4
5 Executed on _____, 20____,
6 at _____, _____.

7
8
9
10
11 _____
12 KIP BOIE

[000090 - 19]

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[volunteered - wire]

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Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and
(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

DISCLAIMER: THE FOREGOING FEDERAL PROCEDURE RULES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY. THE ABOVE RULES ARE CURRENT AS OF APRIL 1, 2019. PLEASE REFER TO THE APPLICABLE FEDERAL RULES OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

VERITEXT LEGAL SOLUTIONS

COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

Veritext Legal Solutions is committed to maintaining the confidentiality of client and witness information, in accordance with the regulations promulgated under the Health Insurance Portability and Accountability Act (HIPAA), as amended with respect to protected health information and the Gramm-Leach-Bliley Act, as amended, with respect to Personally Identifiable Information (PII). Physical transcripts and exhibits are managed under strict facility and personnel access controls. Electronic files of documents are stored in encrypted form and are transmitted in an encrypted

fashion to authenticated parties who are permitted to access the material. Our data is hosted in a Tier 4 SSAE 16 certified facility.

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EXHIBIT K

Certified True and Correct Copy of the Original

**MASTER LEASE AGREEMENT** No. SC-002157

620 Newport Center Drive, Ste 1450, Newport Beach, Ca 92660

Tel: 949-336-3400, Facsimile: 949-336-1380

LESSEE: The Great Lakes Tissue Company**STATE OF INCORPORATION: Michigan**

| STREET: | CITY: | COUNTY: | STATE: | ZIP: |
|--------------------|--------------|----------------|---------------|-------------|
| 437 S. Main Street | Cheboygan | Cheboygan | MI | 49721 |

1. Agreement & Lease: Lessee agrees to lease from Sertant Capital, LLC ("Sertant"), and, subject to Sertant's written acceptance of a Lease ("Acceptance") and any conditions specified by Sertant in the Acceptance, Sertant agrees to lease to Lessee, the personal property described in each Lease Schedule(s) ("Schedule(s)") executed from time to time in accordance with this Master Lease Agreement, together with all replacement parts, additions, repairs, accessions, attachments and accessories now or hereafter made a part thereof (collectively, the "Equipment"). This Master Lease Agreement is herein defined as the "Agreement". Each Schedule shall incorporate all of the terms and conditions of this Agreement. Each Schedule shall constitute a complete and separate Lease, independent of all other Schedules. In the event of a conflict between the provisions of this Agreement and the provisions of any Schedule, the provisions of the Schedule shall prevail. The term "Lease" shall mean this Agreement and any Schedule executed in connection therewith. A Lease is legal, valid and in force and binding upon Lessee to the extent of the unilateral obligations of Lessee contained herein when signed by Lessee and shall become legal, valid and binding upon Lessee and Sertant in all respects upon Acceptance.

2. Uniform Commercial Code: Lessee agrees and acknowledges that the term "Finance Lease" as used in a Lease has the meanings ascribed to it under Article 2A of the Uniform Commercial Code (and has no effect on any tax or accounting treatment of a Lease) and any Lease shall be considered a "finance lease". By executing a Lease, Lessee agrees that either: (i) Lessee has received a copy of the contract by which Sertant intends to acquire the Equipment, or (ii) that Sertant has informed Lessee of the identity of the vendor, seller or other supplier of the Equipment or (iii) Lessee has selected the vendor, seller or other supplier of the Equipment and has directed Sertant to acquire the Equipment or the right to possession and use of the Equipment from the vendor, seller or other supplier of the Equipment Lessee has selected. Lessee is entitled to the promises and warranties provided by the vendor, seller, or other supplier of the Equipment, and Lessee may contact the vendor, seller or other supplier of the Equipment for a description of those promises and warranties, and any disclaimers, limitations and modifications of remedies. This provision survives expiration or earlier termination of a Lease.

3. No Warranties/Manufacturer's Warranties: Sertant, not being the manufacturer, vendor, seller, publisher, distributor, licensor or supplier ("Supplier(s)") of the Equipment, nor Supplier's agent or employer, MAKES NO AND EXPRESSLY DISCLAIMS ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN SERTANT AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Sertant based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Sertant for loss of anticipatory profits or consequential damages. Sertant shall have no obligation to install, erect, test, adjust or service the Equipment. Lessee shall look to the Supplier for any claims related to the Equipment. Provided that no Event of Default (as defined below) shall have occurred and be continuing, Lessee shall be entitled to the benefit of any applicable Supplier's warranties and such warranties are hereby assigned by Sertant to Lessee, to the extent assignable.

4. Supplier Not an Agent: Lessee further understands and agrees that neither the Supplier, nor any sales representative or agent of the Supplier, is an agent or employee of Sertant. Sales representatives of the Supplier, persons not employed by Sertant (including, without limitation, brokers) or by any Sertant personnel who are not a duly authorized signer of a Lease are not authorized to waive or alter any term or condition of a Lease. Only a duly authorized signer of a Lease may waive or alter any term or condition of a Lease. No representation as to the Equipment by the Supplier, by any person not employed by Sertant or by any Sertant personnel who is not a duly authorized signer of a Lease shall in any way bind Sertant or affect Lessee's obligations under a Lease.

5. Performance of Lessee's Obligations by Sertant: If Lessee shall fail duly and promptly to perform any of its obligations under a Lease, Sertant may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by Sertant in such performance, together with interest at the rate of 1 1/2% per month thereon (but in no event greater than the highest rate permitted by applicable law) until paid by Lessee to Sertant, shall be payable by Lessee upon demand as additional Rent for the Equipment. This right to perform includes, but is not limited to, when Lessee does not timely provide an appraisal or the appraiser chosen by Lessee does not use the definition of FMV provided for in Option 2 of the Schedule, then Sertant shall have the right without further notice to Lessee to select the second appraiser whose appraisal in accordance with the definition of FMV provided for herein will be used to determine the average appraisal amount. Lessee shall be responsible for and pay to Sertant for all other related costs and expenses incurred by Sertant.

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6. Further Assurances and Notices: Lessee's signing of a Lease constitutes a firm offer (the "Offer"). In consideration of Sertant's time and effort in reviewing and acting on the Offer, Lessee agrees that its Offer is irrevocable until forty-five business days from the receipt by Sertant of all credit, financial and business information and documentation requested by Sertant (the "Acceptance Period"). After expiration of the Acceptance Period, unless the Offer has been accepted by Sertant, the Offer will expire five business days after Sertant's receipt of Lessee's notice to revoke the Offer. The Acceptance shall be evidenced by Sertant's signing of the Lease or other written acceptance of the Offer. An Acceptance is conditioned upon and subject to no adverse change in the financial condition of Lessee or guarantor or the financial markets each as judged solely by Sertant (an "Adverse Change"). The Acceptance may be subject to commercially reasonable conditions, if any, as specified in the Acceptance. Lessee agrees that during the Acceptance Period Lessee will not offer or submit the proposed transaction related to the Offer to any other finance source or agency thereof. Sertant at its sole discretion, for some or all of the Equipment, may elect to document the transaction in one or more Schedules. Sertant may accept all or part of the Equipment or the value of the Equipment offered by Lessee in a Lease. The Deposit indicated on a Schedule is due and payable to Sertant at the time Lessee signs a Lease and upon Acceptance by Sertant, shall be fully earned by Sertant and shall not, in whole or in part, be either applied to Rents accruing upon such Schedule (unless otherwise specified in such Schedule) or be returned or refunded to Lessee. In the event Lessee does not fulfill its commitment with respect to completion of the terms and conditions of a Lease, including the agreed upon Equipment Cost, then the Deposit will be considered an earned processing fee by Sertant. Lessee agrees to sign and provide any documents which Sertant deems necessary in its sole discretion for confirmation, assignment and assurance of performance by Lessee of its obligations under a Lease and for perfection of a Lease, Sertant's title to the Equipment and a first priority security interest of Sertant in the Equipment in the event a Lease or any part thereof is deemed to be a lease creating a security interest to secure Lessee's obligations under a Lease. Lessee authorizes Sertant to and agrees that Sertant may file Uniform Commercial Code (UCC) Financing Statements naming Lessee and describing the Equipment and to take any similar action with respect to the titling and registration of titled Equipment subject to a state certificate of title law. UCC filing and lien search fees, physical inspection fees, legal fees and all other transaction costs will be Lessee's sole responsibility. Lessee authorizes Sertant to insert or update applicable dates, supplier information, Equipment description, cost, and quantity information, invoice numbers and other such information, as well as such information as serial numbers and other such information as necessary to complete all documentation for a Lease. If required by Sertant, Lessee agrees to ACH payment processing. Prior to Sertant's Acceptance and for the duration of a Lease, Lessee agrees to promptly provide Sertant with all business and credit information and documentation requested by Sertant including, but not limited to, Lessee's and any guarantor's comparative audited financial statements for the most current annual reporting period and comparative un-audited financial statements for the most current interim reporting periods. After Acceptance and before funding and commencement of a Lease, the occurrence of a material adverse change in the financial condition (as determined by Sertant) or the occurrence of any event of default as defined herein shall, at the option of Sertant, permit Sertant to revoke its Acceptance of a Lease. If Acceptance is revoked in whole, or as to any Schedule, then the Deposit indicated in a Lease as to which Acceptance has been revoked, shall be deemed fully earned by Sertant and such Deposit shall not, in whole or in part, be returned or refunded to Lessee. **All notices from Lessee to Sertant shall be sent certified mail, return receipt requested, to Sertant at its address shown herein or to such other address as directed by Sertant in writing.**

7. Lessee's Representations and Warranties: Lessee represents and warrants that (i) Lessee is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization, which state is accurately shown on this Agreement, and is qualified to do business where necessary to carry on its business and operations and own its property, (ii) a Lease has been duly authorized, executed and delivered by Lessee and constitutes the valid, legal and binding obligation of Lessee, enforceable in accordance with its terms, (iii) the execution, delivery and performance by Lessee of its obligations under a Lease or with respect to the Equipment will not violate any judgment, order, law or governmental regulation applicable to Lessee or any provision of Lessee's formation documents, by-laws or other organizational documents or result in any breach of or constitute a default under any instrument or agreement to which Lessee is a party or by which Lessee or its assets may be bound, (iv) the Equipment will be used solely in the conduct of Lessee's business and not for personal, family, household or other consumer purposes, and (v) Lessee or any other person who owns a controlling interest or otherwise controls Lessee in any manner is not listed on the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC") or other similar lists maintained by the federal government pursuant to any federal law or regulation regarding a person designated under Executive Order No. 13224 or similar lists. All representations and warranties contained herein shall be continuing in nature and in effect at all times prior to Lessee satisfying all of Lessee's obligations to Sertant under each Lease.

8. Rent & Lease Duration: The rent and other amounts payable by Lessee to Sertant under a Lease shall be as set forth in the applicable Schedule (the "Rent"). A Lease commences and Rent is due beginning on the date that Lessee certifies in writing to Sertant that all of the Equipment has been completely received, installed, tested and accepted as satisfactory by Lessee, and Lessee authorizes Sertant in writing to disburse payment to the Supplier ("Acceptance Date"). The Initial Period of each Schedule is reflected on each Schedule and begins on the first day of the calendar quarter following the Acceptance Date. A calendar quarter begins on the first day of January, April, July and October. Rent is due to Sertant, in advance, for each month or portion of a month beginning on the Acceptance Date and continuing for each month that a Lease is in effect. If the Acceptance Date does not fall on the first day of a calendar month, then the first Rent payment shall be calculated by multiplying the number of days beginning on the Acceptance Date through the last day of the month by a daily rental equal to one-thirtieth of the Rent. The term "Index Rate" means the Sertant Cost of Funds rate that is equally maturing with the Initial Period. Cost of Funds means Sertant's cost of funds, as determined by Sertant, which is based upon the cost of Sertant's funds from the syndication participants as selected by Sertant, subject to the then current prevailing market rates, terms, conditions and methodologies of such participants.

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Prior to the Acceptance Date of a Lease, Sertant at its sole discretion and while maintaining the implicit rate herein may adjust the Deposit, the Initial Period, LRF, Rent, Early Purchase Option and Fair Market Value not less than 10% as provided in Option (2). Lessee shall pay all Rents hereunder to Sertant, its successors or assigns, at Sertant's address set forth above (or as otherwise directed in writing by Sertant, its successors or assigns), whether or not Lessee has received any notice that such payment is due. **LESSEE'S OBLIGATION TO PAY RENT AND OTHER OBLIGATIONS HEREUNDER SHALL BE ABSOLUTE AND UNCONDITIONAL AND ARE NOT SUBJECT TO ANY ABATEMENT, SET OFF, DEFENSES, CLAIMS, COUNTERCLAIMS, OR RIGHT OF CANCELLATION OR TERMINATION FOR ANY REASON WHATSOEVER, AND LESSEE SHALL NOT DEDUCT ANY AMOUNT OR DAMAGES FROM OR REDUCE ANY RENT OR OTHER ITEMS PAYABLE UNDER A LEASE FOR ANY REASON WITHOUT THE PRIOR WRITTEN CONSENT OF SERTANT, ITS SUCCESSORS OR ASSIGNS.** In the event Sertant agrees to make payment(s) to Supplier(s) prior to the Acceptance Date, which such payments shall be paid solely and directly to the Supplier (or Lessee as applicable and if agreed to in writing by Sertant), such payments shall be billed from the respective acceptance date(s) of the Equipment at the Rent. Lessee shall not be entitled to reimbursement from Sertant for any amount paid by Lessee to the Supplier prior to the Acceptance Date unless agreed to in writing by Sertant at its sole discretion. Lessee and Sertant mutually agree that a Lease extends for a period of twelve months at the Rent unless Lessee provides to Sertant written notice of Lessee's election not to extend the Lease past the Initial Period at least five months and not greater than twelve months prior to the expiration of the Initial Period. Late charges on any past due Rent, taxes, or other charges hereunder shall accrue at the rate of \$.05 per dollar (5%) per month of the unpaid amount (or if such rate shall exceed the maximum rate allowed by law, then at the highest rate that is permitted to be charged on liquidated amounts after judgment) beginning with the date that such amount was due and continuing until the amount is paid. If late charges are assessed by Sertant's successors or assigns due to any late payment, Lessee agrees to pay such late charges or if applicable, to reimburse Sertant for their payment made on behalf of Lessee to Sertant's successors or assigns. Lessee agrees to make payment for any late charges promptly upon demand by Sertant.

9. Return of Equipment Option: Unless otherwise provided in writing and made part of a Lease, Lessee may return all but not less than all of the Equipment pursuant to the terms and conditions herein and subject to any Schedule as of the expiration of any extension period as agreed to by Lessee and Sertant, provided Lessee is not in default hereunder and has provided notice to Sertant as specified in this Agreement. If Lessee elects to return the Equipment in accordance with this paragraph ("Return of Equipment Option"), Lessee will discontinue the use of the Equipment and immediately, at its own expense, ship the Equipment with all manuals, as originally furnished by Supplier, to a location within the continental United States in accordance with the Equipment return instructions provided by Sertant. Lessee agrees that the Equipment, when returned, shall be in the same condition as when delivered to Lessee, reasonable wear and tear excepted, and as further set forth in the Schedule, and shall be eligible for the manufacturer's or vendor's best standard maintenance contract without the need for repair or rehabilitation. Lessee agrees that Lessee will, upon the request of Sertant, store the Equipment on Lessee's premises, at a safe location acceptable to Sertant that is in accordance with the manufacturer's recommendations, without charge to Sertant for a period of up to 90 days following the expiration or earlier termination of a Schedule. During such storage period, Lessee shall not use the Equipment for any purpose. Upon the expiration of the storage period Lessee will return the Equipment to Sertant in accordance with this Section. In the case of Software, Lessee will erase, delete and destroy all intangible Software items, and deliver to Sertant all tangible items constituting Software. At Sertant's request, Lessee will also certify in a written form acceptable to Sertant that: (i) all the tangible Software has been delivered to Sertant; (ii) all intangible records have been destroyed; (iii) Lessee has not retained the Software in any form; (iv) Lessee will not use the Software after termination, and (v) Lessee has not received from Supplier(s) anything of value relating to or in exchange for Lessee's use, rental or possession of the Software during the duration of the Lease (including a trade-in, substitution or upgrade allowance). Until Lessee has complied with all of the requirements of this Section, Rent payment obligations will continue and be payable on a quarterly basis, in advance, or Sertant may, in its sole discretion, declare an Event of Default.

10. Insuring the Equipment: Throughout the duration of the Lease, including while the Equipment is in the possession of Lessee or a third party, Lessee at its own expense shall maintain (i) commercial general liability insurance (naming Sertant or its assigns as additional insured) for bodily injury and property damage resulting from the maintenance, use or transport of the Equipment and (ii) property insurance (naming Sertant and/or its assigns as sole loss payee) covering all risks of loss or damage to the Equipment from any cause whatsoever including, without limitation, property damage, liability, fire, theft, vandalism, malicious mischief and all other risks. All insurance will be from an insurer(s) and in a form and amount satisfactory to Sertant. Lessee shall deliver to Sertant the certificates of such insurance (and each renewal or replacement thereof) and upon request by Sertant the original policies and evidence of the payment of the premiums for such insurance policies. All policies will provide that no cancellation or material modification of such insurance shall be effective without thirty days prior written notice to Sertant. Lessee authorizes Sertant to communicate with Lessee's Insurance Agent to confirm compliance with all insurance requirements. Lessee acknowledges and agrees that Insurance Agent is authorized to communicate with Sertant regarding insurance coverage for the Equipment and to provide Sertant with copies of policies and proof of payment of the premiums for such insurance. If the policy is not in compliance with the requirements of the Lease, Lessee authorizes Sertant to order said coverage (at Lessee's expense) from Lessee's insurance agent or insurance company. If Lessee fails to obtain such coverage, Sertant may place coverage at Lessee's expense. Lessee acknowledges that any such replacement coverage will benefit Sertant only, will be at a cost higher than insurance Lessee might otherwise obtain, and may result in profit to Sertant. Sertant is, however, not offering to sell insurance, is not in the insurance industry and is not obligated to place such insurance and any loss incurred during any period in which coverage is not in place shall be borne by Lessee. Sertant may, at its own expense, for its own benefit, purchase insurance in excess of that required under this Lease.

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11. Risk of Loss to the Equipment: Throughout the duration of the Lease, including while the Equipment is in the possession of Lessee or a third party, Lessee agrees to assume the entire risk of any partial or complete loss with respect to the Equipment from any cause whatsoever including theft, loss, damage, destruction or governmental taking, whether or not such loss is covered by insurance or caused by any default or neglect of Lessee. In the case of Software, any loss, impairment or incapacity of the Software by any cause will also be deemed a partial or complete loss with respect to the Equipment. Lessee agrees to give Sertant immediate notice of any damage to or loss of any Equipment. All physical damage insurance proceeds shall be payable directly to Sertant unless otherwise specifically provided for herein. If any of the Equipment is lost, destroyed, damaged beyond repair, or taken by governmental action, on the next succeeding Rent payment date, Lessee will (1) at Lessee's sole expense either replace the Equipment with like-kind Equipment, free and clear of any liens or rights of other parties, acceptable to Sertant or Sertant's assignee and continue to pay all Rents without interruption as they come due, or (2) pay to Sertant all past due Rents and other amounts then late or due plus an amount equal to either the Stipulated Loss indicated in the specific Schedule or an amount equal to the FMV at the discretion of Sertant ("Stipulated Value"). Following payment of any Stipulated Value, and if no Event of Default has occurred and remains continuing, Sertant will then: (a) transfer to Lessee Sertant's rights to the Equipment "as is", "where is" and with all defects, without recourse and without representation or warranty, express or implied, other than a warranty that the Equipment is free and clear of any liens created by Sertant; and (b) remit to Lessee any physical damage insurance proceeds arising out of such loss up to the amount of the Stipulated Value paid. Sertant shall determine in the exercise of its reasonable judgment whether the Equipment is damaged beyond repair. In the event of damage or loss, which does not result in damage beyond repair or a total loss of the Equipment or any item thereof, Lessee shall at Lessee's sole expense cause the affected Equipment to be restored to the condition required by the terms of the Lease. Upon completion of such repair and after supplying Sertant with satisfactory evidence thereof (and provided no Event of Default has occurred and remains continuing), Lessee shall be entitled to receive any insurance proceeds or other recovery to which Sertant would otherwise be entitled in connection with such loss up to the amount expended by Lessee in making the repair. Prior to Sertant's Acceptance of the Lease or, if accepted prior to the Acceptance Date, if any of the Equipment is lost, destroyed, damaged beyond repair, or taken by governmental action, Lessee will immediately replace such Equipment with equipment of like kind, quality, value and condition (the "Replacement Equipment"). Sertant shall have the absolute discretion to determine whether the Replacement Equipment is acceptable in all respects to replace the Equipment. Lessee acknowledges and agrees that such loss, destruction, damage beyond repair or governmental taking does not release, relieve, waive, excuse, terminate or otherwise affect Lessee's duty to perform its obligations under the Lease. Sertant shall not be obligated to undertake by litigation or otherwise the collection of any claim against any person for loss of, damage to, or government agency taking of the Equipment. Except as expressly provided above, the total or partial destruction of any Equipment or Lessee's total or partial loss of use or possession thereof shall not release or relieve Lessee from its obligations under the Lease including the duty to pay the Rent(s) therein provided.

12. Title & Right of Inspection: Title to the Equipment shall at all times be in Sertant's name or Sertant shall at all times have a first priority security interest upon the Equipment in the event a Lease or any part thereof is deemed to be a lease creating a security interest. Lessee will at all times protect and defend, at its own cost and expense, the title or first priority security interest of Sertant from and against all claims, liens and legal processes of creditors of Lessee and keep the Equipment free and clear from all such claims, liens and processes. The Equipment is and shall remain personal property. Lessee acknowledges that any license agreement (between the Supplier and Lessee) to use the Software is being provided to Lessee solely because of payments made by Sertant to the Supplier and, therefore Lessee agrees that Sertant has an interest in the license. Any Software agreement shall be separate and distinct from the Lease, and Sertant shall not have obligations thereunder. Lessee agrees that if it or any of its affiliates receives anything of value from the Supplier (including a trade-in, substitution, discount or upgrade allowance) other than Lessee's rights to use the Software, reflected on the Schedule for the duration of this Lease, Lessee will advise Sertant and pay to Sertant an amount equal to such additional value obtained by Lessee. Lessee agrees that it will not surrender, transfer or modify the license agreement without first obtaining the written consent of Sertant. Sertant and its agents shall have the right from time to time during reasonable business hours to enter upon Lessee's premises or elsewhere for the purpose of confirming the existence, condition and proper maintenance (including the right to review Lessee's equipment log and applicable maintenance records) of the Equipment and during any period of storage, Sertant shall also have the right to demonstrate and show the Equipment to others. Lessee shall, upon the request of Sertant, and at its own expense firmly affix to the Equipment, in a conspicuous place, a label or metal plate as shall be supplied by Sertant showing Sertant as the owner and lessor of such Equipment.

13. Possession, Use, Maintenance and Location of Equipment: So long as Lessee is not in default under the Lease it shall be entitled to the possession and use of the Equipment in accordance with the terms of the Schedule. The Equipment shall be used in the conduct of the lawful business of Lessee, and no item of Equipment shall be removed from its location as specifically shown on the Schedule without the prior written consent of Sertant. Lessee shall not, without Sertant's prior written consent, part with possession or control of the Equipment or attempt or purport to sell, pledge, mortgage, sublease or otherwise encumber any of the Equipment or otherwise dispose of or encumber any interest under the Lease. Lessee shall comply with all governmental laws, ordinances, regulations, requirements and rules with respect to the use, maintenance and operation of the Equipment. Unless otherwise set forth in the Schedule, Lessee shall be responsible for all transportation, packing, installation, testing and other charges incurred in connection with the delivery, installation and use of the Equipment. Lessee, at its expense, shall maintain the Equipment in good operating order, condition, repair and appearance, and protect the Equipment from deterioration other than normal wear and tear. Unless otherwise agreed to by Sertant in writing, Lessee shall enter into and keep in force the

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best standard maintenance agreement with the Supplier of the Equipment (or such other party as is acceptable to Sertant) and furnish evidence of such agreement to Sertant upon request.

14. Additions & Modifications to the Equipment: Unless Sertant shall otherwise agree in writing, all accessions, upgrades, modifications, alterations or additions (collectively "Additions & Modifications") to the Equipment at any time during a Lease, become a part of the Equipment and are owned by Sertant. Lessee shall obtain Sertant's prior written consent for all Additions & Modifications to the Equipment. Software, as described on any Schedule(s), includes all updates, revisions, upgrades, enhancements, modifications, derivative works, maintenance fixes, translations, adaptations, and copies of the foregoing or of the original version of the Software whether obtained from the Supplier, licensor or from any source, and references in this Lease to Software will be interpreted as references to any of the foregoing. All Additions & Modifications to the Equipment must be free and clear of any liens or rights of other parties

15. Taxes: Lessee shall file all required personal property tax returns relating to the Equipment: Lessee shall pay, and shall indemnify and hold Sertant harmless from and against, all fees, taxes, withholdings, assessments and other governmental charges, however designated, together with any penalties, fines or interest, if any, thereon, (collectively, the "Impositions") which are at any time levied or imposed against Sertant, Lessee, the Lease, the Equipment or any part thereof by any Federal, state, local or foreign government or taxing authority upon, with respect to, as a result of, or measured by (i) the Equipment (or any part thereof), or the Lease or the interest of Sertant therein, or (ii) the purchase, ownership, delivery, leasing, possession, maintenance, use, operation, return, sale or other disposition of the Equipment or any part thereof, or (iii) the Rents, receipts or earnings payable under the Lease or otherwise arising from the Equipment or any part thereof; excluding, however, Federal, state or local taxes based on or measured by the net income of Sertant. Sertant is not responsible for contesting any valuation of, or tax imposed on, the Equipment (but may do so strictly as an accommodation to Lessee) and will not be liable or accountable to Lessee therefore. Lessee's obligations under this paragraph shall survive the expiration or earlier termination of this Lease. Sertant retains any and all federal and state tax credits or benefits relating to the Equipment. The parties hereto intend that the Lease be treated as a lease for Federal, state, local and foreign income tax purposes, and Sertant shall be entitled to such deductions, credits and other benefits (all of which shall herein be referred to as the "Tax Benefits") with respect to the Equipment as are provided to an owner of property by the Internal Revenue Code of 1986, as amended to the date hereof (the "Code") and by similar income tax laws of any state, local or foreign jurisdiction, including without limitation any accelerated cost recovery system deductions and investment tax credit with respect to the Equipment. In the event that any of the expected Tax Benefits under any Federal, State or local law shall be lost by, recaptured, not claimed, not available for claim or disallowed to Sertant for any reason including, but not limited to, (i) any act or failure to act of Lessee and/or any sublessee or assignee of Lessee, (ii) any change in the legal or tax status of Lessee and/or any sublessee or assignee of Lessee, (iii) breach by Lessee of any of its representations or warranties contained in the Lease, (iv) an Event of Loss, (v) an Event of Default, (vi) the Equipment fails to qualify for bonus depreciation, (vii) any change in or amendment to tax law, congressionally, judicially, or administratively promulgated, or (viii) an administrative or judicial determination that the Lease is not properly treated as a lease for income tax purposes or that the Lease or the Equipment fails to qualify for any investment tax credit claimed by Sertant, Lessee shall promptly pay to Sertant a revised Rent Payment or lump sum amount which, in the reasonable judgment of Sertant (and after deduction of all taxes to be paid by Sertant with respect to such payment), shall have the same net after tax rate of return on a discounted cash flow basis as would have been realized by Sertant were Sertant entitled and/or able to use the expected tax deductions, credits or other benefits based on the maximum Federal Income Tax Rate applicable to Sertant, in effect during the term of the Lease. The obligation to pay such sums to Sertant shall be in addition to all other obligations of Lessee under the Lease and shall continue in full force and effect notwithstanding the termination of the Lease whether by expiration of time, by operation of law or otherwise.

16. Default: Lessee shall promptly notify Sertant of the occurrence of any Event of Default. An Event of Default shall occur if: (a) Lessee fails to pay when due any installment of Rent or any other sum owed by Lessee under a Lease and such failure continues for a period of ten (10) days; (b) Lessee fails to perform or observe any covenant, condition or agreement to be performed or observed by it under a Lease and such failure continues uncured for ten (10) days after written notice thereof to Lessee by Sertant; (c) Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation, or Sertant determines that an Adverse Change has occurred; (d) within sixty (60) days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or within sixty (60) days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated; (e) Lessee removes, sells, transfers, encumbers, allows an encumbrance upon, misplaces, parts with possession or subleases the Equipment or any item thereof, or attempts to do any of the aforementioned (without Sertant's prior written consent); (f) Lessee defaults in payment or performance of any obligation or indebtedness of any kind or description, whether direct, indirect, absolute or contingent, due or to become due, now existing or hereafter arising; and (g) Lessee or any guarantor fails to complete on a timely basis when due the exercise of any option provided for in a Lease once elected; (h) any warranty, representation, covenant or statement made or furnished to Sertant by or on behalf of Lessee in or connection with a Lease proves to have been false in any material respect when made or furnished; (i) any change by Lessee of

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its legal name, state of organization or organizational structure without the prior written consent of Sertant or (j) Lessee or any guarantor of Lessee obligations under a Lease, or any subsidiary or controlling entity of either, undergoes a sale, buyout, change in control, change in ownership of any type which as judged solely by Sertant, results in a material deterioration in Lessee's or the guarantor's credit worthiness, or if the guarantor is an individual the death of a guarantor.

17. Remedies: Upon the occurrence of an Event of Default, Sertant shall have all the rights and remedies provided by applicable law, in equity and by a Lease. In addition, Sertant, at its option, may: (a) by notice to Lessee cancel a Lease effective on the date designated by Sertant that such Event of Default first occurred; (b) proceed by appropriate court action or actions or other proceedings either at law or equity to enforce performance by Lessee of any and all covenants of a Lease and to recover damages for the breach thereof; (c) without notice or liability or legal process, enter into any premises of or under the control or jurisdiction of Lessee or any agent of Lessee where the Equipment may be or by Sertant is believed to be, and repossess all or any item thereof, disconnecting and separating all thereof from any other property and using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Equipment and all claims for injuries suffered through or loss caused by such repossession or demand that Lessee deliver the Equipment forthwith to Sertant at Lessee's expense at such place as Sertant may designate; (d) in the event Sertant repossesses the Equipment, Sertant may in Sertant's sole discretion elect to sell, re-lease or otherwise dispose of all or part of the Equipment or to retain all or part thereof, in such manner and on such terms and conditions as Sertant may determine in its sole discretion, with or without notice to Lessee, which Lessee hereby waives to the extent permitted by applicable law; (e) declare immediately due and payable any unpaid Rent together with any and all other amounts due or to become due under the Lease, plus the Stipulated Value of the Equipment; (f) declare immediately due and payable any past unpaid Rent, late charges and any other amounts due hereunder that accrued on or before the occurrence of the Event of Default, plus as liquidated damages for loss of the bargain and not as a penalty, an amount equal to the Stipulated Value for the Equipment as of the Rent payment date immediately preceding the date Sertant declares the Lease in default. In addition, Sertant shall be entitled to recover all attorney and court costs incurred by Sertant as a result of an Event of Default or relating to the enforcement of its rights under a Lease. Sertant may in its sole and absolute discretion, re-lease or sell any Equipment at a public or private sale, whether the Equipment is present or not and in such manner and on such terms as Sertant shall deem reasonable, without any duty to account to Lessee and the proceeds of any such sale or lease shall be applied to reimburse Sertant for any amounts owed to Sertant. Lessee shall remain liable for any deficiency (for purposes of this Section, the proceeds of any lease of repossessed Equipment by Sertant shall be the amount reasonably assigned by Sertant as the cost of such Equipment in determining the Rent under such lease. It is agreed that Lessee's unauthorized use, disclosure, or transfer of Software will cause Sertant significant damages which, at the time the parties enter into the Lease, are impossible to quantify. Therefore, if Lessee is found to be using all or any portion of the Software after the termination of this Lease, or after an Event of Default under the Lease, or if Supplier terminates a license of Lessee's right to use the Software for an alleged breach of the use, disclosure, or transfer restrictions imposed on Lessee, the parties hereby agree that liquidated damages shall be payable immediately by Lessee to Sertant in an amount which is equal to two times the amount paid by Sertant for the Software. The proceeds of sale, lease or other disposition, if any, of the Equipment shall be applied (i) to all Sertant's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of the Equipment or other damages incurred, including attorney fees; then (ii) to the extent not previously paid by Lessee, to pay Sertant the Stipulated Value and any accrued and unpaid Rent, late charges, indemnities and any other amounts then remaining unpaid under a Lease; then (iii) to reimburse to Lessee any such sums previously paid by Lessee as liquidated damages. Sertant shall retain any surplus. In no event shall Lessee upon demand by Sertant for payment hereunder or otherwise be obligated to pay any amount in excess of that permitted by law. The waiver by Sertant of any breach of any obligation of Lessee shall not be deemed a waiver of any future breach of the same or any other obligation. No remedy of Sertant hereunder shall be exclusive of any remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy. Lessee shall remain liable for any deficiency remaining should Sertant sell or otherwise dispose of the Equipment. If any Lease is a loan or secured transaction, Lessee further agrees that Sertant shall have all the rights and remedies of a secured party under Article 9 of the UCC.

18. GOVERNING LAW; JURISDICTION, JURY TRIAL WAIVER: Each Lease shall be governed by and construed in accordance with, the laws of the State of California, without giving effect to the principles of conflicts of laws. Each Lease is entered into and is to be performed in the County of Orange in the State of California. Lessee submits and consents to the exclusive jurisdiction of any claims or causes of action arising directly or indirectly from each Lease in any federal or state court located in the State of California. LESSEE AND SERTANT EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO, A LEASE OR ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN LESSEE AND SERTANT, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. Lessee and Sertant prefer that any dispute between or among them shall be resolved in litigation subject to the above jury trial waiver. If, and only if, a pre-dispute jury trial waiver of the type provided for herein is unenforceable in litigation to resolve any dispute, claim, cause of action or controversy under a Lease (each, a "Claim"), then, upon the written request of any party, such Claim, including any and all questions of law or fact relating thereto, shall be determined exclusively by a judicial reference proceeding in any federal or state court located in the State of California (the "Court"). Lessee and Sertant shall each select a single neutral referee, who shall be a retired state or federal judge. If the parties cannot agree upon a referee within 30 days, the Court shall appoint the referee. The referee shall report a statement of decision to the Court. Notwithstanding the foregoing, nothing in this paragraph shall limit any party's right at any time to exercise self-help remedies, foreclose against the Equipment or other collateral or obtain provisional remedies (including without limitation, requests for temporary restraining orders, preliminary injunctions, writs of possession, writs of attachment, appointment of a receiver, or any orders that a court may issue to preserve the status quo, to allow

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a party to enforce its liens and security interests). Unless the referee orders otherwise the party determined by the referee to be the prevailing party in any such proceeding shall be entitled to recover from the other party, as part of the statement of decision reported to the Court, all of the prevailing party's costs and expenses related to such proceedings including, without limitation, the prevailing party's attorneys' fees and expenses. The referee also shall determine all issues relating to the applicability, interpretation, and enforceability of this Section. Lessee and Sertant acknowledge that any Claim determined by reference pursuant to this Section shall not be adjudicated by a jury.

19. Indemnity: Lessee agrees that Sertant shall not be liable to Lessee for, and Lessee shall indemnify and save Sertant harmless from and against any and all liability, loss, damage, expense, causes of action, suits, claims or judgments arising from or caused directly or indirectly by any Lease or Equipment, including but not limited to (whether prior to or after acceptance of any item of Equipment): (a) Lessee's failure to promptly perform any of its obligations under the provisions of a Lease; (b) injury to persons or damage to property resulting from or based upon actual or alleged condition, use, operation, delivery or transportation of any or all of the Equipment or its location or condition; (c) breach of any environmental laws or regulations or claim involving or alleging environmental damage; (d) inadequacy of the Equipment, or any part thereof, for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any part or service thereof or any interruption or loss of service or use thereof or any loss of business; (e) the manufacture, inspection, purchase, acceptance, rejection, lease, sublease, possession, registration, titling, sale, return, removal, repossession, storage or other disposition of the Equipment (f) any accident in connection with any item of Equipment, or (g) any claim involving or alleging environmental damage, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable), and from any other risk or matter and Lessee shall, at its own cost and expense, defend any and all suits which may be brought against Sertant, either alone or in conjunction with others upon any such liability or claim(s) and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Sertant in any such action or actions, provided, however, that Sertant shall give Lessee written notice of any such claim or demand. Lessee agrees that its obligations under this Section shall survive the expiration or earlier termination of a Lease.

20. Assignment: Each Lease and all rights and obligations of Sertant thereunder shall be assignable by Sertant without Lessee's consent, but Lessee shall not be obligated to any assignee of Sertant except after written notice of such assignment from Sertant. Following such assignment (i) solely for the purpose of determining assignee's rights under a Lease, the term "Sertant" shall be deemed to include or refer to Sertant's assignee, (ii) such assignee shall have all the rights and benefits of Sertant under a Lease, but none of Sertant's obligations (except as expressly agreed in writing), (iii) Lessee shall make all payments as directed by such assignee, (iv) Lessee shall provide Sertant with a copy of any notices sent by Lessee to Assignee regarding a Lease; and (v) Lessee agrees that it will not assert against any assignee any claim, defense, counterclaim or offset that Lessee may have against Sertant. Without the prior written consent of Sertant, Lessee shall not assign, sell or transfer a Lease or its interests hereunder, in any manner including but not limited to, an assignment due to sale, merger, liquidation, sub-lease, change of ownership or change-in-control, with respect to the Equipment covered thereby.

21. Miscellaneous: If any provision of a Lease is contrary to, prohibited by or deemed invalid under applicable laws or regulations of any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions of a Lease. In the event a Lease or any part thereof is deemed to be a lease creating a security interest, Lessee grants Sertant a first priority security interest in each item of Equipment as security for all of Lessee's indebtedness and obligations owing under a Lease, as well as all other present and future indebtedness and obligations of Lessee to Sertant of every kind and nature whatsoever. All notices to Lessee shall be in writing and shall be delivered by mail, facsimile, or electronic mail. All agreements, representations and warranties contained in a Lease, or in any document or certificate delivered pursuant to or in connection with a Lease, shall expressly survive the expiration or earlier termination of a Lease. Lessee authorizes and agrees that Sertant may supply missing information or correct obvious errors in a Lease. This Lease (and all documents executed in connection herewith) may be executed and delivered in counterparts all of which shall constitute one and the same agreement. The exchange of signed copies by facsimile or electronic transmission (including pdf files) shall constitute effective execution and delivery and may be used in lieu of manually signed documents. Signatures of the parties transmitted by facsimile or electronic transmission qualify as authentic original signatures for purposes of enforcement thereof, (including all matters of evidence and the "best evidence" rule). For purposes of perfection of a security interest in chattel paper under the UCC, only the counterpart of each Lease that bears Sertant's manually applied signature shall constitute the sole original counterpart of the original chattel paper for purposes of possession. No security interest in a Lease can be perfected by possession of any other counterpart, each of which shall be deemed a duplicate original or copy for such purposes. Following funding of any Lease, Sertant may publish or issue, or cause to be made or issued, any announcement, statement, or other form of advertising referring to the business purpose and activities related to a Lease for dissemination to the general public or any third party. Time is of the essence with regard to each provision of a Lease.

Each Schedule (along with this Agreement) shall constitute a separate Lease and the obligation of Lessee to pay Rent and any other sums due under each Schedule and the Agreement shall be absolute and unconditional. A Lease cannot be terminated or canceled for any reason except as expressly provided herein. To the extent permitted by applicable law, Lessee hereby waives the following rights and remedies conferred on Lessee by law: (1) right to unilaterally terminate or cancel the Lease; (2) right to reject the Equipment; (3) right to revoke acceptance of the Equipment; (4) right to recover any general, specific, incidental and consequential damages or recover damages from any Sertant breach of warranty; (5) right to specific performance, replevin, detinue, sequestration, claim and delivery of the like for the Equipment subject to the Lease. To the extent permitted by applicable law, Lessee also waives any rights which may require Sertant to sell, lease or otherwise use any Equipment

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in mitigation of Sertant's damages as set forth in Section 17 and to the extent permitted by applicable law, Lessee hereby waives any and all rights and remedies conferred upon Lessee by Article 2A-507 – 2A-522 of the UCC.

This Agreement and each Schedule executed from time to time in connection therewith contain the entire agreement between the parties with respect to the Equipment and may not be altered, modified, terminated or discharged except by a writing signed by the party against whom such alteration, modification, termination or discharge is sought. A Lease once accepted by Sertant shall be binding upon and inure to the benefit of Sertant, Lessee and their permitted successors and assigns. Lessee and Sertant agree that no oral or other written agreements or promises shall be relied upon or be binding on the parties unless made part of a Lease by written authorization provided by authorized signers of both Lessee and Sertant. Lessee shall provide Lease documentation original signatures for receipt by Sertant within three business days of Sertant's request.

A Lease is subject to acceptance by Sertant. By signing below, the signer certifies that signer has read this Agreement, has had an opportunity to discuss its terms with Sertant, and is authorized to sign on behalf of Lessee.

LESSEE

The Great Lakes Tissue Company
TAX I.D. #38-3108611

SERTANT CAPITAL, LLC

By: _____

Kip Boie

President & CEO

Date: _____

9/26/22

By: _____

Michael J. Przekop

President

Date: _____

10-13-2022

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SECRETARY'S CERTIFICATE

I, Jim Hoffmann, do hereby certify that I am Secretary of The Great Lakes Tissue Company, a corporation duly organized and existing under the laws of the State of Michigan ("Corporation"); that I am the keeper of the seal of the Corporation and corporation records, including without limitation, the Charter, By-Laws and the minutes of the Board of Directors of the Corporation; that the following is an accurate and compared transcript of the resolutions contained in the minute book of the Corporation which resolutions were duly adopted and ratified at a meeting of the Board of Directors of the Corporation duly convened and held in accordance with the By-Laws and Charter of the Corporation, at which time a quorum was present and acted throughout; and that said resolutions have not in any way been modified, repealed or rescinded, but are in full force and effect:

"RESOLVED, that any officer of the Corporation be and is hereby authorized and empowered in the name and on behalf of this Corporation to enter into one or more lease agreements with Sertant Capital, LLC (hereinafter called "Lessor") concerning personal property leased to the Corporation; from time to time to modify, supplement or amend any such agreements, and to do and perform all other acts and things deemed by such officer to be necessary, convenient or proper to carry out any of the foregoing; and be it

FURTHER RESOLVED, that any of the aforesaid officers, or his or her duly elected or appointed successor in office, be and is hereby authorized and empowered to do any acts, including but not limited to the mortgage, pledge or hypothecation from time to time to Lessor of any or all assets of this Corporation to secure such leases, and to execute in the name and on behalf of this Corporation, any instruments or agreements deemed necessary or proper by Lessor in respect of the collateral securing any obligations of this Corporation, and to affix the seal of this Corporation to any mortgage, pledge or other such instrument if so required or requested by Lessor; and be it

FURTHER RESOLVED, that all that any officer shall have done or may do in connection with the matters outlined above is hereby ratified and approved; and be it

FURTHER RESOLVED, that the foregoing resolutions shall remain in full force and effect until written notice of their amendment or rescission shall have been received by Lessor and that receipt of such notice shall not affect any action taken or advances made by Lessor prior thereto and Lessor is authorized to rely upon said resolutions until receipt by it of written notice of any change; and be it

FURTHER RESOLVED, that the Secretary be and is hereby authorized and directed to certify to Lessor that the foregoing resolutions and the provisions thereof are in conformity with the Charter and By-Laws of this Corporation."

I do further certify that the lease agreement entered into by the Corporation and Lessor is an agreement referred to in said resolutions and was duly executed pursuant thereto and there are no restrictions imposed by the Charter or By-Laws of the Corporation restricting the power or authority of the Board of Directors of the Corporation to adopt the foregoing resolutions or upon the Corporation or its officers to act in accordance therewith.

I do further certify that the following are names and specimen signatures of officers of the Corporation empowered and authorized by the above resolutions, each of which has been duly elected to hold and currently holds the office of the Corporation set opposite his or her name:

| Name | Office | Signature |
|---------------------|---------------------|---------------------|
| Kip Boie | President & CEO | <u>Kip Boie</u> |
| <u>Jim Hoffmann</u> | <u>Board Member</u> | <u>Jim Hoffmann</u> |

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation on 9/27/22

CORPORATE SEAL

Jim Hoffmann
Secretary

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SERTANT
CAPITAL

620 Newport Center Drive, Ste 1450, Newport Beach, CA 92660

Lessee: The Great Lakes Tissue Company
Street: 437 S. Main Street**LEASE SCHEDULE No. 1**

Voice (949) 336-3400 Facsimile (949) 336-1380

Master Lease Agreement No. SC-002157
Tel: 231-627-0200**City: Cheboygan State: MI County: Cheboygan Zip: 49721**

This Lease Schedule (the "Schedule") is issued with respect to the Master Lease Agreement No. SC-002157 Dated 9/12/22. All of the terms of the Agreement are incorporated into this Schedule as if fully reflected on the Schedule. The terms of this Schedule and the Agreement combine to form an individual Lease with an independent Initial Period. The following are defined terms in the Lease.

Initial Period (months): 48Equipment Cost: \$3,000,000.00Holdback Amount \$1,000,000.00Rent: \$68,082.30Deposit: \$68,082.30Rent Payment Frequency: MonthlyLease Rate Factor (LRF): .0226941Equipment Description: See attached Exhibit A.

Any Deposit under this Schedule shall be returned to Lessee (without interest thereon and less any transaction costs) if Sertant does not accept this Schedule in accordance with the Lease. The Rent will be determined by multiplying the LRF by the actual Equipment Cost. Sertant may at its sole discretion adjust the LRF in direct relation to any increase since the date of this Lease in the Index Rate over the base rate of 1.94% (the "Base Rate") and recalculating the Rent by multiplying the revised LRF by the Equipment Cost. Such adjustment shall occur as follows: (1) on the later of the Acceptance Date or the date Sertant has received all fully executed Lease documentation and has funded the Lease, and with such adjustment effective as of the Acceptance Date, and/or (2) at such time as Sertant first assigns this Lease and provides written notice of assignment to Lessee, with such adjustment effective as of the date of such notice. Upon funding, Lessee shall pay to Sertant an administration fee of fifteen hundred dollars in consideration for Sertant's administration of the Lease and a closing fee of two percent of the Equipment Cost minus the Holdback Amount shall also be paid to Sertant at Funding. Per Section 11 of the Agreement (Risk of Loss to the Equipment), the Stipulated Loss will start at 110% of the Equipment Cost and decline by 0.9375% per month during the Initial Period for each month that payment of Rent is received by Sertant and will not decline any further after the expiration of the Initial Period.

Schedule Options: At the expiration of the Initial Period or, if extended, at the expiration of the extension period, and in accordance with the terms and conditions of the Lease, Lessee shall have the option to:

Option (1) Extend the Schedule on the same terms and conditions of the Lease for a period of twelve additional months at the then current Rent on the last day of the Initial Period,

Option (2) Purchase all, but not less than all, of the Equipment immediately upon expiration of the applicable rental period for its then fair market value defined as the price that would be obtained in an arm's length, retail transaction between informed and willing parties, under no compulsion to buy or sell, including taxes, transportation, installation and any other cost for services required to render such Equipment fully acceptable for use by an end user (the "FMV") not less than 20% of the Equipment Cost, plus all applicable sales/use taxes thereon and all accrued but unpaid interest, taxes, penalties and other sums due under the Lease. In the event Lessee and Sertant cannot agree on the FMV amount, then the FMV shall be determined by the average of two appraisals but not less than the minimum amount specified herein. Lessee shall pay the cost of such appraisals. One appraiser will be chosen by Lessee and one appraiser will be chosen by Sertant, both of which shall be associated with a nationally recognized appraisal association, will be independent with respect to Lessee and Sertant and shall be instructed to determine FMV using the definition hereinabove. Upon receipt of the agreed upon amount, Sertant shall transfer to Lessee any and all right, title and interest in the subject Equipment, as is, where is, without any warranties express or implied. Lessee shall pay the cost of such appraisal. If Lessee has not elected any option available in the Lease by providing notice three months prior to the end of any extension period, then Option (1) shall prevail.

Sertant at its sole discretion, for some or all of the Equipment, may elect to document the transaction in one or more sub-schedules. Each such sub-schedule will document a portion of the total Equipment Cost and, along with the Agreement, will each constitute a complete and separate Lease, independent of all other sub-schedules. That portion of the Equipment which is not funded through a separate sub-schedule shall remain part of the Master Schedule unless and until superseded by one or more additional or sub-schedules; however, the amount of the Equipment Cost stated in the Master Schedule shall be reduced by the aggregate amount funded through all or sub-schedules. The execution of a sub-schedule shall not relieve or release Lessee from its remaining obligations under the Master Schedule, including, but not limited to, the obligation to lease personal property with the total combined Equipment Cost as stated on the Master Schedule. The terms "Lease Schedule" and "Schedule" as referred to and defined in the Lease Agreement shall be deemed to refer to the Master Schedule wherever such terms appear in the Agreement. In the event that one or more sub-schedules are executed with respect to all or a portion of the Equipment, then the terms "Lease Schedule" and "Schedule" as referred to and defined in the Lease Agreement shall be deemed to refer to each such sub-schedule, and not the Master Lease Schedule, but only with respect to and limited to each such separate and independent sub-schedule.

By signing below, the signer certifies that signer has read this Schedule and the Agreement, has had an opportunity to discuss its terms with Sertant, and is authorized to sign on behalf of Lessee.

The Great Lakes Tissue CompanySignature: [Signature]Name: Kip BoieTitle: President & CEODate: 9/12/22**SERTANT CAPITAL, LLC**Signature: [Signature]Name: Michael J. PrzekopTitle: PresidentDate: 10-13-2022**GLTC0001540**

SERTANT CAPITAL

EXHIBIT 'A' EQUIPMENT DESCRIPTION

The following invoice(s) are referenced, and hereby incorporated, for the purpose of describing the equipment subject to lease agreement # SC-002157. By signing below, I, the lessee, acknowledge that I choose to lease the equipment listed on the invoice(s) per the payment schedule and the terms and conditions set out in lease agreement # SC-002157, which is the governing document to this lease regardless of the price and terms (if any) indicated on the invoice(s).

| Equipment Description | S/N# | |
|---|---------------|---------------|
| 1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler | M98133M | \$ 18,900.00 |
| 2013 Alfa Laval Heat Exchanger | 30115-70081 | \$ 2,625.00 |
| 2013 Alfa Laval CB400-86H Heat Exchanger | 42787870 | \$ 2,625.00 |
| Appleton 60"x72" Core Cutter | n/a | \$ 1,125.00 |
| Wulftec WLP-150 Automatic Stretch Wrap Machine | 0700-6317 | \$ 2,250.00 |
| Orion SW44-12 Stretch Wrapper | 7117540 | \$ 2,250.00 |
| Black Clawson Poly Re-Claim & Stock Prep System | 95-H-P-3692 | \$ 510,000.00 |
| Beloit / Proctor & Gamble 128" Tissue Paper Machine and all accessories | n/a | \$ 761,600.00 |
| Lot of Laboratory Equipment and all accessories | | \$ 7,500.00 |
| 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-1200-8 | \$ 2,250.00 |
| 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-490886 | \$ 900.00 |
| 1978 Zurn R110A Refrigerated Air Dryer | R-9510 | \$ 750.00 |
| 2014 Ingersoll Rand R110 Nirvana SVD 150Air Compressor | VN1505u13175 | \$ 14,850.00 |
| Knowlton Core Machine | n/a | \$ 10,125.00 |
| 1997 Perini 200G Core Machine and Back Stand | 09056 ; 09057 | \$ 13,500.00 |
| 1998 Perini 716B 106" Toilet Roll Rewinder | 09719; 09718 | \$ 150,000.00 |
| 2020 Baosuo YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories | 19S13005FS | \$ 817,000.00 |
| 1999 Perini 702G 106" JRT Rewinder and all accessories | 40533 | \$ 127,500.00 |
| 1997 Perini 702G 106" JRT Rewinder Line and all accessories | 8897 | \$ 150,000.00 |
| Hoberma 14-H 13" Napkin Folder | 446 | \$ 7,500.00 |
| Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items | n/a | \$ 281,250.00 |

Machine Shop Consisting of: \$40,500.00

Clausing Colchester 17" Horizontal lathe - S/N: 2312
 Bridgeport Series Vertical Drill - S/N: J202453
 Henday Horizontal Lathe 14 x 42 - S/N: 121
 Cincinnati Milling Machine - S/N: E506J
 Cincinnati Bickford Drill - S/N: 122
 Boyd & Emmes Radial Engine Horizontal Lathe - S/N: N/A
 Enerpac Hydraulic Press
 Grob NS24 Band Saw - S/N: 3508
 Clausing Vertical Drill Press - S/N: 104435
 Bradford Grinder - S/N: 88
 Clausing Vertical Drill Press - S/N: 511876
 Abrasive Machine Tool Sander - S/N: N/A
 Miller Bobcat 225 NT Welding Set
 Miller Trailblazer 30 Z Welding Set
 Hobart Mega Arc 300 Welding Set
 Misc. Hand Tools & Cabinets
 Ridgid 802 Pipe Threader
 Wells Metal Band Saw - S/N: 14980
 Miller XMT 350 CC/CV Welding Set
 Modern C6251x1500 Horizontal Lathe - Age: 2003
 Lincoln Wirematic 255 Welding Set
 All components and ancillary items.

GLTC0001541

Lift Trucks and Rolling Stock

\$75,000.00

Caterpillar 99F - S/N: AT81C-00367 - 3,500lbs. Cap.
Caterpillar 99H - S/N: AT81C-00944 - 3,500lbs. Cap.
Caterpillar V-80 - S/N: 932200-14A
Caterpillar #11 Roll Grab - S/N: AT8701785 - 7,000 lbs. Cap.
Caterpillar #12 Roll Grab - S/N: AT8701784 - 7,000 lbs. Cap.
Genie #1 Scissor lift - S/N: 78192
Genie #2 Scissor lift - S/N: 65851
Genie #3 Articulating boom - S/N: Z34N-3953
Genie AWP - S/N: 3892-1317 - 300 lbs. Cap.
Halla #11 - S/N: 1449K - 4,400 lbs. Cap.
Hyster S-150 - S/N: A24D1857P - 16,000lbs. Cap.
Hyster 50 - S/N: F187V13847F - 4,800 lbs. Cap.
JCB 506C - S/N: 585635 - 6,000 lbs. Cap.
JCB 506C - S/N: JCB5CAJLC61184611 - 6,000 lbs. Cap.
Kabota SSV65 - S/N: 13738
Linde #5 Roll Grab - S/N: A11313G00184 - 3,700 lbs. Cap.
Linde #3 Roll Grab - S/N: A11313G00185 - 3,700 lbs. Cap.
Linde #24 - S/N: A11319J00224 - 4,500 lbs. Cap.
Linde #68 - S/N: A11319J00168 - 4,500 lbs. Cap.
Nissan #8 - S/N: 23108 - 3,500 lbs. Cap.
Skid Steer L230 - S/N: wbm432589
Terex All terrain lift - S/N: TH0608B-6256 - 6,000 lbs.
Toyota #4 Roll Grab - S/N: 84988 - 4,400 lbs. Cap.
Toyota #1 - S/N: 77658 - 7,700 lbs. Cap.
Toyota #30 - S/N: 63878 - 7,250 lbs. Cap.

Total Equipment Amount \$3,000,000.00

Lease #SC-002157

Lessee: The Great Lakes Tissue Company

By:

Kip Boie

President & CEO

Date:

9/26/22

GLTC0001542

Addendum "A"
To
Master Lease Agreement No. SC-002157
and Lease Schedule No. 1

This Addendum hereby supplements and is made a part of Master Lease Agreement No. SC-002157 dated 9/26/22 (the "Agreement"), by and between The Great Lakes Tissue Company, as Lessee, and Sertant Capital, LLC ("Sertant"), Lease Schedule No. 1 (the "Schedule") and all related supplementary documents under the Agreement and Schedule (collectively the "Lease").

Capitalized terms used in this Addendum without definition shall have the meanings set forth in the Lease, unless expressly provided otherwise herein.

Lessee and Sertant agree and acknowledge that the Schedule is hereby amended as follows:

Early Purchase Option

Provided that the Lessee is not in default under the Lease or any other agreement between Sertant and Lessee, Lessee may, upon at least one hundred fifty (150) days prior to the due date of the forty-second (42nd) Initial Period Rent payment, but no more than two-hundred seventy (270) days prior to the due date of the forty-second (42nd) Initial Period Rent payment, provide prior written notice to Sertant of Lessee's irrevocable election to exercise this early purchase option, for which Lessee may purchase all (but not less than all) of the Equipment listed and described on the Lease Schedule after the date the forty-second (42nd) Initial Period Rent payment is due and paid by Lessee and prior to the date the forty-third (43rd) Initial Period Rent payment is due (the "Exercise Period") for a price equal to 32.62% of the Equipment Cost (the "Early Purchase Option Price"), plus all applicable sales taxes on an AS-IS BASIS. The purchase option granted herein shall be referred to as the "Early Purchase Option".

If Lessee exercises this Early Purchase Option, then during the Exercise Period, Lessee shall pay to Sertant in cash (i) any Rent and other sums due and unpaid as of that time, and (ii) the Early Purchase Option Price, plus all applicable sales taxes.

All other terms and conditions of the Lease, as previously written and agreed upon, shall remain in full force and effect. The Lease, as amended herein, sets forth the entire and final understanding between the parties with respect hereto. The terms and conditions of this Addendum have been negotiated and jointly drafted by Sertant and Lessee and, therefore, the language of the Addendum shall not be construed in favor of or against either party.

IN WITNESS WHEREOF, this Addendum has been signed as of the date set forth below the respective signatures.

Signature: Kip Boie

Kip Boie
President & CEO

Date: 9/26/22

Signature: Michael J. Przekop

Michael J. Przekop
President

Date: 10-13-2022

GLTC0001543

Addendum "B"
To
Master Lease Agreement No. SC-002157
and Lease Schedule No. 1

This Addendum hereby supplements and is made a part of Master Lease Agreement No. SC-002157 dated 9/26/22 (the "Agreement"), by and between The Great Lakes Tissue Company, as Lessee, and Sertant Capital, LLC ("Sertant"), Lease Schedule No. 1 (the "Schedule") and all related supplementary documents under the Agreement and Schedule (collectively the "Lease").

Capitalized terms used in this Addendum without definition shall have the meanings set forth in the Lease, unless expressly provided otherwise herein.

Lessee and Sertant agree and acknowledge that the Schedule is hereby amended as follows:

A Holdback Amount of \$1,000,000.00 will be held back by Sertant and retained by Sertant until all payments and monies due under the Lease have been satisfied. Once all payments and monies due under the Lease have been paid, Sertant shall return the Holdback Amount to Lessee.

Provided Lessee is current and has no outstanding monies due Sertant and Lessee has provided updated financial statements to Sertant, annually during the term of the Lease and beginning with month twelve Sertant shall review the provided financial statements and will determine in its sole discretion whether to release up to a maximum of \$250,000.00 each year of the initial Holdback Amount of \$1,000,000.00.

All other terms and conditions of the Lease, as previously written and agreed upon, shall remain in full force and effect. The Lease, as amended herein, sets forth the entire and final understanding between the parties with respect hereto. The terms and conditions of this Addendum have been negotiated and jointly drafted by Sertant and Lessee and, therefore, the language of the Addendum shall not be construed in favor of or against either party.

IN WITNESS WHEREOF, this Addendum has been signed as of the date set forth below the respective signatures.

Signature: [Signature]
Kip Boie
President & CEO

Date: 9/26/22

Signature: [Signature]
Michael J. Przekop
President

Date: 10-13-2022

GLTC0001544

SERTANT620 Newport Center Drive, Suite 1450, Newport Beach, CA 92660
Tel: 949-336-3400**DELIVERY,
ACCEPTANCE
AND PAYMENT
AUTHORIZATION
CERTIFICATE**

| | | | | |
|--|-------------|--------|-------|-----|
| Lessee The Great Lakes Tissue Company | | | | |
| Street 437 S. Main Street | | | | |
| City Cheboygan | State MI | County | 49721 | Zip |

Lessee hereby certifies that the Equipment described in Lease Schedule No. 1 dated 9/26/22 to Master Lease Agreement No. SC-002157 between Sertant Capital, LLC ("Sertant") and the undersigned Lessee dated 9/26/22 (collectively forming the "Lease"), has been furnished to the Lessee at the location designated in the Lease, that all of the Equipment has been completely received, installed, tested, and accepted as satisfactory by Lessee on the date of funding (the "Acceptance Date"). Sertant is irrevocably authorized to pay the supplier(s) or Lessee by wire transfer to the account(s) indicated below for the full amount of the Equipment Cost stated in the Lease and billing pursuant to the Lease is appropriate.

ACCEPTED BY:**The Great Lakes Tissue Company**

BY: Kip Boie
Kip Boie
President & CEO

DATE: 9/27/22

Payee Information:

Payee: Great Lakes Tissue Co

Bank Name: 1st Community Bank

Bank ABA Number: 072406771

Account Number: 31049143

Account Name: Great Lakes Tissue Co

Amount: \$1,910,417.70

Reference: The Great Lakes Tissue Company- Lease Schedule 1

GLTC0001545

Payee Information:

Bank Name: Banc of California NA

Bank ABA Number: 1222-4377-4

Account Number: 4043154

Account Name: Sertant Capital, LLC

Amount: \$89,582.30

Reference: The Great Lakes Tissue Company- Lease Schedule 1

Payee Information: "Holdback"

Payee: Great Lakes Tissue Co

Bank Name: 1st Community Bank

Bank ABA Number: 072406771

Account Number: 31049143

Account Name: Great Lakes Tissue Co

Amount: \$1,000,000.00 (Holdback)

Reference: The Great Lakes Tissue Company- Lease Schedule 1

GLTC0001546

PAY PROCEEDS DIRECTION

TO: Sertant Capital, LLC
620 Newport Center Drive, Suite 1450
Newport Beach, CA 92660

RE: Lease Agreement No.: SC-002157 Dated 9/27/22, between the undersigned and Sertant Capital, LLC

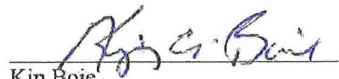
You are hereby irrevocably instructed to disburse from the proceeds of the Lease Agreement evidenced by the above-referenced instruments the respective amounts to the respective payees designated below:

| <u>Amount</u> | <u>Payee Name and Address</u> |
|---|--|
| \$1,910,417.70 (\$3,000,000.00-\$1,000,000.00 Holdback- \$89,582.30 Deposit, Closing/Admin Fee) | The Great Lakes Tissue Company 437 S. Main Street, Cheboygan, MI 49721 |
| \$89,582.30 (Deposit, Closing and Admin Fee) | Sertant Capital, LLC 620 Newport Center Dr, Ste 1450 Newport Beach, CA 92660 |
| Total Amount \$3,000,000.00 | |

Disbursement by you in accordance with the foregoing instructions shall be and constitute payment and delivery to and receipt by us of any and all of such proceeds.

Debtor: The Great Lakes Tissue Company

By:


Kip Boie
President & CEO

Date: 9/27/22

GLTC0001547

AGREEMENT WITH RESPECT TO THE SALE/LEASEBACK OF EQUIPMENT

ADDENDUM TO

LEASE SCHEDULE NO. 1 ("SCHEDULE") DATED 9/26, 2022.

TO MASTER LEASE AGREEMENT NO. SC-002157 ("AGREEMENT") DATED AS OF 9/26, 2022.

Mailing Address:

Sertant Capital, LLC
620 Newport Center Dr., Ste 1450
Newport Beach, CA 92660

Co-Lessees & Mailing Address:

The Great Lakes Tissue Company (Lessee)
437 South Main Street,
Cheboygan, MI 49721

Lessee desires to sell and lease back those specific items of Equipment designated on Exhibit "A" attached hereto which is all of the Equipment on the Schedule to the Agreement (the "Equipment") pursuant to the terms of the Lease. Lessee represents and warrants that it acquired its right, title and interest in all of the Equipment by providing reasonably equivalent value or other adequate consideration.

Sertant Capital, LLC ("Sertant") desires to purchase the Equipment and to lease it back to Lessee pursuant to the terms of the Agreement and Schedule.

Capitalized terms not defined herein shall have the meanings assigned to them in the Agreement or Schedule identified above. The Schedule, including this document, and the Agreement as it applies to this Schedule are collectively referred to from time to time hereinafter as the "Lease".

NOW THEREFORE, in consideration of these promises and of other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Pursuant to the Bill of Sale executed concurrently herewith, Lessee agrees to and does hereby transfer all of its right, title and interest in and to the Equipment identified in the Bill of Sale to Sertant, free and clear of all liens, claims and encumbrances whatsoever. In connection with Lessee's transfer of the Equipment to Sertant, Lessee assigns to Sertant any remaining rights of Lessee under each purchase, supply, and other contract relating to the purchase by Lessee of the Equipment, including all of its remaining rights under any and all manufacturer warranties (express or implied) and indemnities with respect to the Equipment. Lessee, however, shall be entitled to the benefit of such warranties to the extent provided for in Section 3 (No Warranties/Manufacturer's Warranties) of the Agreement.
2. (a) As conditions precedent to Sertant's obligations under the Lease to purchase and lease the Equipment, Lessee shall deliver to Sertant (i) a properly executed Schedule for such Equipment (ii) a Bill of Sale, in the form of Annex A hereto, transferring title to the Equipment to Sertant (such Bill of Sale shall, if applicable, provide that Sertant shall be authorized to pay the respective suppliers designated by Lessee the amounts so designated which amounts shall be consistent with the invoices of such respective suppliers delivered by Lessee to Sertant as of the date hereof), and (iii) a certificate of insurance which complies with the requirements of Section 10 of the Agreement, (iv) a properly executed Delivery, Acceptance and Payment Authorization Certificate (the "Acceptance Certificate"), covering the Equipment described in the Bill of Sale and (v) such other documents as Sertant may reasonably request.

AGREEMENT WITH RESPECT TO THE SALE/LEASEBACK OF EQUIPMENT (Page two)

(b) Execution of the Acceptance Certificate as to such Equipment by the Lessee shall constitute irrevocable acceptance for lease hereunder by the Lessee of all items of Equipment set forth in the Bill of Sale for lease by Sertant pursuant to the Lease.

(c) The parties acknowledge that this is a sale/leaseback transaction with respect to the Equipment identified in the Bill of Sale and that this Equipment is in Lessee's possession as of the date of the execution of the Acceptance Certificate.

3. This Addendum applies to all Equipment described and all terms and conditions of the Lease shall remain in full force and effect. All references to Sertant herein shall be deemed to include the successors and assigns of Sertant.

IN WITNESS WHEREOF, the parties hereto have executed this agreement with respect to the Sale/Leaseback of Equipment on the date stated below.

Lessee : The Great Lakes Tissue Company

By: Kip Boic

Name: Kip Boic

Title: President & CEO

Date: 9/20/22

Sertant Capital, LLC

By: Michael J Przekop

Name: Michael J Przekop

Title: President

Date: 10-13-2022

EXHIBIT 'A'
EQUIPMENT DESCRIPTION

The following invoice(s) are referenced, and hereby incorporated, for the purpose of describing the equipment subject to lease agreement # SC-002157. By signing below, I, the lessee, acknowledge that I choose to lease the equipment listed on the invoice(s) per the payment schedule and the terms and conditions set out in lease agreement # SC-002157, which is the governing document to this lease regardless of the price and terms (if any) indicated on the invoice(s).

| Equipment Description | S/N# | |
|---|---------------|---------------|
| 1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler | M98133M | \$ 18,900.00 |
| 2013 Alfa Laval Heat Exchanger | 30115-70081 | \$ 2,625.00 |
| 2013 Alfa Laval CB400-86H Heat Exchanger | 42787870 | \$ 2,625.00 |
| Appleton 60"x72" Core Cutter | n/a | \$ 1,125.00 |
| Wulftec WLP-150 Automatic Stretch Wrap Machine | 0700-6317 | \$ 2,250.00 |
| Orion SW44-12 Stretch Wrapper | 7117540 | \$ 2,250.00 |
| Black Clawson Poly Re-Claim & Stock Prep System | 95-H-P-3692 | \$ 510,000.00 |
| Beloit / Proctor & Gamble 128" Tissue Paper Machine and all accessories | n/a | \$ 761,600.00 |
| Lot of Laboratory Equipment and all accessories | | \$ 7,500.00 |
| 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-1200-8 | \$ 2,250.00 |
| 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-490886 | \$ 900.00 |
| 1978 Zurn R110A Refrigerated Air Dryer | R-9510 | \$ 750.00 |
| 2014 Ingersoll Rand R110 Nirvana SVD 150Air Compressor | VN1505u13175 | \$ 14,850.00 |
| Knowlton Core Machine | n/a | \$ 10,125.00 |
| 1997 Perini 200G Core Machine and Back Stand | 09056 ; 09057 | \$ 13,500.00 |
| 1998 Perini 716B 106" Toilet Roll Rewinder | 09719; 09718 | \$ 150,000.00 |
| 2020 Baosub YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories | 19S13005FS | \$ 817,000.00 |
| 1999 Perini 702G 106" JRT Rewinder and all accessories | 40533 | \$ 127,500.00 |
| 1997 Perini 702G 106" JRT Rewinder Line and all accessories | 8897 | \$ 150,000.00 |
| Hobema 14-H 13" Napkin Folder | 446 | \$ 7,500.00 |
| Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items | n/a | \$ 281,250.00 |

Machine Shop Consisting of: \$40,500.00

Clausing Colchester 17" Horizontal Lathe - S/N: 2312
 Bridgeport Series Vertical Drill - S/N: J202453
 Henday Horizontal Lathe 14 x 42 - S/N: 121
 Cincinnati Milling Machine - S/N: E506J
 Cincinnati Bickford Drill - S/N: 122
 Boyd & Emmes Radial Engine Horizontal Lathe - S/N: N/A
 Enerpac Hydraulic Press
 Grob NS24 Band Saw - S/N: 3508
 Clausing Vertical Drill Press - S/N: 104435
 Bradford Grinder - S/N: 86
 Clausing Vertical Drill Press - S/N: 511676
 Abrasive Machine Tool Sander - S/N: N/A
 Miller Bobcat 225 NT Welding Set
 Miller Trailblazer 30 Z Welding Set
 Hobart Mega Arc 300 Welding Set
 Misc. Hand Tools & Cabinets
 Ridgid 802 Pipe Threader
 Wells Metal Band Saw - S/N: 14980
 Miller XMT 350 CC/CV Welding Set
 Modern C6251x1500 Horizontal Lathe - Age: 2003
 Lincoln Wirematic 255 Welding Set
 All components and ancillary items.

GLTC0001550

| | |
|--|-------------|
| Lift Trucks and Rolling Stock | \$75,000.00 |
| Caterpillar 99F - S/N: AT81G-00357 - 3,500lbs. Cap. | |
| Caterpillar 99H - S/N: AT81G-00944 - 3,500lbs. Cap. | |
| Caterpillar V-80 - S/N: 932200-14A | |
| Caterpillar #11 Roll Grab - S/N: AT8701785 - 7,000 lbs. Cap. | |
| Caterpillar #12 Roll Grab - S/N: AT8701784 - 7,000 lbs. Cap. | |
| Genie #1 Scissor lift - S/N: 78192 | |
| Genie #2 Scissor lift - S/N: 65851 | |
| Genie #3 Articulating boom - S/N: Z34N-3953 | |
| Genie AWP - S/N: 3892-1317 - 300 lbs. Cap. | |
| Halla #11 - S/N: 1449K - 4,400 lbs. Cap. | |
| Hyster S-150 - S/N: A24D1857P - 16,000lbs. Cap. | |
| Hyster 50 - S/N: F187V13647F - 4,800 lbs. Cap. | |
| JCB 506C - S/N: 585635 - 6,000 lbs. Cap. | |
| JCB 506C - S/N: JCB5CAJLC61184611 - 6,000 lbs. Cap. | |
| Kabota SSV65 - S/N: 13738 | |
| Linde #5 Roll Grab - S/N: A11313G00184 - 3,700 lbs. Cap. | |
| Linde #3 Roll Grab - S/N: A11313G00185 - 3,700 lbs. Cap. | |
| Linde #24 - S/N: A11319J00224 - 4,500 lbs. Cap. | |
| Linde #88 - S/N: A11319J00168 - 4,500 lbs. Cap. | |
| Nissan #8 - S/N: 23108 - 3,500 lbs. Cap. | |
| Skid Steer L230 - S/N: wbm432589 | |
| Terex All terrain lift - S/N: TH0606B-6256 - 6,000 lbs. | |
| Toyota #4 Roll Grab - S/N: 84938 - 4,400 lbs. Cap. | |
| Toyota #1 - S/N: 77656 - 7,700 lbs. Cap. | |
| Toyota #30 - S/N: 63678 - 7,250 lbs. Cap. | |

| | |
|------------------------|----------------|
| Total Equipment Amount | \$3,000,000.00 |
|------------------------|----------------|

GLTC0001551

ANNEX "A"

Master Lease Agreement SC-002157

Lease Schedule No. 1

BILL OF SALE

For valuable consideration, receipt of which is hereby acknowledged, The Great Lakes Tissue Company, located at 437 South Main Street, Cheboygan, MI 49721 (hereinafter referred to as "Seller") hereby sells, transfers, grants, bargains, sets over, assigns, delivers and conveys its right, title and interest in and to the Equipment (hereinafter "Equipment") described in Exhibit "A" to Sertant Capital, LLC, located at 620 Newport Center Dr., Suite 1450, Newport Beach, CA 92660 (hereinafter referred to as "Buyer").

SELLER HEREBY REPRESENTS AND WARRANTS to Buyer, its successors and assigns that Seller is the absolute owner of said Equipment free and clear of all adverse claims, liens, security interests, charges and encumbrances, and that Seller, its successors and assigns, warrant, covenant, and agree to and with Buyer, its successors and assigns, that Seller, by the execution hereof, has transferred and conveys to Buyer good and merchantable title to each of the items of Equipment listed in the aforesaid Exhibit "A", and that Seller has the corporate and all necessary authority to transfer and convey each of the aforesaid items of Equipment to Buyer; and that Seller covenants and agrees to warrant and defend to same against any and all lawful claims and demands whatsoever. It is understood that the transfer of title to this Equipment shall have been conclusively determined to have occurred in the State of California.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed on the 26 day of September, 2022.

SELLER: Great Lakes Tissue
BY: Kip Boie
NAME: Kip Boie
TITLE: President / CEO

ATTESTED TO BY:

(Assistant) Secretary

(CORPORATE SEAL)

MASTER LEASE AGREEMENT SC-002157

LEASE SCHEDULE NO. 1

EXHIBIT A

| Equipment Description | S/N# |
|---|---------------|
| 1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler | M98133M |
| 2013 Alfa Laval Heat Exchanger | 30115-70081 |
| 2013 Alfa Laval CB400-86H Heat Exchanger | 42787870 |
| Appleton 60"x72" Core Cutter | n/a |
| Wulftec WLP-150 Automatic Stretch Wrap Machine | 0700-6317 |
| Orion SW44-12 Stretch Wrapper | 7117540 |
| Black Clawson Poly Re-Claim & Stock Prep System | 95-H-P-3692 |
| Beloit / Proctor & Gamble 128" Tissue Paper Machine and all accessories | n/a |
| Lot of Laboratory Equipment and all accessories | |
| 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-1200-8 |
| 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-490886 |
| 1978 Zurn R110A Refrigerated Air Dryer | R-9510 |
| 2014 Ingersoll Rand R110 Nirvana SVD 150Air Compressor | VN1505u13175 |
| Knowlton Core Machine | n/a |
| 1997 Perini 200G Core Machine and Back Stand | 09056 ; 09057 |
| 1998 Perini 716B 106" Toilet Roll Rewinder | 09719; 09718 |
| 2020 Baosuo YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories | 19S13005FS |
| 1999 Perini 702G 106" JRT Rewinder and all accessories | 40533 |
| 1997 Perini 702G 106" JRT Rewinder Line and all accessories | 8897 |
| Hobema 14-H 13" Napkin Folder | 446 |
| Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items | n/a |
| Machine Shop Consisting of: | |
| Lift Truck and Rolling Stock | |

Machine Shop Consisting of:

Clausing Colchester 17" Horizontal lathe - S/N: 2312
 Bridgeport Series Vertical Drill - S/N: J202453
 Hendey Horizontal Lathe 14 x 42 - S/N: 121
 Cincinnati Milling Machine - S/N: E506J
 Cincinnati Bickford Drill - S/N: 122
 Boyd & Emmes Radial Engine Horizontal Lathe - S/N: N/A
 Enerpac Hydraulic Press
 Grob NS24 Band Saw - S/N: 3508
 Clausing Vertical Drill Press - S/N: 104435
 Bradford Grinder - S/N: 86
 Clausing Vertical Drill Press - S/N: 511876
 Abrasive Machine Tool Sander - S/N: N/A
 Miller Bobcat 225 NT Welding Set
 Miller Trailblazer 30 Z Welding Set
 Hobart Mega Arc 300 Welding Set
 Misc. Hand Tools & Cabinets
 Ridgid 802 Pipe Threader
 Wells Metal Band Saw - S/N: 14980
 Miller XMT 350 CC/CV Welding Set
 Modern C6251x1500 Horizontal Lathe - Age: 2003
 Lincoln Wirematic 255 Welding Set
 All components and ancillary items.

GLTC0001553

MASTER LEASE AGREEMENT SC-002157

LEASE SCHEDULE NO. 1

EXHIBIT A

Lift Trucks and Rollin Stock

Caterpillar 99F - S/N: AT81C-00357 - 3,500lbs. Cap.
Caterpillar 99H - S/N: AT81C-00944 - 3,500lbs. Cap.
Caterpillar V-80 - S/N: 932200-14A
Caterpillar #11 Roll Grab - S/N: AT8701785 - 7,000 lbs. Cap.
Caterpillar #12 Roll Grab - S/N: AT8701784 - 7,000 lbs. Cap.
Genie #1 Scissor lift - S/N: 76192
Genie #2 Scissor lift - S/N: 65851
Genie #3 Articulating boom - S/N: Z34N-3953
Genie AWP - S/N: 3892-1317 - 300 lbs. Cap.
Halla #11 - S/N: 1449K - 4,400 lbs. Cap.
Hyster S-150 - S/N: A24D1857P - 16,000lbs. Cap.
Hyster 50 - S/N: F187V13647F - 4,800 lbs. Cap.
JCB 506C - S/N: 585635 6,000 lbs. Cap.
JCB 506C - S/N: JCB5CAJLC61184611 - 6,000 lbs. Cap.
Kabota SSV65 - S/N: 13738
Linde #5 Roll Grab - S/N: A11313G00184 - 3,700 lbs. Cap.
Linde #3 Roll Grab - S/N: A11313G00185 - 3,700 lbs. Cap.
Linde #24 - S/N: A11319J00224 - 4,500 lbs. Cap.
Linde #68 - S/N: A11319J00168 - 4,500 lbs. Cap.
Nissan #8 - S/N: 23108 - 3,500 lbs. Cap.
Skid Steer L230 - S/N: wbm432589
Terex All terrain lift - S/N: TH0606B-6256 6,000 lbs.
Toyota #4 Roll Grab - S/N: 84988 - 4,400 lbs. Cap.
Toyota #1 - S/N: 77656 - 7,700 lbs. Cap.
Toyota #30 - S/N: 63678 - 7,250 lbs. Cap.

GLTC0001554



620 Newport Center Drive, Suite 1450
Newport Beach, CA 92660
949.336.3400
www.sertantcapital.com

September 21, 2022

Re: Lease Agreement No.SC-002157

LESSEE ESTOPPEL CERTIFICATE

Lessee hereby affirms and acknowledges that Lessee:

1. has read and understood the meaning of each of the provisions in Lease Agreement No. SC-002157, and any other documents expressly made a part of the Lease by written reference therein (which collectively constitute the "Lease") as well as all other documents submitted by Sertant to Lessee in connection therewith.
2. has either reviewed the Lease with its counsel or having had the opportunity to do so, has elected not to review the Lease with counsel of its own choosing.
3. understands that Sertant has relied on the written provisions of the Lease in deciding to enter the Lease and that the written provisions of the Lease were a material inducement for Sertant's acceptance of the Lease.
4. represents and recognizes that no oral statements have been made or relied upon that conflict with or otherwise contradict the provisions of the Lease.

IN WITNESS WHEREOF, this Certificate has been signed as of the date set forth below.

Lease #SC-002157

Lessee: The Great Lakes Tissue Company

By: _____

Kip Boie
President & CEO

Date: _____

9/26/22

GLTC0001555

EXHIBIT L

SERTANT

CAPITAL

EXHIBIT 'A'

EQUIPMENT DESCRIPTION

The following invoice(s) are referenced, and hereby incorporated, for the purpose of describing the equipment subject to lease agreement # SC-002157. By signing below, I, the lessee, acknowledge that I choose to lease the equipment listed on the invoice(s) per the payment schedule and the terms and conditions set out in lease agreement # SC-002157, which is the governing document to this lease regardless of the price and terms (if any) indicated on the invoice(s).

| Equipment Description | S/N | |
|---|--------------|---------------|
| 1969 Barock & Wilcox Gas Fired 60,000 BTU Boiler | | |
| 2013 Alfa Laval Heat Exchanger | 1068138M | \$ 18,500.00 |
| 2013 Alfa Laval C400-86H Heat Exchanger | 30715-70881 | \$ 2,625.00 |
| Appleton 60"x27" Core Cutter | 4278787D | \$ 2,625.00 |
| Valtec WD-150 Automatic Stretch Wrap Machine | n/a | \$ 1,125.00 |
| Orion SW42-12 Stretch Wrapper | 0700-6317 | \$ 2,250.00 |
| Black Clawson Poly Re-Claim & Stock Prep System | 7117540 | \$ 2,250.00 |
| Beloit / Proctor & Gamble 228 Tissue Paper Machine and all accessories | 95-H-1-3692 | \$ 510,000.00 |
| Lot of Laboratory Equipment and all accessories | n/a | \$ 761,600.00 |
| 1985 Atlas Copco ZR 3 200 HP Packaged Rotary Screw Air Compressor | ARP-1200-8 | \$ 7,500.00 |
| 1985 Atlas Copco ZR 3 200 HP Packaged Rotary Screw Air Compressor | ARP-490986 | \$ 2,250.00 |
| 1978 Sun R10A Refrigerated Air Dryer | R-9510 | \$ 900.00 |
| 2014 Ingersoll Rand R110 Nitrogen SVD 150A/C Compressor | VN1500-13175 | \$ 750.00 |
| Knowlton Core Machine | n/a | \$ 14,850.00 |
| 1997 Perini 2006 Core Machine and Back Stand | 060856-08057 | \$ 10,125.00 |
| 1999 Perini 7168 106" Toilet Roll Rewinder | 09719-09718 | \$ 13,500.00 |
| 2020 Bessac VD-P400C-2900 12" Bathroom Tissue Rewinder Line and all accessories | 195130055 | \$ 150,000.00 |
| 1999 Perini 7026 106" RT Rewinder and all accessories | 40533 | \$ 817,000.00 |
| 1997 Perini 7026 106" RT Rewinder Line and all accessories | 8897 | \$ 127,500.00 |
| Hobasema 24H-13 Machine Folder | 406 | \$ 150,000.00 |
| Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items | n/a | \$ 7,500.00 |
| | | \$ 281,250.00 |

Machine Shop Consisting of: **\$40,500.00**

Challenging Cablaster 17" Horizontal Lathe - S/N: 2312
 Bridgeport Series Vertical Drill - S/N: J202463
 Hendey Horizontal Lathe 14 x 42 - S/N: 121
 Cincinnati Milling Machine - S/N: E5983
 Cincinnati Blackford Drill - S/N: 122
 Boyd & Emmons Radial Engine Horizontal Lathe - S/N: N/A
 Enrafpac Hydraulic Press
 Grob NS24 Band Saw - S/N: 3503
 Gauding Vertical Drill Press - S/N: 104435
 Crawford Grinder - S/N: 86
 Chausseg Vertical Drill Press - S/N: 541878
 Abrasive Machine Tool Stand - S/N: N/A
 Miller P0628 228 MT Welding Set
 Miller Trailblazer 30 Z Welding Set
 Hirsch 1400g Arc 500 Welding Set
 Metc. Hirsch Gas & Carbide
 Rigold 802 Pipe Threader
 Wells Metal Band Saw - S/N: 14980
 Miller PMT 360 C/C/C/V Welding Set
 Modern C2851-1500 Horizontal Lathe - Age: 2003
 Lincoln Wilematic 285 Welding Set
 All components and ancillary items.

| LJM Trucks and Rolling Stock | |
|---|----------------|
| Caterpillar 99F - S/N: AT81C-00367 - 3,500lbs. Cap. | \$75,000.00 |
| Caterpillar 99H - S/N: AT81C-00844 - 3,500lbs. Cap. | |
| Caterpillar V-80 - S/N: 93220-14A | |
| Caterpillar #1 Roll Grab - S/N: AT8701765 - 7,000 lbs. Cap. | |
| Caterpillar #2 Roll Grab - S/N: AT8201784 - 7,000 lbs. Cap. | |
| Genie #1 Scissor lift - S/N: 78182 | |
| Genie #2 Scissor lift - S/N: 66981 | |
| Genie #3 Articulating boom - S/N: Z34N-3953 | |
| Genie AWP - S/N: 3882-1317 - 360 lbs. Cap. | |
| Hella #11 - S/N: 1449K - 4,400 lbs. Cap. | |
| Hydrex S-180 - S/N: A24D1857P - 16,000lbs. Cap. | |
| Hydrex S0 - S/N: F187Y12847F - 4,800 lbs. Cap. | |
| JCB 508C - S/N: 595936 6,000 lbs. Cap. | |
| JCB 508C - S/N: JCBSCAL091184611 - 6,000 lbs. Cap. | |
| Kapota SSV65 - S/N: 13738 | |
| Linde #5 Roll Grab - S/N: A11313G00164 - 3,700 lbs. Cap. | |
| Linde #3 Roll Grab - S/N: A11313G00165 - 3,700 lbs. Cap. | |
| Linde #24 - S/N: A11313J00224 - 4,500 lbs. Cap. | |
| Linde #98 - S/N: A11313J00169 - 4,500 lbs. Cap. | |
| Nissan #8 - S/N: 23103 - 3,400 lbs. Cap. | |
| Nissan #9 - S/N: 23103 - 3,400 lbs. Cap. | |
| Sund Steer L230 - S/N: WHM423599 | |
| Terex Air Terrain lift - S/N: TH0605B-8256 6,000 lbs. | |
| Toyota #4 Roll Grab - S/N: 84886 - 4,400 lbs. Cap. | |
| Toyota #3 - S/N: 77858 - 7,700 lbs. Cap. | |
| Toyota #50 - S/N: 63978 - 7,250 lbs. Cap. | |
| Total Equipment Amount | \$3,000,000.00 |

Lense #SC-002157
Lessor: The Great Lakes Tissue Company
By: [Signature]
Kip Bots
President & CEO
Date: 9/26/22

EXHIBIT M

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation,

Defendant.

DAVID L. POWERS (P39110)
Counsel for Plaintiffs
SMITH, MARTIN, POWERS & KNIER, PC
900 Washington Ave.,
P.O. Box 219
Bay City, MI 48707-0219
Tel: (989) 892-3924
dpowers@smpklaw.com

ROBERT S. MCWHORTER (P49215)
Counsel for Plaintiffs
BUCHALTER, A PROFESSIONAL CORPORATION
500 Capitol Mall, Ste. 1900
Sacramento, California 95762
Tel: (916) 899-1099
rmcwhorter@buchalter.com

ANSWER

Defendant Great Lakes Tissue Company, Inc. ("Defendant") for its Answer states as follows:

PARTIES, JURISDICTION, AND VENUE

1. PAB is a Utah banking corporation whose principal place of business is located at 1868 South 500 West, Woods Cross, Utah. PAB is duly authorized to conduct business in the State of Michigan.

ANSWER: Defendant lacks sufficient information of belief as to the allegations in Paragraph 1 and therefore denies the same.

2. Sertant is a Delaware limited liability company whose principal place of business is located at 620 New Newport Center Drive, Suite 1450, Newport Beach, California. Sertant is duly authorized to conduct business in the State of Michigan.

ANSWER: Defendant lacks sufficient information of belief as to the allegations in Paragraph 2 and therefore denies the same.

3. Defendant The Great Lakes Tissue Company ("GLT") is a Michigan corporation duly authorized to conduct business in the State of Michigan, whose principal place of business is located at 437 S. Main Street, Cheboygan, Michigan. Founded in about 1993, GLT manufactures recycled tissue and towel products.

ANSWER: Admit that the former company known as Great Lakes Tissue Company was located at 437 S. Main Street, Cheboygan, Michigan. Founded in about 1993, GLT manufactures recycled tissue and towel products.

4. This Court has subject matter jurisdiction under 28 U.S.C. § 1332 over Plaintiffs' claims because the matter in controversy is between citizens of different States, and the amount in controversy exceeds \$75,000.00 exclusive of costs, interest, and attorneys' fees.

ANSWER: Admit.

5. Venue is proper in this judicial district under 28 U.S.C. §§ 1391(b)(1) and (b)(2) because GLT is a resident in the Eastern District of Michigan, and the events or omissions giving rise to this action occurred, in part, in this judicial district.

ANSWER: Admit.

COUNT I - BREACH OF CONTRACT

6. Plaintiffs incorporate paragraphs 1 through 5 of this Complaint.

ANSWER: Defendant incorporates paragraphs 1 through 5 of this Answer.

7. On or about October 13, 2022, Sertant, as lessor, and GLT, as lessee, entered into Master Lease Agreement No. SC-002157 ("Master Lease") under which GLT leased certain personal property from Sertant described on separate Lease Schedules executed under the Master Lease. A true and correct copy of the Master Lease is attached hereto as Exhibit "1" and is incorporated by reference.

ANSWER: Deny.

8. Accordingly, as part of the Master Lease, GLT executed Lease Schedule No. 1 ("Schedule No. 1") to the Master Lease, under which GLT agreed to lease from Sertant certain equipment and other personal property (collectively, "Equipment"). The Equipment consists of the following property described below:

| | Equipment Description | Serial No. |
|-----|---|--------------|
| 1. | 1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler | M98133M |
| 2. | 2013 Alfa Laval Heat Exchanger | 30115-70081 |
| 3. | 2013 Alfa Laval CB400-86H Heat Exchanger | 42787870 |
| 4. | Appleton 60"x72" Core Cutter | n/a |
| 5. | Wulftec WLP-150 Automatic Stretch Wrap Machine | 0700-6317 |
| 6. | Orion SW44-12 Stretch Wrapper | 7117540 |
| 7. | Black Clawson Poly Re-Claim & Stock Prep System | 95-H-P-3692 |
| 8. | Beloit/Proctor & Gamble 128" Tissue Paper Machine and all accessories | n/a |
| 9. | Lot of Laboratory Equipment and all accessories | n/a |
| 10. | 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-1200-8 |
| 11. | 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-490886 |
| 12. | 1978 Zurn R110A Refrigerated Air Dryer | R-9510 |
| 13. | 2014 Ingersoll Rand R110 Nirvana SVD | VN1505u13175 |

| | Equipment Description | Serial No. |
|-----|---|--------------|
| 16. | 1998 Perini 716B 106" Toilet Roll Rewinder | 09719; 19718 |
| 17. | 2020 Baosuo YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories | 19S13005Fs |
| 18. | 1999 Perini 702G 106" JRT Rewinder and all accessories | 40533 |
| 19. | 1997 Perini 702G 106" JRT Rewinder Line and all accessories | 8897 |
| 20. | Hobema 14-H 13" Napkin Folder | 446 |
| 21. | Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items | n/a |
| 22. | Clausing Colchester 17" Horizontal lathe | 2312 |
| 23. | Bridgeport Series Vertical Drill | J202453 |
| 24. | Hendey Horizontal Lathe 14 x 42 | 121 |
| 25. | Cincinnati Milling Machine | E506J |
| 26. | Cincinnati Bickford Drill | 122 |
| 27. | Boyd & Emmes Radial Engine Horizontal Lathe | n/a |
| 28. | Enerpac Hydraulic Press | n/a |
| 29. | Grob NS24 Band Saw | 3508 |
| 30. | Clausing Vertical Drill Press | 104435 |
| 31. | Bradford Grinder | 86 |
| 32. | Clausing Vertical Drill Press | 511876 |
| 33. | Abrasive Machine Tool Sander | n/a |
| 34. | Miller Bobcat 225 NT Welding Set | n/a |
| 35. | Miller Trailblazer 30 Z Welding Set | n/a |
| 36. | Hobart Mega Arc 300 Welding Set | n/a |
| 37. | Misc. Hand Tools and Cabinets | n/a |
| 38. | Rigid 802 Pipe Threader | n/a |
| 39. | Wells Metal Band Saw | 14980 |
| 40. | Miller XMT 350 CC/CV Welding Set | n/a |
| 41. | Modern C6251x1500 Horizontal Lathe – Age 2003 | n/a |

| | Equipment Description | Serial No. |
|-----|---|-------------------|
| | components and ancillary items | |
| 43. | Caterpillar 99F – 3,500 lbs. Cap. | AT81C-00357 |
| 44. | Caterpillar 99H – 3,500 lbs. Cap. | AT81C-00944 |
| 45. | Caterpillar V-80 | 932200-14A |
| 46. | Caterpillar #11 Roll Grab – 7,000 lbs. Cap. | AT8701785 |
| 47. | Caterpillar #12 Roll Grab – 7,000 lbs. Cap. | AT8701784 |
| 48. | Genie #1 Scissor lift | 76192 |
| 49. | Genie #2 Scissor lift | 65851 |
| 50. | Genie #3 Articulating boom | Z34N-3953 |
| 51. | Genie AWP – 300 lbs. Cap. | 3892-1317 |
| 52. | Halla #11 – 4,400 lbs. Cap. | 1449K |
| 53. | Hyster S-150 – 16,000 lbs. Cap. | A24D1857P |
| 54. | Hyster 50 – 4,800 lbs. Cap. | F187V13647F |
| 55. | JCB 506C – 6,000 lbs. Cap. | 585635 |
| 56. | JCB 506C – 6,000 lbs. Cap. | JCB5CAJLC61184611 |
| 57. | Kubota SSV65 | 13738 |
| 58. | Linde #5 Roll Grab – 3,700 lbs. Cap. | A11313G00184 |
| 59. | Linde #3 Roll Grab – 3,700 lbs. Cap. | A11313G00185 |
| 60. | Linde #24 – 4,500 lbs. Cap. | A11319J00224 |
| 61. | Linde #68 – 4,500 lbs. Cap. | A11319J00168 |
| 62. | Nissan #8 – 3,500 lbs. Cap. | 23108 |

A true and correct copy of Schedule No. 1 is attached hereto as Exhibit "2" and is incorporated by reference. The Master Lease Agreement and Schedule No. 1 are collectively referred to as the "Lease."

ANSWER: Deny that Defendant executed the Lease.

9. Under the Lease, GLT agreed, among other things:

- (a) That Sertant owned and/or retained a security interest in the Equipment.
- (b) To pay \$68,082.30 per month in rent as specified in the Lease.
- (c) That the term of the Lease consisted of an initial term of forty- eight (48) months plus any applicable renewal term.
- (d) To various representations and warranties that were material to Sertant's decision to fund the Lease.
- (e) To maintain the Equipment in good operating order, condition, repair and appearance, and to protect the Equipment from deterioration other than normal wear and tear.
- (f) To permit Sertant to enter and inspect the Equipment to confirm its existence, condition, and proper maintenance.

- (g) To possess and use the Equipment in GLT's name only and not to part with possession or control of the Equipment without the prior written consent of Sertant.
- (h) To perform all other terms and conditions of the Lease.
- (i) That if GLT failed to perform any of its obligations under the Lease when due or committed any other event of default:
 - I. Sertant could declare GLT in default and exercise all of its rights and remedies under the Lease and the law.
 - II. Sertant could recover all past due payments owed under the Lease, plus all other amounts that become due in the future.
 - III. Sertant could take possession of all of the Equipment,
 - IV. wherever located.
 - V. GLT would pay Sertant all of Sertant's costs and expenses, including reasonable attorneys' fees, incurred in enforcing its rights thereunder.

ANSWER: Deny that GLT executed a Lease with Plaintiffs.

10. Under the Lease, an Event of Default occurs if: (i) GLT failed to pay "when due any installment of Rent or any other sum owed by [GLT]" and "such failure continues for a period often (10) days"; (ii) GLT changed its organizational structure without the prior written consent of Sertant; (iii) GLT undergoes any change in control, change in ownership of any type which results in a material deterioration in GLT's creditworthiness; (iv) GLT fails to maintain the Equipment in good working order, condition, repair, and appearance or to protect the Equipment from deterioration other than normal wear and tear; (v) GLT defaults in payment or performance of any obligation or indebtedness of any kind or description due or to become due; (vi) GLT failed to permit Plaintiffs to inspect the Equipment to confirm its existence, condition and proper maintenance; and/or (vii) GLT failed to comply with the terms of the Lease. (Ex. 1, i, 12, 13, 16, pp. 5-7.)

ANSWER: Deny that GLT executed a Lease with Plaintiffs.

11. On or about October 13, 2022, Sertant assigned certain Initial Period

Rent payments and residual interest rights under the Lease and the Equipment to PAB. Sertant retained other rights and interests in the Lease and the Equipment as part of the assignment. A true and correct copy of the UCC-3 Financing Statement further reflecting the assignment is attached hereto as Exhibit "3" and is incorporated by reference.

ANSWER: Defendant lacks information sufficient to for a belief as to the truth

of the allegations in Paragraph 11.

12. Plaintiffs fully performed under the Lease, or such performance was waived or excused due to GLT's breach of the Lease.

ANSWER: Deny.

13. Sertant remained the owner of the Equipment, although Sertant filed a precautionary UCC-1 Financing Statement with the Michigan Secretary of State's Office, a true and correct copy of which is attached hereto as Exhibit "4" and is incorporated by reference.

ANSWER: Deny that Sertant was ever the owner of the Equipment. Defendant lacks information sufficient to for a belief as to the truth of the allegations in Paragraph 13.

14. GLT materially breached and committed Events of Default under the Lease by, among other things:

- (a) failing to pay rent due under the Lease on January 1, 2023 and February 1, 2023, as reflected in GLT's payment history, a true copy of which is attached as Exhibit "5" hereto and is incorporated by reference;**
- (b) changing ownership, control and/or management of GLT without Lessor's prior written consent resulting in a material deterioration of GLT's creditworthiness as determined by Plaintiffs in their sole discretion.**
- (c) refusing to permit Lessor to inspect the Equipment, despite Plaintiff's request;**
- (d) on information and belief, failing to keep and maintain the Equipment in the condition required under the Lease;**
- (e) failing to provide the financial and business information and documents as requested by Plaintiffs, including information on GLT's new management;**
- (f) defaulting in the payment or performance of obligations or indebtedness due or to become due;**
- (g) permitting or causing the occurrence of an Adverse Change as defined in the Lease; and**
- (h) taking or failing to take other actions as may be discovered.**

ANSWER: Deny.

15. GLT changed ownership, management, and/or control of GLT in early January 2023, without Plaintiffs' prior written consent, in violation of the Lease. Plaintiffs first received notice of the change of control on January 25, 2023 based on an email from GLT's former counsel; a copy is attached hereto as Exhibit "6" and is incorporated by reference.

ANSWER: Admit that the current ownership purchased GLT in January of 2023. Defendant lacks sufficient information to form a belief as to the truth of the remaining allegations and therefore denies the same.

16. Plaintiffs repeatedly demanded that GLT comply with the Lease. Despite these demands, GLT failed and refused to perform as agreed.

ANSWER: Admit that Plaintiffs made demands. Defendant affirmatively states that no valid Lease exists.

17. Because of GLT's material breach and Events of Default under the Lease, Plaintiffs exercised their right to accelerate and declare immediately due and payable all rent payments now and in the future due under the Lease and all other amounts owed under the Lease. Plaintiffs have demanded that GLT perform its obligations owed under the Lease. A true and correct copy of Plaintiffs' February 3, 2023 demand letter is attached hereto as Exhibit "7" and is incorporated by reference.

ANSWER: Deny that Defendants committed a breach but admit that plaintiffs have make the demands alleged.

18. As a direct and proximate cause of GLT's material breach of and Events of Default under the Lease, Plaintiffs incurred general, special, and consequential damages in an amount according to proof at trial which are no less than \$2,278,162.75 as of March 2, 2023, plus late charges, default interest, costs and attorneys' fees which accrue; plus Palintiffs' residual interest in the Equipment. Further, Plaintiffs are also entitled to immediate possession of the Equipment since Sertant is the owner thereof in addition to damages for the breach or, alternatively, such other remedies provided for under the Lease as Plaintiffs may elect. A copy of the GLT account balance statement is attached hereto as Exhibit "8" and is incorporated by reference.

ANSWER: Deny.

19. The Lease provides for payment of reasonable attorneys' fees and all expenses incurred by Plaintiffs in enforcing the Lease. Because GLT breached the Lease, Plaintiffs have been obliged to retain attorneys to enforce their rights. Sertant is, therefore, entitled to recover its reasonable attorneys' fees and costs of collection.

ANSWER: Deny.

COUNT II - CLAIM AND DELIVERY

20. Plaintiffs incorporate paragraphs 1 through 19 of this Complaint.

ANSWER: Defendants incorporate paragraphs 1 through 19 of the Answer.

21. Plaintiffs are the owners of the Equipment, and GLT's right to have the quiet use and enjoyment of the Equipment immediately terminated after GLT materially breached and committed Events of Default under the Lease. The Equipment is specifically described above in paragraph 8 of this Complaint and is incorporated by reference. The Equipment consists of independent pieces of property.

ANSWER: Deny.

22. Despite Plaintiffs' termination of the Lease, GLT has wrongfully retained possession of and exercised dominion and control over the Equipment that has been unlawfully detained from Plaintiffs by GLT.

ANSWER: Admit that GLT has retained possession of and exercised dominion and control over the Equipment but deny that it is was wrongful.

23. To the best of Plaintiffs' knowledge, the Equipment is not in the custody of the law by a warrant for the collection of tax assessment.

ANSWER: Defendant lacks information sufficient to for a belief as to the truth of the allegations in Paragraph 23.

24. Plaintiffs have made demands upon GLT to surrender possession of the Equipment, but GLT failed, neglected and/or refused to surrender the Equipment all to Plaintiffs' damage. Exhibit 7 reflects one such demand.

ANSWER: Admit that GLT has refused to surrender the Equipment but deny that there was an obligation to do so.

25. Because of GLT's material breach of, and Events of Default under, the Lease, Plaintiff has a right to immediate possession of the Equipment.

ANSWER: Deny.

26. If GLT retains possession Plaintiffs' Equipment, Plaintiffs justifiably believe that the Equipment will be damaged, destroyed, concealed, disposed of, or used so as to substantially impair its value before final judgment unless the Equipment is taken into custody by court order. Despite the multiple defaults under the Lease, Plaintiffs are informed and believe that either (a) GLT has continued to use the Equipment to generate income without making any payment therefore; or (b) the Equipment is being exposed to the weather and is not being maintained in accordance with the Lease or at all.

ANSWER: Deny.

27. Plaintiffs will be immediately and irreparably injured and damaged if GLT continues using the Equipment, notwithstanding GLT's default under the Lease. On information and belief, and as set forth above, the Equipment is not being maintained and is in danger of destruction. Further, to the extent it is being used, the Equipment continues to depreciate through continued wear and tear without any payment being made to Plaintiffs.

ANSWER: Deny.

28. On February 1, 2023, Plaintiffs received a letter from Kip Boie, the former principal of GLT, a true copy of which is attached hereto as Exhibit "9" and is incorporated by reference. In this letter, Mr. Boie indicated:

- (a) GLT's building located at 437 S. Main Street, Cheboygan, Michigan ("GLT Premises") is and has been, in urgent need of repair;
- (b) the roof recently collapsed due to weather conditions;
- (c) GLT laid off fifty (50) workers immediately before the December holidays; and
- (d) GLT's engineer visited GLT's Premises and recommended to the County Building Inspector that the building be condemned.

ANSWER: Defendant lacks information sufficient to for a belief as to the truth of the allegations in Paragraph 28.

29. On February 13, 2023, Mr. Boie sent Plaintiffs' counsel an email linking various local Cheboygan news reports, a true and correct copy of which is attached hereto as Exhibit "10" and is incorporated by reference. A true and correct copy of screen prints taken from the report reflecting the distressing condition of the GLT Premises is attached hereto as Exhibit "11" and incorporated by reference.

ANSWER: Defendant lacks information sufficient to for a belief as to the truth of the allegations in Paragraph 29.

30. Mr. Boie's counsel further confirmed in a February 10, 2023 email (as reflected in Exhibit 10) that "even if Great Lakes Tissue Group wanted to give access to Sertant, we cannot" since Mr. Boie no longer has decision-making power at GLT. Counsel suggested that Plaintiffs contact counsel for the new ownership to request an inspection. Plaintiffs made that request, but to no avail, as reflected in the email chain ending February 16, 2023. A true and correct copy of this email chain is attached hereto as Exhibit "12" and is incorporated by reference. To date, GLT has not permitted any inspection. Plaintiffs justifiably fear that GLT refused to permit inspection of the Equipment because it failed to keep and maintain it in good operating condition and to protect it from deterioration.

ANSWER: Defendant lacks information sufficient to for a belief as to the truth of the allegations in Paragraph 30.

31. Online searches and news reports reflect, at best, numerous questions and potential concerns about the new management team running GLT. True and correct copies of recent news reports (February 9, 2023) are attached hereto as Exhibit "13" are incorporated by reference. Plaintiffs know nothing about the experience and capabilities of the GLT's newly appointed Chief Executive Officer, Mr. Prange, or the consultants and other offers advising him. The NBC news report states:

Under its new name, Tissue Depot, the factory will be one of the largest employers of Cheboygan, but there are concerns with all the turnover and silence about what exactly is happening behind the scenes.

See Exhibit 13.

ANSWER: Admit that media coverage occurred but Defendant lacks information sufficient to for a belief as to the truth of the remaining allegations in Paragraph 32.

32. Plaintiffs note that a company called "Tissue Depot" in Cheboyban, Wisconsin (not Michigan), run by Mr. Prange's father, Jim Prange, experienced legal troubles, thereby raising additional questions for due diligence purposes. A true and correct copy of an online post from the "Oneida Eye" Twitter feed is attached hereto as Exhibit "14" and is incorporated by reference.

ANSWER: Deny.

33. Regardless of the character or lack of character of new management (Plaintiffs do not know one way or another simply based on internet and news reports), Plaintiffs are informed and believe that their Equipment is in immediate jeopardy and needs to be secured.

ANSWER: Deny that the Equipment is in peril. Deny remaining allegations in Paragraph 33.

34. As reflected in the September 27, 2022 appraisal attached hereto as Exhibit "15," the orderly liquidation value of the Equipment was appraised at \$4,375,200.00, and the forced liquidation value was \$3,450,900. Plaintiffs believe that these amounts represent the approximate value of the Equipment. If this Court does not award possession to Plaintiffs, Plaintiffs justifiably believe that the Equipment will be damaged, destroyed, concealed, disposed of, or used so as to substantially impair its value before final judgment.

ANSWER: Deny.

35. Plaintiffs believe that no security is required to enter an order awarding possession to them. GLT has no equity in the Equipment. This transaction is a lease, not a loan; the Equipment is not collateral. Plaintiffs own the Equipment. Plaintiffs are entitled to possession of the Equipment.

ANSWER: Deny.

36. Plaintiffs request possession of the Equipment pending final judgment.

ANSWER: Admit that Plaintiffs request possession of the Equipment but deny that Plaintiffs are entitled to such relief.

37. Good cause exists for this Court to enter an immediate order directing GLT to refrain from damaging, destroying, concealing, disposing of, or using so as to substantially impair its value, the Equipment until further order of the Court.

ANSWER: Deny.

COUNT III - CONVERSION

38. Plaintiffs incorporate paragraphs 1 through 37 of the Complaint.

ANSWER: Defendants incorporate paragraphs 1 through 37 of the Answer.

39. Without justification, GLT has intentionally and substantially interfered with and exercised continued wrongful dominion and control over the Equipment. Following GLT's default, Plaintiffs have had the right to possess the Equipment immediately. GLT's right to the quiet use and enjoyment of the Equipment immediately ceased without further notice. Despite Plaintiffs' demand, GLT has failed and refused to deliver possession of the Equipment to Plaintiffs. As a result, the Equipment is being wrongly detained by GLT.

ANSWER: Deny that Sertant owns the Equipment and that GLT signed a Lease with Sertant and therefore deny the allegations in Paragraph 39.

40. As a proximate result of GLTs unjustified and improper interference with

and exercised dominion and control over the Equipment, Plaintiffs have suffered continuing damages over \$75,000.00, exclusive of costs, exemplary damages, interest, and attorneys' fees; plus are entitled to the immediate return of their Equipment so that it may be sold or leased to third parties.

ANSWER: Deny.

AFFIRMATIVE DEFENSES

Defendant invokes the following affirmative defenses:

1. Failure to state a claim upon;
2. Failure to serve process;
3. Lack of consideration;
4. Fraud;
5. Illegality;
6. Unconscionability;
7. Statute of Frauds;
8. Estoppel; and
9. Unclean hands

Dated April 17, 2023

HANSEN REYNOLDS LLC

By: s/ Thomas A. Janczewski
Thomas A. Janczewski
Timothy M. Hansen (admission pending)
Hansen Reynolds LLC
301 N. Broadway, Suite 400
Milwaukee, WI 53110
Ph: 414-455-7676
tjanczewski@hansenreynolds.com
thansen@hansenreynolds.com

Counsel for Defendant

EXHIBIT N

MERGER AGREEMENT

THIS MERGER PURCHASE AGREEMENT (this "Agreement"), dated and effective as of January 12, 2023 (the "Effective Date"), is made and entered into by and between Great Lakes Tissue Group, LLC., a Nevada limited liability company ("GLTG") and Patriot Advanced Environmental Technologies, LLC., a Wisconsin limited liability company ("PAET") provides for the merger of Great Lakes Tissue Company, a Michigan corporation ("GLT") and PAET by means of the transactions described below.

RECITALS:

- A. GLTG owns GLT, which operates a paper mill in Cheboygan, Michigan from a leased factory building owned by Homco Paper XI, LLC, a Michigan limited liability company.
- B. GLT also is a tenant of Cheboygan Warehouse Services, LLC., a Michigan limited liability company ("CWS") owned by Clarence Roznowski, the former owner of GLT and as tenant GLT has the option to purchase CWS to acquire the warehouse and parking lots it owns.
- C. GLT also owns Cheboygan Hydro Services, LLC, a Michigan limited liability company which operates a hydroelectric plant in a portion of the GLT leased factory building.
- D. PAET owns certain assets for the operation of a paper mill and certain fuel conversion technology which can convert GLT waste poly into fuel. And, PAET has caused to be deposited into escrow the amount of \$1.5M at Cheboygan Title with instructions to release said dollars to GLTG at Closing, per the terms of this Agreement.
- E. PAET desires to bring increased paper and related production to the GLT factory and business, and to set up and operate a fuel conversion business in the GLT warehouse to create fuel from GLT waste product known as "poly" and supply syngas to GLT for use in producing electricity to operate the business and equipment used in the GLT business..
- F. By combining the resources of GLT and PAET, the parties seek to build a larger, better capitalized business which can create paper and other usable products from recycled material, be energy independent through production of electricity for the operation of each company, and allow PAET to employ GLT poly to produce diesel and jet fuel.
- G. The parties seek through their combination to provide a strong base for expansion.

For valuable consideration, receipt of which the parties acknowledge, it is therefore agreed that:

1. MERGER OF PAET AND GLT

- 1.1 **Merger of Companies.** GLTG will transfer and convey all capital stock of GLT to PAET and assign its right to acquire Cheboygan Warehouse Services, LLC and its real estate for the cash at closing and cash pursuant to a note, as described in section 1.2 of this Agreement, and

a ten percent interest in PAET which will be non-dilutable until PAET goes public.

1.2 Closing. At Closing as hereafter defined, the following will occur:

- (a) GLTG will convey all shares of GLT to PAET along with its interest in a certain lease with option to purchase the real estate of Cheboygan Warehouse Services, LLC., and PAET will convey \$1.5 million cash, a secured note for \$15 million and ten percent of PAET ownership to GLTG or its LLC owners. PAET will assume control of GLT as of Closing. All parties will execute counterpart copies of the PAET Operating Agreement as members.
- (b) As further consideration, PAET will execute a note to GLTG and its assigns, and pursuant to its terms pay \$15 million cash to GLTG and its assigns under its terms. A true and correct copy of the Note is attached to this agreement as an Exhibit.
- (c) Shares of GLT will be held in escrow at Cheboygan Title Company. As further security, PAET will provide a blanket UCC security interest in equipment it is delivering to the GLT factory and warehouse, exclusive of five pieces of equipment pledged to the Homco Paper XI, LLC. and subordinated to a \$2.5 million working capital loan to PAET.
- (d) Upon payment of \$15 million pursuant to the Note, possession of share certificates of GLT shall be released to PAET and the GLT blanket UCC security interest in the equipment referenced in the preceding paragraph will be terminated.

1.3 The above terms are subject to the detailed provisions in the attached Exhibits, whose terms and conditions are incorporated by reference in this agreement.

2. CONTINGENCIES TO CLOSING

- 2.1 Closing is contingent upon Homco Paper XI, LLC, the current landlord of the GLT factory committing to a sale leaseback of the GLT leased warehouse to PAET and consenting to a change of control from GLTG to PAET pursuant to its lease of the GLT factory.
- 2.2 Closing is also contingent upon Clarence Roznowski executing a consent to sale of GLT leased warehouse to PAET and a release of GLT from all obligations owed to him.
- 2.3 Upon Closing Clarence Roznowski shall terminate all security interests in GLT property.
- 2.4 Closing is also contingent on each of the contracting parties being in existence with full authority to enter into this Agreement and each Exhibit to which they are a party.

3. CLOSING

- 3.1 Closing will be at Cheboygan Title Company in Cheboygan MI on a date and time set by the

parties in writing but expected to be in early January 11, 2023. The parties shall use their best efforts acting in good faith to schedule and prepare for the Closing.

3.2 At the Closing this Agreement and all Exhibits will be executed and copies exchanged.

4. POST CLOSING

- 4.1 Both parties will cooperate to achieve a smooth transition of control of GLT, including in coordinating communications with GLT employees and with Federal, State and Local authorities, suppliers, customers and news media.
- 4.2 Concurrently with the closing between PAET and GLT or as soon thereafter as practical Homco Paper XI, LLC, the current landlord of GLT, will close on the purchase of the GLT leased warehouse and execute a new lease therefore to PAET.
- 4.3 Both parties acknowledge the continuing operation of the Mutual Confidentiality and Nondisclosures Agreement between the parties, dated June 20, 2022. Each party will hold the terms and conditions of their Agreements and terms of their transaction confidential and any trade-secret or technical information either may hold until it is otherwise public, or as necessary to satisfy court orders or governmental bodies.

5. NO WARRANTIES

- 5.1 The parties agree there are no warranties express or implied of any kind.
- 5.2 Both parties understand that GLTG purchased GLT during 2022 as a turn-around project with large upside potential but substantial deferred maintenance and other issues. Prior owner financial statements were compiled and not audited or certified, so no reliance can be made upon them. Part of the reason for this transaction is to bring in additional resources to resolve any performance, production or other issues and realize potential.
- 5.3 PAET is accepting the property and business as-is and where-is with all faults.

6. EXHIBITS

- 6.1 At Closing the parties will exchange executed copies of the following documents:
 - a. This Merger Agreement.
 - b. Release of GLT stock certificates from escrow to Clarence Roznowski.
 - c. Termination of UCC security interest in Hydro equipment by Clarence Roznowski
 - d. Stock certificate to PAET for shares of GLT
 - e. Minutes of GLT electing new directors and officers

- f. Pledge Agreement for GLT share certificate and Assignment Separate from Certificate back to GLT in event of default
- g. UCC Security Agreement granting security interest in equipment exclusive of five pieces pledged to GLT landlord and subordinated to \$2.5 million working capital line. The equipment is identified in an Exhibit attached to this Agreement. Parties will agree in separate agreement on items for landlord and working capital line.
- h. Note for \$15 million to GLTG.
- i. Assignment of Option to Acquire Cheboygan Warehouse Services LLC.
- j. Cash payment of \$1.5 million to GLTG as nonrefundable payment for assignment and option to acquire warehouse.
- k. Consent by Homco Paper XI, LLC, the factory landlord, to change of control under factory lease
- l. Releases by all parties and persons designated on an attached Exhibit of all other parties and persons designated from all liabilities and claims for all past conduct.

6.2 Such other agreements as the parties agree are necessary to carry out this agreement.

7. MISCELLANEOUS

- 7.1 **Entire Agreement.** This Agreement shall constitute the entire agreement between the parties hereto with respect to the transactions contemplated hereby and shall supersede all prior or contemporaneous negotiations, understandings and agreements. There are no representations, agreements, arrangements, or understandings, oral or written, between or among the parties hereto relating to the subject matter of this Agreement that are not fully expressed herein.
- 7.2 **Amendment.** This Agreement may be modified, amended, or supplemented by an agreement in writing signed by all of the parties hereto.
- 7.3 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin without regard to the conflicts of law principles of such state that would require the substantive laws of another state to apply.
- 7.4 **Waiver.** Any of the terms and conditions of this Agreement may be waived in writing at any time by the party or parties entitled to the benefits thereof until payment of \$15 million.
- 7.5 **Benefit.** This Agreement share inure to the benefit of and be binding upon the parties, their heirs, successors and assigns until PAET goes public.
- 7.6 **Construction of Agreement.** Each party and its counsel have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

7.7 Further Assurances. Each party hereto, without further consideration, shall, at the reasonable request of any other party hereto after the consummation of the transactions contemplated by the Agreement, execute and deliver any instruments of conveyance, assignment, transfer, assumption, or other instrument or document and take such other actions, as such other party may reasonably request to more effectively consummate the transactions contemplated by this Agreement.

7.8 Multiple Counterparts. This Agreement may be executed in multiple counterparts, including by electronic signature, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. Signatures may be delivered electronically. Electronic signatures shall be binding and effective for all purposes.

7.9 Notices. All notices, demands or other communications given hereunder shall be in writing and shall be sufficiently given if delivered either personally or by a United States nationally recognized courier service marked for next business day delivery or sent by facsimile or by email confirmed by telephone conversation (for this purpose, voice mail messages are insufficient) or in a sealed envelope by first class mail, postage prepaid and either registered or certified, addressed as follows:

If to GLTG:

Kip Boie, Member
Great Lakes Tissue Group, LLC.
By Email: KipBoie@Outlook.com

If to PAET:

Jeffrey W. Prange, Authorized Signer
Patriot Advanced Environmental Technologies, LLC.
By Email: JWP@PatriotAET.com

or to such other address with respect to any party hereto as such party may from time to time notify (as provided above) the other parties hereto. Any such notice, demand or communication shall be deemed to have been received (i) on the date of delivery, if delivered personally, (ii) one business day after delivery to a nationally recognized overnight courier service, if marked for next day delivery, (iii) five business days after the date of mailing, if mailed or (iv) on the date of confirmation, if sent by email.

7.10 Third Parties. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person other than the parties hereto and their successors, heirs, or assigns, any rights or remedies under or by reason of this Agreement.

7.11 Advice of Counsel. Each party has been advised by its respective legal and other counsel, or waived the right to do so.

7.12 Authority to Act. The parties subscribing this Agreement have full authority to do so on behalf of their respective principals.


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

Great Lakes Tissue Group, LLC

 1/13/23

Kip Boie, Authorized Signer

Patriot Advanced Environmental Technologies, LLC

 1/13/23

Jeffrey W. Prange, Authorized Signer

PROMISSORY NOTE

Date: January 13, 2023

Name of Maker:

Amount: \$15,000,000.00

Patriot Advanced Environmental Technologies, LLC.

The undersigned Patriot Advanced Environmental Technologies, LLC., a Wisconsin limited liability company ("Maker"), promises to pay to Great Lakes Tissue Group, LLC. ("Payee"), or its assigns, the sum of Fifteen Million Dollars (\$15,000,000.00), representing the principal amount of this Note, in full settlement and discharge of this Note, which shall be interest free during its term.

Payment. PAET shall pay this Note as follows:

- a. In one or more installments during the term of the Note payable from earnings of Maker or financing arranged by Maker during the term of this Note at the discretion of Maker.
- b. Balance of principal is due on or before December 31, 2024, as the term of this Note is 24 months from the date from the above-stated date.
- c. This Note may be prepaid in whole or in part with no prepayment penalty.

Without affecting the liability of any maker, endorser, surety, or guarantor, the Payee may, without notice, renew or extend the time for payment, accept partial payments, release or impair any collateral security for the payment of this Note or agree not to sue any party liable on it. The waiver of any default hereunder shall not constitute waiver of any prior or subsequent default.

Security. Payment under this Note is secured by a pledge of Great Lakes Tissue Company stock and the attached collateral or list of equipment as Exhibit A and specifically, by the filing of a blanket UCC-1 against the collateral as agreed upon by the parties under Exhibit H of their Merger Agreement. In the event of a default, which is defined below, Payee may choose to enforce all legal rights against Maker including but not limited to exercising its lien rights to the stock and the equipment listed in Exhibit A. And, Maker hereby waives all rights to contest these actions.

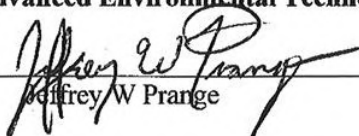
Presentment, protest, demand and notice of dishonor are hereby waived by Maker.

Upon tendering the \$15 million payment, PAET shall receive the escrowed stock certificate for 100% ownership rights to Great Lakes Tissue Company and a release of the blanket UCC-1.

Event of Default. This Note shall be in default if (a) any payment due under this Note, under certain Triple Net Lease Agreements for the mill, and for the warehouse, referred to in the Merger Agreement dated January 13, 2023 and connected to this Note; or (b) Maker becomes insolvent or any proceeding under bankruptcy laws is initiated by or with respect to Maker; or (c) Maker defaults under any other agreement related to the Merger Purchase Agreement that negatively impacts the reasonable viability of the mill and its business, and sure default is not cured within ninety (90) days of its occurrence regardless of notice from Payee.

If Payee engages outside legal counsel for advice to Payee regarding its rights and remedies under, or enforcement of this Note as a result of Maker's default, Maker shall pay all legal expenses incurred by Payee, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges will constitute additional indebtedness of Maker to Payee, payable upon demand, accruing interest at the time of such expenditure by Payee.

Patriot Advanced Environmental Technologies, Maker

By: 
Jeffrey W Prange
Its: President

Subscribed and sworn to before
me this 13 day of January 2023.


Notary Public



Exhibit A
(See Attached Equipment List/Exhibit H
of Merger Agreement and Valuation Letter)

Share Certificate GLT to PAET

(Currently is in preparation by GLTG)

STOCK PLEDGE AND ESCROW AGREEMENT

THIS STOCK PLEDGE AND ESCROW AGREEMENT ("Agreement") is made and entered into and is effective for all purposes and in all respects as of the ___ day of January 2023, by and among Patriot Advanced Environmental Technologies, LLC., a Wisconsin limited liability company ("Pledgor"), Great Lakes Tissue Group, LLC., a Nevada limited liability company ("Pledgee"), and Cheboygan Title Agency, Inc. ("Escrow Agent").

WHEREAS, pursuant to that certain Merger Agreement, dated January __, 2023, between Pledgor and Pledgee (the "Merger Agreement"), Pledgor has agreed to pay a non-refundable amount of \$1.5 million at closing, a Promissory Note for \$15 million and a ten percent (10%) non-dilutable share of PAET Preferred Units, in exchange for one hundred percent (100%) of the outstanding stock of Great Lakes Tissue Company, a Michigan corporation ("GLT"), represented by Stock Certificate No. 14 (the "GLT Stock") and an assignment of the lease for a certain warehouse owned by Cheboygan Warehouse Services, LLC, a Michigan limited liability company and assignment of the Option to acquire Cheboygan Warehouse Services, LLC., which owns the aforesaid warehouse;

WHEREAS, Pledgor has agreed to pledge the GLT Stock (the "Pledged Stock") to secure payment of the Note and has granted a blanket security interest in the equipment and technology that Pledgor is contributing to PAET and/or GLT pursuant to the Merger Agreement; and

WHEREAS, Pledgor and Pledgee desire to have the Pledged Stock delivered to the Escrow Agent to be held by Escrow Agent to secure repayment of sums due under the Note and all interest, costs, expenses, and reasonable attorneys' fees accruing to, or incurred in either collecting any sums due under the Note or protecting, maintaining, or liquidating the Collateral in accordance with the terms of this Agreement (collectively, the "Obligations").

NOW, 'THEREFORE, in consideration of the foregoing, of the mutual promises herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant, warrant and represent as follows:

1. **Recitals.** The foregoing recitals are hereby incorporated herein and, by this reference, made a part hereof.

2. **Pledge; Creation of Escrow; Appointment of Escrow Agent.** As collateral security for the payment and performance of the Obligations, Pledgor hereby grants to Pledgee a security interest in the Pledged Stock and a security interest in all other shares of stock or other securities received or receivable with respect to such Pledged Stock and any proceeds, substitutions or replacements for the Pledged Stock (collectively, the "Collateral"). The Pledgor and Pledgee hereby appoint Escrow Agent as their agent to hold the Collateral and, in pursuance thereof, Pledgor hereby delivers to the Escrow Agent the certificate representing the Pledged Stock. The Escrow Agent hereby acknowledges receipt of the certificate representing the Pledged Stock and agrees to comply with the provisions of this Agreement.

3. **Filing.** Pledgor hereby authorizes and permits Pledgee to file and record any financing statements, continuation statements, specific assignment or other instruments that may be necessary or desirable in order to create, preserve, perfect or validate Pledgee's security interest in the Collateral or to enable Pledgee to exercise and enforce her rights hereunder.

4. **Representations, Warranties, and Covenants.** Pledgor represents and warrants to, and covenants and agrees with, Pledgee that: (a) Pledgor is and shall be the beneficial and record owner of the Pledged Stock; (b) Pledgor owns the Pledged Stock free of any liens, claims, encumbrances, or security interests of any kind or nature whatsoever; (c) Pledgor is not precluded in any manner whatsoever from executing, and has the requisite authority to execute, this Agreement and to pledge, transfer, and grant a security interest and lien in the Collateral as contemplated herein, without the approval or authorization of any other person, including any governmental or regulatory authority whatsoever; (d) the pledge, assignment, and delivery of the Collateral pursuant to this Agreement will create a valid first priority lien on and a first priority perfected security interest in the Collateral pledged by Pledgor, and the proceeds thereof, securing the payment of the Obligations; (e) this Agreement has been duly authorized, executed, and delivered by Pledgor and constitutes a legal, valid, and binding obligation of Pledgor enforceable in accordance with its terms; (f) Pledgor shall not sell, contract to sell, encumber, hypothecate, or permit or suffer any attachment, security interest, lien or other encumbrance or judgment or other judicial or involuntary lien against, or otherwise dispose of, the Collateral, or any part thereof, unless Pledgor shall have obtained the prior written consent of Pledgee, except as allowed under the terms of the Note; and (g) Pledgor shall defend, at Pledgor's sole cost and expense, the Collateral against any and all liens, charges, security interests, and other encumbrances; if it fails to do so, Pledgee may do so at Pledgor's sole cost and expense.

5. **Events of Default.** Pledgor shall be in default under this Agreement upon the happening of any of the following events or conditions (being hereinafter individually referred to as an "Event of Default"): (a) the occurrence of any event of default under the Note; (b) any default by Pledgor in the performance of any provision under this Agreement or the Merger Agreement, and the continuation of such default for a period of ten (10) days after Pledgee gives Pledgor written notice of such default; (c) any representation, covenant, or warranty made by Pledgor herein shall be false in any material respect and such default shall not have been cured within ten (10) days after Pledgor's receipt of written notice thereof from Pledgee; (d) the sale or transfer of all or substantially all of the assets of the Pledgor prior to the full satisfaction by the Pledgor of all amounts due under the Note other than a sale or other disposition to an entity owned or controlled by PAET or GLT, provided that such entity agrees to assume the Obligations; (e) there shall occur a voluntary suspension of the transaction of the business of Pledgor, or any dissolution, termination or existence, merger, consolidation, insolvency, business failure, or assignment for the benefit of creditors of or by Pledgor, or commencement of any proceedings under any state or federal bankruptcy or insolvency laws or laws for the relief of debtors by or against Pledgor, or the appointment of a receiver, trustee, court appointee, sequestrator or otherwise, for all or any part of the assets or property of Pledgor; or (f) the issuance of shares of capital stock of the Pledgor after the date hereof (and prior to the satisfaction by the Pledgor of all amounts due under the Note).

6. **Remedies Upon Default.** Upon the occurrence of an Event of Default, Pledgee may, at its option, declare all of Pledgor's obligations under the Note immediately due and payable and may exercise all of its rights and remedies under this Agreement against Pledgor with respect to the Collateral and all of the rights and remedies of a secured party under the Uniform Commercial Code in force in the State of Michigan as of the date of this Agreement and any other remedies available at law or equity.

7. **Expenses.** Pledgor shall reimburse Pledgee for all out-of-pocket expenses, including reasonable attorneys' fees and legal costs and expenses, which Pledgee incurs after an

Event of Default in connection with (i) the collection, sale or other disposition of any of the Collateral, (ii) the exercise by Pledgee of any of the powers conferred upon it hereunder or (iii) any default on Pledgor's part hereunder.

8. Terms of Escrow.

(a) The Escrow Agent shall release the Collateral as follows:

- (i) Except if the Escrow Agent first receives a copy of a "Default Notice" (as such term is defined in Paragraph 8(a)(ii) hereof) from Pledgee to Pledgor pursuant to Paragraph 8(a)(ii) hereof, the Escrow Agent shall deliver the Collateral to the Pledgor fifteen (15) days after Pledgor has given written notice to Pledgee and Escrow Agent that the Note has been satisfied in full; provided, however, that if on or before such fifteenth (15th) day, the Escrow Agent shall receive written notice from Pledgee to withhold release of the Collateral which notice shall state that Pledgor has not satisfied the Note in full, the Escrow Agent shall not deliver the Collateral to Pledgor until the controversy with respect to satisfaction of the Note shall have been settled either by a written agreement between the Pledgor and the Pledgee or by a final judgment by a court of competent jurisdiction.
- (ii) In the event that the Escrow Agent shall have received a written request from Pledgee for release of the Collateral, which written request shall state that the Pledgor has failed to satisfy the Note in full and such failure has continued for a period of ten (10) days after Pledgee has sent written notice to Pledgor (with a copy to Escrow Agent) of such failure to satisfy the Note (the "Default Notice"), then, on the fifteenth (15th) day after such written request from Pledgee, the Escrow Agent shall deliver the Collateral to Pledgee; provided, however, if on or before such fifteenth (15th) day, the Escrow Agent shall receive written notice from Pledgor to withhold release of the Collateral which notice shall state that the Note has been satisfied in full, then the Escrow Agent shall not deliver the Collateral to Pledgee until the controversy with respect thereto shall have been settled either by a written agreement between the Pledgor and Pledgee or by a final judgment by a court of competent jurisdiction.
- (iii) Any written notice sent to the Escrow Agent by the Pledgee under Paragraph 8(a)(i) above or by the Pledgor under Paragraph 8(a)(ii) above which objects to release of the Collateral shall contain an affidavit, signed by the party so objecting, which shall state, in the case of an objection by the Pledgee, that the Note has not been satisfied in full, or in the case of an objection by Pledgor, that, the Note has been satisfied in full.

(b) The Pledgor and Pledgee shall pay an equal share of all reasonable fees and charges of the Escrow Agent in connection with the administration of the provisions of this Agreement.

(c) The acceptance by the Escrow Agent of its duties under this Agreement is subject to the following terms and conditions, which the parties to this Agreement hereby agree shall govern and control with respect to the rights, duties and liabilities of the Escrow Agent:

- (i) The Escrow Agent shall be protected in acting upon any written notice, request, waiver, consent, receipt, or other document furnished to it in accordance with the terms of this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained, which in good faith it believes to be genuine.
- (ii) The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own gross negligence or willful misconduct.
- (iii) The Escrow Agent shall have no duties except those which are expressly set forth herein, and it shall not be bound by the provisions of any other document or agreement.
- (iv) The Escrow Agent may at any time resign hereunder by giving written notice of its resignation to the Pledgor and Pledgee, at least thirty (30) days prior to the date specified for such resignation to take effect and, upon such effective date, the Collateral shall be delivered by it to such person as may be designated by the mutual agreement of the Pledgor and Pledgee in writing as substitute Escrow Agent, whereupon all obligations hereunder of the Escrow Agent who is being replaced shall cease and terminate. If no such person shall have been designated by such date, all obligations of the Escrow Agent hereunder shall, nevertheless, cease and terminate, except that the Escrow Agent's sole responsibility thereafter shall be to deliver the Collateral to a person jointly designated by the Pledgor and Pledgee, or in accordance with the directions of a final order or judgment of a court of competent jurisdiction and the Escrow Agent shall have been notified thereof in writing signed by Pledgor and Pledgee. The rights of the Escrow Agent under this Paragraph 8 are cumulative of all other rights which it may have by law or otherwise.

9. **Elimination of the Security Interest.** This Agreement and the security interest granted hereunder shall terminate with respect to all Collateral when all amounts due and owing on account of, and all obligations and liabilities of the Pledgor in respect of, the Note shall have been fully performed and satisfied. Upon the termination of Pledgee's security interest in any Collateral, Pledgee shall reassign and deliver to the Company, without recourse or representation, against the Pledgor's receipt and at the Pledgor's expense, any such Collateral in its possession, if any. Upon the request of the Pledgor and at its expense, Pledgee shall execute and deliver to the Company termination statements with respect to any financing statements filed hereunder.

10. **Modification; Waiver and Termination.** Except with respect to the Note and the other documents or instruments expressly referred to herein or in the Stock Purchase Agreement, this Agreement contains the entire agreement between Pledgor and Pledgee with respect to the specific subject matter described herein. No modification or waiver of any provision of this Agreement or any such other documents shall be effective unless such modification or waiver shall be in writing and signed by Pledgor and Pledgee, and the same shall then be effective only for the

period and on the conditions and for the specific instances and purposes specified in writing; provided, that the duties or responsibilities of the Escrow Agent may not be increased without the Escrow Agents consent. The failure or delay on the part of any party hereto to exercise any right, remedy, power, or privilege shall not operate as a waiver thereof. A written waiver of any Event of Default shall not operate as a waiver of any other Event of Default or of the same type of Event of Default on a future occasion. This Agreement shall terminate upon release by the Escrow Agent of the Collateral pursuant to Paragraph 8(a)(i) hereof.

11. **Notices.** Any and all notices, requests, demands or other communications hereunder (including, without limitation, all notices under Paragraph 8 hereof to the Escrow Agent) shall be deemed to have been duly given if in writing and if transmitted by (i) hand delivery, in which event effective notice shall be deemed to have been given as of the date of delivery, (ii) FedEx other nationally recognized overnight courier, in which event effective notice shall be deemed to have been given on the next business day after being sent, or (iii) by registered or certified mail, postage prepaid, return receipt requested, in which event effective notice shall be deemed to have been given five (5) days after being sent, as follows:

To Pledgor: Patriot Advanced Environmental Technologies, LLC
Donal C. Swenson
With copy to: 14601 Atrium Way
#328
Minnetonka, MN 55345

To Pledgee: Kip Boie, President
c/o Great Lakes Tissue Group, LLC

With copy to: Richard Kranitz, Esq.
1335 11th Avenue, Unit 110
Grafton, WI 53024, and
Song Lo, Esq.
1397 Ashland Avenue, Suite B
St Paul, MN 55104

To Escrow Agent: Cheboygan Title Agency, Inc.
Attn: ??
228 North Main Street
Cheboygan, Michigan 49721

or to such other address as any party may furnish to the others by notice in accordance with this Paragraph 11.

12. **Burden and Benefit.** This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective beneficiaries, heirs, executors or administrators, personal or legal representatives, successors and assigns.

13. **Necessary Acts.** Each party hereto shall perform any further acts and execute and deliver any additional agreements, assignments, or documents that may be reasonably necessary to carry out the provisions or to effectuate the purposes of this Agreement.

14. **Assignment.** Pledgee may assign, endorse, or transfer any instrument evidencing all or any part of the Obligations, and the holder of such instrument shall be entitled to the benefits of this Agreement.

15. **Applicable Law.** This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of Michigan (without regard to its laws relating to choice-of-law or conflicts-of-law).

16. **Headings.** The headings herein are for convenience of reference only and shall not be used in construing or interpreting the provisions hereof.

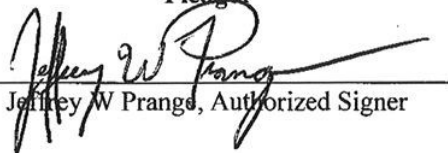
17. **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date set forth above.

Date: January __, 2023.

**Patriot Advanced Environmental
Technologies, LLC.**

Pledgor


Jeffrey W Prange, Authorized Signer

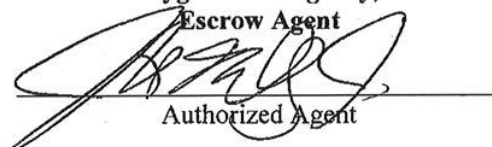
Great Lakes Tissue Group, LLC.

Pledgee


Kip Boic, Authorized Signer

Cheboygan Title Agency, Inc.

Escrow Agent


Authorized Agent

**ASSIGNMENT SEPARATE FROM CERTIFICATE
THE GREAT LAKES TISSUE COMPANY**

FOR VALUE RECEIVED, Patriot Advanced Environmental Technologies, LLC., a Wisconsin Limited Liability company ("Assignor"), hereby sells, assigns and transfers unto Great Lakes Tissue Group, LLC., a Nevada limited liability company ("Assignee"), all shares of Great Lakes Tissue Company ("Corporation") common stock standing in Assignor's name on the books and records of the Corporation, represented by Certificate No. 15 and any and all additional or substitute certificates representing such shares, and does hereby irrevocably constitute and appoint any officer of the Corporation as attorney in fact to transfer such shares on the books of the Corporation with full power of substitution in the premises.

This Assignment is an assignment of all of shares of stock of the Corporation now held or ever held by Assignor and includes all of Assignor's right, title and interest as a shareholder of the Corporation. Assignor covenants and agrees that no further shares of Corporation shall be issued prior to termination of this Assignment unless such shares are added to and included herein.

This Assignment Separate from Certificate is made in connection with a certain Note dated 1/13/2023 between Assignor as Maker and Assignee as Payee to secure repayment of said Note. This Assignment is subject to all terms and conditions of such Agreement.

IN WITNESS WHEREOF, the parties have executed this Assignment Separate From Certificate as of March 31, 2022.

On 1/13/23, before me personally appeared Jeffrey W Prange, authorized agent of Patriot Advanced Environmental Technologies, LLC. who, being first duly sworn, acknowledged that with full authority to do so he signed this Assignment Separate From Certificate on its behalf.




Notary Public, State of Michigan

My Commission Expires _____

COLLATERAL PLEDGE AND SECURITY AGREEMENT

THIS AGREEMENT is made and entered into as of the 13th day of January, 2023, by and among Great Lakes Tissue Group, LLC, a Nevada LLC, ("Secured Party"), Patriot Advanced Environmental Technologies, LLC, a Wisconsin LLC ("Debtor"), and Ronald Van Den Heuvel ("Pledgor").

WITNESSETH:

WHEREAS, Debtor is obligated and indebted to Secured Party in the amount of Fifteen Million Dollars (\$15,000,000), as evidenced by and payable in accordance with a Promissory Note of Debtor, dated January 13, 2023 ("Note"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, Pledgor for good and valuable consideration has pledged as security for payment of the aforesaid Note certain equipment (the "Pledged Property") to be utilized in the business of Debtor according to a Merger Agreement between Great Lakes Tissue Company and Debtor dated January 12, 2023, and listed on the annexed exhibit, minus five pieces pledged to Hom Thermo Warehouses XIII, LLC, but with subordination of up to \$2.5 million for a working capital loan to made in the future for use in Debtor's business; and

WHEREAS, the parties hereto wish to specify the terms and conditions of such pledge, and to establish their respective rights and obligations with respect thereto;

NOW, THEREFORE, in consideration of the financial accommodation granted to Debtor by Secured Party, as evidenced by the Note (including any renewals, extensions or refundings thereof), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I COLLATERAL AND SECURITY INTEREST

Section 1.01. Grant of Lien; Composition of Collateral. Debtor grants to Secured Party a security interest in the Pledged Property and all proceeds of and other rights in connection with such property (collectively, the "Collateral").

Section 1.02. Title. Debtor and Pledgor covenant that the Collateral is genuine, and that Debtor and/or Pledgor is the owner of the Collateral free from all liens, encumbrances, or security interests (other than Secured Party's security interest) with complete authority to pledge the Collateral to Secured Party. Debtor agrees to deliver promptly to Secured Party any property received in exchange for or as a dividend or distribution (other than interest payments or ordinary cash dividends payable prior to an event of default as provided herein) on or with respect to any Pledged Securities.

Section 1.03. Preservation of Collateral. Debtor shall use reasonable care in the custody and preservation of Collateral in its possession, including ordinary maintenance and reasonable care in operation, and preserving rights in it against third parties. Any requests concerning disposition of Collateral must be in writing and be received by Secured Party. Secured Party may in its sole discretion refuse to take any steps or action requested which may adversely affect the value of the Collateral. Secured Party may refuse to sell any Collateral even though requested in writing unless Secured Party is satisfied that the proposed sale plus other sums tendered by the Debtor or the Company, if any, will pay in full all Obligations or that substitute collateral satisfactory to Secured Party will be delivered to Secured Party. Secured Party's refusal to dispose of Collateral under these circumstances, or loss or damage to the Collateral, will not affect in any way Debtor's liability under the Note. Debtor and the Pledgor shall, and Secured Party need not, keep the Collateral free from all liens, encumbrances and security interests (other than those created or expressly permitted by this

Agreement); pay and discharge when due, all taxes, levies and other charges upon it; defend it against all claims and legal proceedings by persons other than Secured Party, and/or preserve rights with respect to the Collateral against prior parties. At any time, upon request, Debtor shall deliver to Secured Party all notices, statements or other communications received by Debtor as owner or holder of the Collateral.

Section 1.04. Maintenance of Security Interest. To the extent not prohibited by law, Debtor shall pay all expenses and, upon request, take any action reasonably deemed advisable by Secured Party to preserve the Collateral or to establish, determine priority of, perfect, continue perfected, terminate and/or enforce Secured Party's interest therein or rights under this Agreement.

Section 1.05 Authority of Secured Party to Perform for Debtor or the Company. Subject to the provisions of Article III, if either Debtor or the Company fails to perform any of their respective duties set forth in this Agreement or in any evidence of or document relating to the Note, Secured Party may, after written notice to Debtor and/or the Company and a reasonable opportunity for such party or parties to perform, perform or cause to be performed any of such duties, including without limitation signing Debtor's or the Company's name or paying any amount so required, and the cost thereof shall be a joint and several obligation of Debtor and the Company secured by this Agreement, shall be payable upon demand and shall bear interest from the date of expenditure by Secured Party to the date of payment at the rate of twelve percent (12%) per annum.

ARTICLE II EVENTS OF DEFAULT AND REMEDIES

Section 2.01 Events of Default. The following shall constitute events of default under this Agreement:

- (a) Default in the payment of the principal of the Note when due, whether at maturity or otherwise, which default shall have continued for a period of thirty (30) days;
- (b) Default in the due observance or performance of any other condition or covenant contained in the Note or this Agreement required to be kept or performed by Debtor or the Company, which default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to Debtor and the Company by Secured Party;
- (c) The elapsing of a period of sixty (60) days after:
 - (i) the adjudication of Debtor or the Company as a bankrupt by a decree of a court of competent jurisdiction;
 - (ii) the entry by such a court of an order approving a petition seeking reorganization of the Company under the Federal Bankruptcy Code or any other applicable law or statute of the United States of America or any state thereof; or
 - (iii) the appointment by order of such a court of a receiver or receivers of Debtor or the Company or of all or any substantial part of the property of Debtor or the Company upon the application of any creditor in any insolvency or bankruptcy proceeding;

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provided that any such order or decree shall not have been vacated or set aside, but that such period of sixty (60) days shall not include any period during which any such decree or order shall be stayed upon appeal or otherwise;

- (d) The filing by Debtor or the Company of a petition for voluntary bankruptcy or the making by it of a general assignment for the benefit of creditors or the consenting by it to the appointment of a receiver or receivers of all or substantially all of the property of Debtor or the Company; or the filing by the Company of a petition or answer seeking reorganization under the Federal Bankruptcy Code or any other applicable law or statute of the United States of America or any state thereof or seeking the benefits of any insolvency act; or the admission in writing by Debtor or the Company of his or its inability to pay their respective debts generally as they become due.

Section 2.02. Rights of Secured Party Upon Default. If one or more events of default occurs, Secured Party, personally or by attorney, in its discretion, may:

- (a) sell the Collateral, and all right, title, interest, claim and demand of Debtor, the Company or any person claiming under either of them; or
- (b) proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for specific performance or of any covenant or agreement, or in aid of the execution of any power granted, or for any foreclosure, or for the enforcement of any other appropriate legal or equitable remedy as she deems most effectual to enforce and protect any of its rights.

Section 2.03. Waiver. Secured Party, by written notice to Debtor, may waive any past default with respect to this Agreement.

Section 2.04. Acceleration. In addition to the remedies provided under Section 2.02 hereof, if any one or more events of default shall occur and be continuing, then and in each and every such case during the continuance of such event of default, unless the principal of the Note shall have already become due and payable, Secured Party may, in its sole discretion, by notice in writing delivered to Debtor, declare the principal of the Note to be due and payable immediately, and upon any such declaration the same shall become due and shall be immediately due and payable. This provision, however, is subject to the condition that if, at any time after the principal of the Note shall have been so declared due and payable, and before (a) any judgement or decree for the payment of the moneys due shall have been entered and/or (b) the sale of the Collateral as hereinafter provided, all amounts in default under the Note (with interest to the extent permitted by law on overdue installments of interest at the rate of twelve percent (12%) per annum), together with all reasonable charges and expenses of Secured Party, its agents and attorneys), have been paid or reasonably provided for by Debtor and/or the Company or collected out of revenues generated by the Collateral, and any and all other defaults as aforesaid (if any) shall have been waived by Secured Party (as provided in Section 2.03), Secured Party, by written notice to Debtor, may waive such default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon.

Section 2.05. Additional Rights of Secured Party. In addition to any other rights provided under Articles II and III of this Agreement and subject thereto, Secured Party may at any time, before or after maturity of the Note and without notice or demand of any kind, (a) in Debtor's name or otherwise enforce collection of any Collateral by suit or otherwise, or surrender, release or exchange all or any part of it, or compromise, extend or renew for any period any obligation evidenced by the Collateral, (b) receive proceeds of the Collateral and exercise all rights as a holder of the Collateral, (c) hold any increase or profits (including money) received from the Collateral as additional security for the Note, and (d) sign or endorse Debtor's name on the Collateral.

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IN WITNESS WHEREOF, the parties hereto have executed this Collateral Pledge and Security Agreement as of the day and year first above written.

Patriot Advanced Environmental Technologies, LLC.

Authorized Signer

Ronald Van Den Heuvel

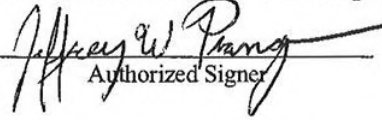
A handwritten signature in black ink, appearing to read "Ronald Van Den Heuvel", written over a horizontal line.

Great Lakes Tissue Group, LLC.

Authorized Signer

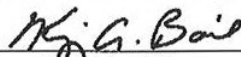
IN WITNESS WHEREOF, the parties hereto have executed this Collateral Pledge and Security Agreement as of the day and year first above written.

Patriot Advanced Environmental Technologies, LLC.


Authorized Signer

Ronald Van Den Heuvel

Great Lakes Tissue Group, LLC.


Authorized Signer

Security Agreement for Equipment

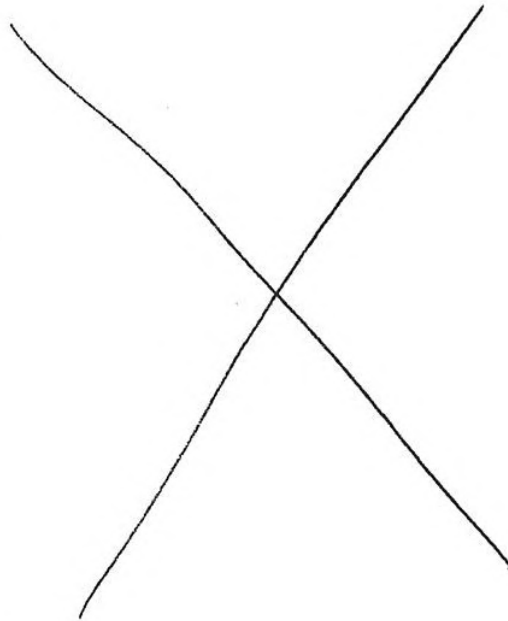
(Currently is in preparation by GLTG)

Financing Statement for Equipment

(Currently is in preparation by GLTG)

Consent to Change of Control of GLT

(Homco Consent to Change of GLT Control will be supplied by Homco counsel Jean Heinz)



Satisfaction of Liens on Hydro Equipment & GLT Stock

(To be supplied by Clarence Roznowski)

**ASSIGNMENT AND OPTION TO PURCHASE
CHEBOYGAN WAREHOUSE SERVICES, LLC.**

THIS AGREEMENT made the day below subscribed by and between Great Lakes Tissue Group, LLC., a Nevada limited liability company ("Assignor") and Patriot Advanced Environmental Technologies, LLC. "Assignee," a Wisconsin limited liability company.

WHEREAS, Assignor owns Great Lakes Tissue Company, a Michigan corporation ("GLT").

WHEREAS, Assignor and Assignee have entered into a Merger Agreement whereby GLT has become a subsidiary of Assignee pursuant to a Merger Agreement dated of even date herewith.

WHEREAS, Assignor has agreed to assign to its lease for the warehouse leased by GLT from Cheboygan Warehouse Services, LLC., its current owner and landlord, and the option to acquire ownership of said landlord in order to acquire the said warehouse.

NOW, THEREFORE, for valuable consideration receipt of which is acknowledged, and the agreements and mutual covenants made herein, the parties agree:

1. **Assignment of Option.** Assignor hereby assigns to Assignee its Triple Net Lease with, and Option to Purchase, Cheboygan Warehouse Services, LLC.
2. **Termination of Lease.** Upon exercise of said Option, Assignee may enter a sale-leaseback option to acquire access to the GLT warehouse, and the current GLT lease will terminate.
3. **Representations of Each Party.** Each party represents to the other:
 - a. **Authority.** Each party has full right, power and authority to enter into this Agreement.
 - a. **Organization and Standing.** Each party is a limited liability company duly organized, validly existing and in good standing under the law of its State of organization.
 - b. **No Conflict.** The execution, delivery and performance of this Agreement, and the consummation of the transactions provided for herein, do not and will not:
 - (i) constitute a breach of, or default under, or result in any lien, encumbrance, security interest, charge or restriction against said party, under any contract, agreement or other commitment to which it is a party or by which it is bound;
 - (ii) violate any order, writ, injunction, decree, statute, ordinance, rule or regulation applicable to such party.
 - c. **Litigation.** There is no action, suit or proceeding at law or equity, or before or by any federal, state, local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, pending (or, to the knowledge of either party, threatened), against such party which, if determined adversely, would have a material adverse effect on the transactions contemplated hereby.

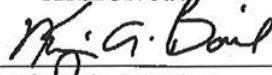
4. Miscellaneous Provisions.

- a. **Expenses.** Each party will pay its own legal expenses in relation to this agreement.
- b. **Survival of Representations.** All representations, warranties and agreements made in this agreement or pursuant thereto shall survive closing of transactions described.
- c. **Benefit.** This agreement shall be binding upon, and inure to the benefit of the respective successors and permitted assigns of the parties hereto.
- d. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes in its entirety all prior undertakings and agreements of the parties. This agreement may not be modified except by means of a writing signed by the parties or their authorized representative.
- e. **Governing Law.** This Agreement shall be governed by and construed in accordance with the local, internal laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of January 13, 2023.

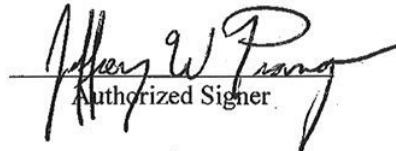
GREAT LAKES TISSUE GROUP, LLC.

ASSIGNOR

 1/13/23

Kip Boic, Member

**PATRIOT ADVANCED ENVIRONMENTAL
TECHNOLOGIES, LLC., ASSIGNEE**


Authorized Signer

OPERATING AGREEMENT
OF
PATRIOT ADVANCED ENVIRONMENTAL
TECHNOLOGIES, LLC
Wisconsin limited Liability Company

As of January 12, 2023

**OPERATING AGREEMENT
OF
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC
Wisconsin limited liability company**

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**OPERATING AGREEMENT
OF
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC**

This Operating Agreement (this "Agreement") of Patriot Advanced Environmental Technologies, LLC., (the "Company" or "PAET") is effective as of the date of its organization on August 16, 2022 (the "Effective Date"), by and between the undersigned (collectively, the "Members," and each individually, a "Member"), designed Entity ID P085739.

Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in Exhibit A, attached hereto.

R E C I T A L S

WHEREAS, the Company has been formed as a Member-managed domestic limited liability company under the name Patriot Advanced Environmental Technologies, LLC by filing with the Wisconsin Department of Financial Institutions of Articles of Organization in accordance with the Act.

WHEREAS, the Members have entered into this Agreement to define the rights and obligations of the Members and to govern the operations and management of the Company.

NOW, THEREFORE, in consideration of the mutual promises made in this Agreement, the Members agree as follows:

**ARTICLE 1
GENERAL PROVISIONS**

1.1 Name. The name of the Company is Patriot Advanced Environmental Technologies, LLC. It may be referred to herein as "Company" or "PAET."

1.2 Offices and Agent.

(a) **Business Offices.** The initial principal place of business of Company shall be 500 Fortune Avenue, De Pere, Wisconsin 54115. Thereafter, it may have such principal and other business offices, within or outside the state of Wisconsin, as the Board of Directors may designate or as its business may require from time to time.

(b) **Registered Office and Agent.** The initial Company registered office in Wisconsin shall be 500 Fortune Avenue, De Pere, Wisconsin 54115, and its initial registered agent shall be Jeffrey W Prange. Thereafter, the Board of Directors may designate such other office and registered agent as it may deem advisable, and upon designation, the Officers shall file or cause filing of the appropriate documents required by the Act.

1.3 Purpose. The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the laws of the State of Wisconsin, and any activity incident, necessary, advisable or desirable to carry out the foregoing. The Company shall have all powers available to limited liability companies under the Wisconsin Act to make and perform all contracts and to engage in all actions and transactions necessary or advisable to carry out its purposes.

1.4 Qualification. The Officers of the Company shall cause the Company to be qualified or registered under assumed or fictitious name statutes or similar laws in any jurisdiction in which the Company owns property or transacts business to the extent, in the reasonable judgment of the Officers of the Company, such qualification or registration is necessary or advisable to protect the limited liability of the Members or to permit the Company and its Subsidiaries lawfully to own property or transact business.

1.5 Term. The Company will continue indefinitely under the terms and conditions of this Agreement until it is dissolved and its affairs wound up in accordance with the Act and this Agreement.

ARTICLE 2 CAPITAL CONTRIBUTIONS

2.1 Authorized Capital.

(a) Authorized Shares. The Company is authorized to issue up to one hundred million (100,000,000) Units all of which shall be Common Units except as reclassified by the Board of Directors. The Board of Directors is authorized, without Member approval, to classify unissued Common Units into Preferred Units or Service Units. The Board of Directors are authorized, without Member approval, to classify Preferred Units into one or more classes or series within a class and to fix the preferences, rights, and limitations of any such class or series.

(b) Common Units. The Board of Directors is authorized to divide Common Units into voting and non-voting Units. Subject to the voting rights, if any, as may be set forth in any resolution or resolutions of the Board of Directors providing for the issuance of any series of Preferred Units, the holders of voting Common Units shall be entitled to one vote per Unit.

(c) Preferred Units. The Board of Directors is expressly vested with the authority to divide Preferred Units into one or more series and to fix, determine and state the voting power, rights to allocations and distributions, redemption, conversion and liquidation rights, and the designations, preferences and relative, participating, optional or other special rights of each series of Preferred Units and the qualifications, limitations and restrictions thereof in the resolution or resolutions providing for the issuance of such Units adopted by the Board of Directors. Each issued and outstanding Preferred Unit shall terminate and cease to exist upon the receipt by the holder thereof of distributions equal to the aggregate of Preferred Return plus an amount equal to the initial Capital Contribution of the Preferred Units. If the Board of Directors does not specify characteristics of a particular series of Preferred Units, the Units of the series shall be non-voting, be entitled to preference on liquidation over Common Units and Service Units, and be entitled to a Preferred Return of the prior year blended annual rate under the Code.

(d) Service Units. The Company may grant Units to any Person as consideration for performing services for the Company without requiring such Person to make a Capital Contribution for the Units ("Service Units"). The Service Units shall initially represent a profits interest only and the recipient Member shall have an initial Capital Account equal to zero with respect to the Service Units granted. The Members acknowledge that their interest in the Company may be diluted by the issuance of Service Units. The Board, without further consent of the Members, may admit any Person who receives a Service Unit (each a "Service Unit Holder") to the Company as a Member and may determine the other terms and conditions of the issuance of the Service Units. Immediately prior to the issuance of more than a *de minimis* amount of Service

Units in exchange for services, the Asset Values of assets of the Company shall be adjusted to their then fair market value, as reasonably determined by the Board of Directors. Upon admission of a holder of a Service Unit as a Member of the Company, Exhibit B shall be modified as appropriate to add such Member and to indicate such Member's Units. If not otherwise specified by the Board of Directors, Service Units shall be non-voting.

(e) Options or Warrants. The Board of Directors, in its sole discretion, may cause the Company to issue options or warrants to acquire Units to any Person as consideration for cash, property or the performance of services. An option or warrant exercised exclusively for services shall be exercisable for Service Units. Subject to the terms of this Section, the Board, without further consent of the Members, may admit any Person who exercises an option or warrant and thereby acquires a Unit to the Company as a Member and may determine the terms and conditions of the issuance of options or Warrants. The Members acknowledge that their interest in the Company may be diluted by the issuance and exercise of options or warrants. Prior to the issuance of more than a *de minimis* amount of options in exchange for services, the Asset Values of the assets of the Company shall be adjusted to their then fair market value, as reasonably determined by the Board of Directors. The Board of Directors may, in its discretion, modify this Agreement in any manner appropriate to effectuate the economic terms of the issuance of options issued in exchange for services and cause options to comply with applicable tax, securities or other requirements. Upon the admission of any Person who exercises an option for services as a Member of the Company pursuant to this Section, Exhibit B shall be modified as appropriate to add such Member and to indicate such Member's Units.

2.2 Consideration for Units, Options or Warrants. Subject to requirement of Section 6.7 hereof, the Company may issue Units, Options, Warrants, or any combination, to any Person for such consideration and on such terms and conditions as the Board may deem appropriate. Prior to admission of any Person as a new Member and the issuance of any Units to such a Person, the Company must have received a written instrument, in form and substance acceptable to the Company, signed by or on behalf of the Person containing the Person's express acceptance of, and agreement to be bound by, all the terms and conditions of this Agreement, including any amendments adopted pursuant to the terms hereof, even if such Person is already a Member. Exhibit B shall be modified as appropriate from time to time to reflect the admission of Members or the issuance of Units, Options or Warrants to any Person. Exhibit B shall identify any Private Placement Memorandum utilized in connection with the offer or sale of Units. The Members acknowledge that their interest in the Company may be diluted by the future issuance of Units. Persons may be admitted as additional Members and Capital Contributions be accepted only as and to the extent expressly provided for in this Article 2. Before any Member makes a contribution or an additional contribution to the Company in a form other than cash, the Board of Directors shall determine the value of the contribution in dollars. In the absence of fraud, the Board's good faith, reasonable determination shall be conclusive of the value.

2.3 Additional Capital Contributions. After payment in full in accordance with their subscription agreement, Members shall not be required to make any additional Capital Contributions or loans to the Company. If the Company does not have sufficient cash to pay its obligations, any Member may agree with Company to advance all or part of the needed funds to or on behalf of the Company, at such interest rate and on such other terms as the

Board may agree (provided, however that any interested party shall recuse himself or herself from voting on such approval). An advance described in this Section constitutes a loan from such Member to the Company and is not a Capital Contribution.

2.4 Return of Capital. No Member is entitled to withdraw or resign from the Company, to receive a return of any part of the Member's Capital Contribution, to receive any distribution, or to receive a repayment of any balance in the Member's Capital Account, except as expressly provided in this Agreement. No Member has the right to demand that distributions be in-kind. Except any fixed rate of return required on a Preferred Unit, no Member shall be entitled to interest on a Capital Contribution or on a Capital Account.

2.5 Limitation of Liability. Except as otherwise provided under applicable law, no Member shall be bound by, or be personally liable for, the expenses, liabilities or obligations of Company. No Member shall be obligated to restore a Capital Account deficit.

2.6 No Preemptive Rights. No Member shall be entitled to pre-emptive rights.

2.7 No Liquidity Rights. No Member shall have the right to require Company to redeem or repurchase his or her Units or to register his Units under Federal or any State securities laws for resale.

ARTICLE 3 CAPITAL ACCOUNTS

3.1 Capital Accounts. There shall be established and maintained with respect to each Member a Capital Account in accordance with the following:

(a) Credits. To each Member's Capital Account there shall be credited (i) such Member's Capital Contributions, (ii) such Member's allocable share of Profits and special allocations of items in the nature of income or gain pursuant to Article 5, and (iii) the amount of any debt of the Company that is assumed by the Member or that is secured by any property distributed to such Member.

(b) Debits. To each Member's Capital Account there shall be debited (i) the amount of cash and the Asset Value of any property distributed to the Member, (ii) the Member's allocable share of Losses and special allocations of items of deduction or loss pursuant to Article 5, and (iii) the amount of any debt of the Member that is assumed by the Company or secured by any property contributed by the Member to the Company.

(c) Transfers. In the event any Member Transfers all or any part of the Member's Units in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent the Capital Account relates to the Transferred Units.

3.2 Interpretation. The provisions of Section 3.1 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Treasury Regulations, the terms and requirements of which are incorporated in this Agreement by reference, and shall be interpreted and applied in a manner consistent with those terms and requirements. In the event the Board of Directors determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to indebtedness that is secured by contributed or distributed property or that is assumed by the Company or the Members),

are computed in order to comply with such Regulations, the Board of Directors may make such modification, provided that it is not likely to have a material effect on the amounts of distributions to any Member pursuant to Article 4 upon the dissolution of the Company. The Board of Directors also shall have the right to (i) make any adjustments that are reasonably necessary or appropriate to maintain equality between the Capital Accounts and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Section 1.704-1(b)(2)(iv)(g) of the Treasury Regulations, and (ii) make any reasonably appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Section 1.704-1(b) of the Treasury Regulations, provided that in either case such adjustment or modification is not likely to have a material effect on the amounts of distributions to any Member pursuant to Article 4 upon the dissolution of the Company.

ARTICLE 4 DISTRIBUTIONS

4.1 Current Distributions.

(a) **Current Tax Distributions.** To the extent permitted by law and consistent with the Company's obligations to its creditors as determined by the Board of Directors, the Company shall make Tax Distributions on or before the Tax Distribution Dates. The aggregate amount of the Tax Distribution made with respect to any given Tax Distribution Date shall be the product of (i) the Company's estimated federal taxable income under the provisions of the Code for the Fiscal Period ending on the last day of the calendar month immediately preceding the Tax Distribution Date and commencing on the first day of the calendar month that includes the immediately previous Tax Distribution Date, multiplied by (ii) the applicable Tax Rate. Notwithstanding the foregoing, to the extent the Company has had an estimated federal taxable loss for any prior Fiscal Period in that Fiscal Year, the amount in clause (i), above, shall be reduced by that portion of the loss remaining after reducing taxable income for prior Fiscal Periods in the Fiscal Year for the loss. Further, to the extent the Company has had a federal tax loss for any prior Fiscal Year (a "Loss Year"), the amount in clause (i), above, shall be reduced by that portion of the loss remaining after reducing taxable income in Fiscal Years occurring after the Loss Year for the loss sustained in the Loss Year. Notwithstanding the foregoing, to the extent the allocation of federal taxable income pursuant to Article 5 is attributable to Section 5.1(a)(i) (accrued Preferred Return) and the holder of Units to whom such allocation is made has previously received or contemporaneously receives a related distribution of all or a portion of Preferred Return ("Related Preferred Return"), then the amount in clause (i), above, shall be reduced by the amount of the aggregate Related Preferred Return. If a Member receives a Tax Distribution attributable, in whole or in part, to the allocation of federal taxable income pursuant to Section 5.1(a)(i), the portion of the Tax Distribution attributable to the allocation of federal taxable income pursuant to Section 5.1(a)(i) shall be treated as a distribution of Preferred Return. Each Member shall receive a Tax Distribution proportional to the amount of federal taxable income to be allocated to the Member pursuant to Article 5, provided, any federal taxable income not included in the determination of the Company's estimated federal taxable income pursuant to the preceding sentences shall be disregarded for purposes of determining each Member's Tax Distribution.

(b) Additional Tax Distributions. In the event any income tax return of the Company, as a result of an audit or otherwise, reflects items of income, gain, loss, or deduction that are different from the amounts estimated pursuant to Section 4.1(a) with respect to a Fiscal Year in a manner that results in additional income or gain of the Company being allocated to the Members, an additional Tax Distribution shall be made under the principles of Section 4.1(a) to the Members who are allocated the additional income or gain, except that (i) the last day of the calendar month in which the adjustment occurs shall be treated as a Tax Distribution Date, (ii) the amount of the additional income or gain shall be treated as the Company's federal taxable income, and (iii) the applicable Tax Rate shall be that which applied for the Fiscal Period to which the additional income or gain relates.

(c) Equalizing Distributions. If the Company makes a distribution (or payment in the case of a former Member) pursuant to Sections 4.1(a) or 4.1(b) (other than Tax Distributions with respect to Preferred Return) which is not in proportion with the number of Units held by each Member (a "Nonprorata Tax Distribution"), the Company shall, before making any distribution pursuant to Section 4.1(e), make distributions to its Members ("Equalizing Distributions") to the extent that and in proportion such that after taking into account the cumulative total of the Nonprorata Tax Distributions and Equalizing Distributions, the cumulative total of distributions received by each Member is equal to the cumulative total of distributions such Member would have received if all Tax Distributions and Equalizing Distributions made pursuant to Sections 4.1(a), 4.1(b) (other than Tax Distributions with respect to Preferred Return), and this Section 4.1(c) were made in proportion to Units held at the time of the Nonprorata Tax Distribution.

(d) Tax Withholding. To the extent the Company is required to make any withholding or estimated tax payments to any taxing authority on behalf of a Member, such payment or withholding shall be considered a distribution to the Member on whose behalf such payment or withholding was made. The Company shall reduce the amount of Tax Distributions and Equalizing Distributions pursuant to Sections 4.1(a), 4.1(b) and 4.1(c) to such Member for the actual and anticipated payments or withholdings related to any particular Fiscal Period.

(e) Distributions. Cash Available for Distribution not distributed pursuant to Sections 4.1(a), 4.1(b) or 4.1(c) may be distributed, in the amounts and at the times determined in the sole discretion of the Board of Directors, as follows:

(i) First, to the holders of Units in proportion to the cumulative amount of accrued but unpaid Preferred Return owed to each such holder of Units, an amount equal to the cumulative amount of Preferred Return which has accrued since the Effective Date but which has not been distributed pursuant to Sections 4.1(a) or (b) (in the event a holder of Units has received a Tax Distribution related to an allocation of federal taxable income pursuant to Section 5.1(a)(i)) or this Section 4.1(e)(i) in the current or prior Fiscal Years.

(ii) Second, to the holders of Units in proportion to the Unit Base Capital attributable to the Units held by each holder of Units, an amount not to exceed the aggregate Unit Base Capital of the holders of Units.

(iii) Third, to the Members in proportion to their respective Capital Contributions (excluding the aggregate Unit Base Capital of the holders of Units), until each Member has received an amount of distributions pursuant to this Section 4.1(e)(iii) that equals

such Member's Capital Contribution (excluding such Member's Unit Base Capital attributable to the Units held by such Member, if applicable).

(iv) Thereafter, to the Members in proportion to the number of Common or Service Units held during the Fiscal Period to which the distribution relates.

4.2 Liquidating Distributions. In the event the Company is liquidated pursuant

(a) to Article 9, the assets to be distributed pursuant to Section 9.3 shall be distributed as follows:

(b) to the payment of all matured debts and liabilities of the Company;

(c) to the setting up of any reserves which the Liquidator deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company; and

(d) the balance pro rata to the Members in accordance with their respective Capital Account balances, after making the adjustments for allocations under Article 5, up to and including the date of the liquidating distributions.

**ARTICLE 5
ALLOCATION OF PROFITS AND LOSSES**

5.1 Allocation of Profits and Losses.

(a) **Allocation of Profits.** Except as otherwise provided in Sections 5.2, 5.3 and 5.5(d), Profits shall be allocated as follows:

(i) First, to the holders of Preferred Units, in proportion to their Unit Base Capital, until the cumulative amount of Profits allocated pursuant to this Section 5.1(a)(i) equals the sum of cumulative Preferred Return accrued since the Effective Date.

(ii) Second, to the Members, pro rata based on the Losses allocated to them pursuant to Sections 5.1(b)(ii) and 5.1(b)(iii) until each Member has been allocated an amount of Profits pursuant to this Section 5.1(a)(ii) in the current and previous Fiscal Periods that equals the Losses allocated to that Member pursuant to Sections 5.1(b)(ii), and 5.1(b)(iii) in the previous Fiscal Periods. Profits allocated under this Section 5.1(a)(ii) shall first offset Losses allocated under Section 5.1(b)(iii) and then Losses allocated under Section 5.1(b)(ii).

(iii) Thereafter, to the holders of all of the Common Units and the Service Units, pro rata in accordance with the number of such Units held by each.

(b) **Allocation of Losses.** Except as otherwise provided in Sections 5.2 and 5.4(d) and (f), Losses shall be allocated as follows:

(i) First, to the Members, pro rata based on the Profits allocated to them pursuant to Section 5.1(a)(iii) until each Member has been allocated an amount of Losses pursuant to this Section 5.1(b)(i) in the current and previous Fiscal Period that equals Profits allocated to the Member pursuant to Section 5.1(a)(iii) in the previous Fiscal Periods.

(ii) Second, to the Members, pro rata based on their respective Units but, with respect to a Member, only to the extent of the positive balance in such Member's Capital Account, until all Capital Accounts of the Members have been reduced to zero.

(iii) Thereafter, to all Members who own Common Units or Service Units, pro rata in accordance with their respective Units.

5.2 Regulatory Allocations.

(a) This Agreement shall be deemed to contain provisions relating to "minimum gain chargeback," "nonrecourse deductions," "qualified income offset," "gross income allocations," and any other provision required to be contained in this Agreement pursuant to the Treasury Regulations promulgated under Section 704(b) of the Code (the "Regulatory Allocations"), other than any requirement that a Member be required to contribute to the Company an amount equal to any deficit in the Member's Capital Account.

(b) No allocation of Loss shall be made to a Member if the allocation would result in a negative balance in the Member's Capital Account in excess of the amount the Member is obligated to restore or deemed obligated to restore pursuant to the penultimate sentences of Section 1.704-2(g)(1) and (i)(5) of the Treasury Regulations. In the event there is a negative balance in the Member's Capital Account in excess of the amount(s) set forth above, the Member shall be allocated income and gain in the amount of that excess as quickly as possible. Any Loss that cannot be allocated to a Member pursuant to the restrictions contained in this paragraph shall be allocated to other Members.

(c) The Regulatory Allocations are intended to comply with the Treasury Regulations promulgated under Section 704(b) of the Code. The other provisions of this Article 5 notwithstanding, the Regulatory Allocations shall be taken into account in allocating other Profits, Losses and items of income, gain and deduction among the Members so that, to the extent possible, the net amount of the allocations of other Profits, Losses and other items and the Regulatory Allocations to each Member shall equal the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

5.3 Other Allocation Rules.

(a) **Transfer of Units.** If a Member Transfers all or any portion of the Member's Units pursuant to this Agreement during any Fiscal Period, the Profits (or Losses) allocated to the Members for each such Fiscal Period shall be allocated among the Members in proportion to their respective Units from time to time during the Fiscal Period, in accordance with Section 706 of the Code, using any convention permitted by law and selected by the Board of Directors.

(b) **Determination of Allocable Amounts.** The Profits, Losses, or any other items allocable to any Fiscal Period shall be determined on a daily, monthly, or other basis, as determined by the Board of Directors, using any permissible method under Section 706 of the Code and the Treasury Regulations under that section.

5.4 Tax Allocations.

(a) **Capital Contributions.** In accordance with Section 704(c) of the Code and the Treasury Regulations under that section, income, gain, loss, and deduction with respect to any contribution to the Company's capital shall, solely for tax purposes, be allocated

among the Members so as to take account of any variation between the property's adjusted basis to the Company for federal income tax purposes and its initial Asset Value.

(b) Adjustment of Asset Value. If the Asset Value of any Company asset is adjusted, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the asset's adjusted basis for federal income tax purposes and its Asset Value as so adjusted in the same manner as under Section 704(c) of the Code and the Treasury Regulations under that section.

(c) Elections. Any elections or other decisions relating to the allocations shall be made by the Board of Directors in any manner that reasonably reflects the purpose and intent of this Agreement, provided, however, that the Company shall elect to apply the "traditional method" (without any curative allocations) described in Treas. Reg. § 1.704-3(b). Any items of loss or deduction attributable to property contributed by a Member shall, to the extent of an amount equal to the excess of (1) the federal income tax basis of such property at the time of its contribution over (2) the Book Value of such property at such time, be allocated in its entirety to such contributing Member, and the tax basis of such property for purposes of computing the amounts of all items allocated to any other Member (including a transferee of the contributing Member) shall be equal to its Book Value upon its contribution to the Company. If the Board of Directors causes the Company to make a Code Section 754 election at the request of one or more Members, the requesting Member(s) shall bear any additional administrative and accounting expenses (whether in the year of the election or subsequent Fiscal Years) incurred as a result of the Code Section 754 election.

(d) Imputed Interest. To the extent the Company has interest income or deductions with respect to any obligation of or to a Member pursuant to Section 483, Sections 1271-1288, or Section 7872 of the Code, the interest income or deductions shall be specially allocated to the Member to whom the obligation relates.

(e) Units Issued for Services; Code Section 83 Safe Harbor Election.

(i) By executing this Agreement, each Member authorizes and directs the Company to elect to have the safe harbor described in the proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43 (the "IRS Notice") apply to an interest in the Company transferred to a service provider by the Company on or after the effective date of such Revenue Procedure in connection with services provided to the Company. For purposes of making such safe harbor election, the President, or if unable or unwilling to act, any Vice President, Treasurer or Secretary, in that order, or officer appointed by the Board of Directors, is hereby designated as the "partner who has responsibility for federal income tax reporting" by the Company and, accordingly, execution of such safe harbor election by the Board of Directors constitutes execution of a "Safe Harbor Election" in accordance with Section 3.03(1) of the IRS Notice. The Company and each Member hereby agree to comply with all requirements of the safe harbor described in the IRS Notice, including, without limitation, the requirement that each Member shall prepare and file all federal income tax returns reporting the income tax effects of each safe harbor membership interest issued by the Company in a manner consistent with the requirements of the IRS Notice. A Member's obligations to comply with the requirements of this Section 5.4(e) shall survive such Member's ceasing to be a Member and/or the termination, dissolution,

liquidation and winding up of the Company, and, for purposes of this Section 5.4(e), the Company shall be treated as continuing in existence.

(ii) Each Member authorizes the Board of Directors to amend this Section 5.4(e) or any other section of this Agreement to the extent necessary, in the Board of Director's sole discretion, to achieve substantially the same tax treatment with respect to any interest in the Company transferred to a service provider by the Company in connection with services provided to the Company as set forth in Section 4 of the IRS Notice (*e.g.*, to reflect changes from the rules set forth in the IRS Notice in subsequent Internal Revenue Service guidance or in amendments or other changes to the Code or the Regulations); provided that such amendment is not materially adverse to any Member (as compared with the after-tax consequences that would result if the provisions of the IRS Notice applied to all interests in the Company transferred to a service provider by the Company in connection with services provided to the Company).

5.5 Income Tax Consequences. The Members are aware of the income tax consequences of the allocation made by this Article 5 and hereby agree to be bound by the provisions hereof in reporting their shares of income and loss for income tax purposes.

ARTICLE 6 MANAGEMENT OF THE COMPANY

6.1 Authority and Powers of the Board of Directors. The business and affairs of the Company shall be managed under the direction of the Board of Directors. Pursuant to Section 6.14 hereof, the Board of Directors may appoint Officers to oversee the day-to-day affairs of the Company. The Board of Directors will manage, or delegate to appointed Officers the management of and the day-to-day operation of the business of the Company. Appointed Officers of the Company shall have full executive powers over the affairs of the Company. All matters concerning allocations, distributions and tax elections (except as may otherwise be required by the income tax laws) and accounting procedures, except as otherwise provided in this Operating Agreement, shall be determined in good faith by the Board of Directors or their appointed Officers in consultation with the Company's independent accountants and tax advisors. The Board of Directors shall be responsible for and cause the Company to pay all taxes of the Company due as a result of the operations of the Company.

6.2 Number, Tenure, Election and Qualifications of Board of Directors. Subject to future increase by the Members, the Board of Board of Directors shall consist of not less than three (3) nor more than seven (7) persons. A Board of Directors may, but need not, be a Member.

6.3 Appointment and Removal of Board of Directors. The Members agree that the Board of Directors of the Company shall be elected by the Members. The Board of Directors, by majority vote of those remaining in office, may increase the number of Board of Directors and fill any vacancies.

6.4 Actions by the Board of Directors. A majority of the Board of Directors shall constitute a quorum, and decisions of Board of Directors constituting a majority of the Board of Directors at a meeting at which a quorum is present shall constitute decisions of the Board of Directors. At any time when the Company has two (2) Board of Directors, the Board of Directors shall have procedures in place between them to address circumstances when the two Board of Directors disagree on a decision that would require their agreement. Directors may participate in

a meeting by means of telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all of the Board of Directors consent thereto in writing and the writing is filed with the records of the Company. The Board of Directors may fix by resolution the place, date and time for the holding of such regular meetings, in which case no notice of such regular meetings need be given to the Board of Directors; provided, however, that if the Board of Directors fix or change the time or place of any regular meeting, notice of such action shall be given to each Board of Directors not present at the time such action was taken. The President, the Executive Vice-President, a majority of the Board of Directors or the Required Percentage of all Voting Interests may call a special meeting of the Board of Directors. Notice of meetings of the Board of Directors (other than the regular meetings) shall be given to each Board of Directors. Notice of any meeting of the Board of Directors may be waived by the Board of Directors before, at or after the meeting.

6.5 Powers of the Board of Directors. Subject to Sections 6.6 and 6.7, the Board of Directors shall have full, exclusive and complete discretion to manage all decisions affecting the business, operations and affairs of the Company and to take all such actions as it deems necessary or appropriate to accomplish the purposes of the Company as set forth herein. Except with respect to the powers specifically reserved for Members in this Operating Agreement and any commitments contained in any debt instrument issued by the Company, the Board of Directors shall have the authority to make any and all decisions affecting the Company. Without limiting the generality of the foregoing, the Board of Directors will have the power, authority and direction to do the following without the consent of the Members:

- (a) hire, appoint and fire employees, agents, independent contractors or Officers of the Company;
- (b) select and engage the Company's accountants, attorneys and other professional advisors;
- (c) apply for and obtain appropriate insurance coverage for the Company, its Board of Directors, its Officers, its Advisory Board Members and employees;
- (d) acquire in the name of the Company by purchase, lease or otherwise, any real estate or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company;
- (e) negotiate, execute, enter into, perform, extend and terminate, in the name of and on behalf of the Company, all agreements, contracts, leases, loan documents and other instruments and exercise all rights and remedies of the Company;
- (f) assume, endorse, provide collateral for, incur or guarantee, act as surety for, or become liable for any indebtedness for borrowed money on behalf of the Company or incur any expense on behalf of the Company, except where personal liability or a personal guaranty is required to be given by a Member (or their Affiliates) in connection therewith;
- (g) acquire a company or a line of business;
- (h) issue Units, Options or Warrants, including Service Units for the purposes of incentive compensation to employees and independent contractors who provide service to the Company, provided the total Service Units issued in any given year, in the aggregate, do not exceed 10% of Units then outstanding prior to issuance of any Service Units in that same year;

- (i) admit Additional or Substitute Members as Members;
- (j) determine the consideration for issuance of Units, Options or Warrants, including determining the value of any assets taken in payment therefor;
- (k) resolve and settle disputes, including through taking any action authorized under the Agreement for the resolution of disputes; and
- (l) take any other action in furtherance of the Business of the Company that is not expressly limited by this Operating Agreement.

6.6 Actions Requiring Supermajority Board Approval. The affirmative vote, approval or consent of a Supermajority of Board of Directors is required to do the following:

- (a) Authorize additional capital contributions;
- (b) Authorize the distribution of Units to Company employees as incentive compensation (provided, however, in the event Units in excess of 5% of the total issued and outstanding Units are proposed to be issued to employees, a Supermajority of Members shall be required to consent to the foregoing;
- (c) Make annual cash distributions other than distributions of cash representing the Minimum Return, and Tax Distributions;
- (d) Authorize distributions to Members who have withdrawn from the Company on account of a Dissociation Event;
- (e) Approve agreements by and between Members, Directors and related entities thereof and individuals thereto and the Company for the provision of products or services to the Company, except in exchange for reasonable compensation;
- (f) Authorize loans to the Company by Directors or Members or any other lender or financial institution (other than purchase money loans for equipment not in excess of the permitted capital expenditures);
- (g) Authorize the Company to purchase Members' Units;
- (h) Authorize capital expenditures in excess of \$100,000 per item during any three-month period;
- (i) Authorize any contract, agreement or instrument that obliges the Company to disburse funds or make payments to third parties in excess of \$25,000 during any three-month period (other than capital expenditures above);
- (j) Authorize any Company guarantees.

6.7 Actions Requiring Member Approval. The Board may not take any of the following actions unless approved by Members holding a majority of the Voting Common Units:

- (a) to approve the sale of all or substantially all of the assets of the Company, or the consolidation or merger of the Company with or into another entity that is owned or controlled by one or more Directors, regardless of whether the Company is the survivor;
- (b) to approve an Asset Disposition for other than Fair Market Value;
- (c) to approve the dissolution of the Company, except as otherwise provided in section 10;

(d) to amend the Company's Certificate of Formation, this Operating Agreement or any other management agreement among the Members;

(e) to issue Preferred Units to one or more Directors or their affiliates; or

(f) to modify the terms of any outstanding Units of any class or series of Units, including any class or series that otherwise lacks voting rights, without the Majority Consent of the holders of the Units whose terms are proposed to be modified.

6.8 Liability for Certain Acts. Each Director shall exercise his or her business judgment in participating in the management of the business, operations and affairs of the Company as measured against the standard of care set forth in Section 6.9. Unless gross negligence, recklessness, intentional misconduct or a knowing violation of law is proven by a non-appealable court order, judgment, decree or decision, no Director shall be liable or obligated to the Members for any mistake of fact or judgment or for the doing of any act or the failure to do any act by such Board of Directors in conducting the business, operations and affairs of the Company or its Subsidiaries that may cause or result in any loss or damage to the Company or its Members. A Board of Directors does not, in any way, guarantee the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. A Director shall not be responsible to any Member because of a loss of his investment or a loss in operations, unless the loss is the result of such Board of Director's gross negligence, recklessness, intentional misconduct or knowing violation of the law, proven as set forth in this Section 6.8. A Board of Directors shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture, unless such activity is a violation of another agreement between the Company and the Board of Directors.

6.9 Directors Standard of Care. The duty of care of a Director in the discharge of his or her duties to the Company is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or knowing violations of law. In discharging his or her duties, a Director shall be fully protected in relying in good faith upon any records maintained as required under Section 11.1 and upon such information, opinions, reports or statements by any Members or their agents, or by any other person as to matters such Board of Directors reasonably believes are within such person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Board of Directors, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

6.10 Director Has No Exclusive Duty to Company. A Director shall not be required to manage the Company as his or her sole and exclusive function and a Director may have other business interests and may engage in other activities in addition to those relating to the Company, provided that each Director shall devote sufficient time and attention to perform his or her duties as required hereunder. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of a Director or to the income or proceeds derived therefrom.

6.11 Other Business Activities of the Board of Directors. The Directors and their Affiliates may have other business interests and may engage in other business ventures of any nature or description whatsoever, whether presently existing or hereafter created, including, the acquisition, development, ownership, administration, servicing, leasing, management, operation,

syndication, financing, refinancing and/or sale of real estate or real estate-related assets and may compete, directly or indirectly, with the Business of the Company. None of Board of Directors or their Affiliates shall incur any liability to the Company or any Member as a result of the pursuit by such Board of Directors or its Affiliates of such other business interests and ventures and competitive activity, and neither the Company nor any Member shall have any right to participate in such other business interests or ventures or to receive or share in any income derived therefrom.

6.12 Restriction on Outside Activities of Board of Directors. No Director may work on a competitive business project while a Board of Directors of the Company, or within one (1) year of leaving or resigning his duties as Board of Directors, that has been specifically targeted by the Company or the Company has been solicited to participate in while he is a Director. The Board of Directors shall have the duty to receive the consent of the other Board of Directors and Members holding the Required Percentage, if an opportunity is presented to him in his role as Board of Directors of the Company, upon which he intends to participate in without the involvement of the Company. However, real estate projects or other such projects which the Company has not directly targeted or the Board of Directors has not been solicited in his role as Board of Directors shall not be considered to be prohibited under this Operating Agreement or any reading from the Wisconsin Corporate Opportunity doctrine. The intent is to allow the Board of Directors to participate in outside transactions unless they are specifically prohibited by the preceding paragraph. However, no money or other resources of the Company shall be used in any such outside project without consent of the other Board of Directors and Members holding the Required Percentage.

6.13 Resignation. A Director may resign at any time by giving written notice to the Members. The resignation of a Director shall take effect upon receipt of notice thereof or at such other time as shall be specified in such notice; unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Director who is also a Member, shall not, in and of itself, affect such former Director's status as a Member.

6.14 Officers; Power, Authority and Duties.

(a) **Appointment.** The Board of Directors may appoint Officers of the Company including, but not limited to: (i) a president, (ii) one or more executive or senior vice-presidents, (iii) one or more vice presidents, and (iv) a secretary, and one or more assistants thereto. The Board of Directors may delegate certain of their day-to-day management responsibilities to any such Officers, and such Officers shall have full executive authority to contract for, negotiate on behalf of and otherwise represent the interests of the Company as authorized by the Board of Directors in any job description created by the Board of Directors. The Board of Directors in their sole discretion shall have the power and authority to designate compensation payable to the Officers of the Company.

(b) **Titles and Obligations.** The Board may bestow upon key employees or Members of the Company such titles as they deem necessary or expedient to enable them to carry out their duties on behalf of the Company. Such titles may include "Chairman of the Board;" "President," "Chief Executive Officer," "Chief Financial Officer," one or more "Vice-Presidents," "Treasurer" or "Secretary." The Board and employees in their roles as Officers of the Company must discharge their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Board reasonably believes to be in the best interests of the Company.

(c) **Liability for Certain Acts.** Each Officer shall exercise his or her business judgment in participating in the management of the business, operations and affairs of the Company as measured against the standard of care set forth in Section 6.14(d). Unless gross negligence, recklessness, intentional misconduct or a knowing violation of law is proven by a nonappealable court order, judgment, decree or decision, no Officer shall be liable or obligated to the Members for any mistake of fact or judgment or for the doing of any act or the failure to do any act by such Officer in conducting the business, operations and affairs of the Company or its Subsidiaries that may cause or result in any loss or damage to the Company or its Members. An Officer does not, in any way, guarantee the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. An Officer shall not be responsible to any Member because of a loss of the Member's investment or a loss in operations, unless the loss is the result of such Officer's gross negligence, recklessness, intentional misconduct or knowing violation of the law, proven as set forth in this Section 4.11.

(d) **Officer's Standard of Care.** The duty of care of an Officer in the discharge of his or her duties to the Company is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or knowing violations of law. In discharging his or her duties, an Officer shall be fully protected in relying in good faith upon any records maintained as required under Section 11.1 and upon such information, opinions, reports or statements by any Members or their agents, or by any other person as to matters such Officer reasonably believes are within such person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Board of Directors, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

(e) **Tenure and Duties of Officers.** All Officers shall hold office at the pleasure of the Board of Directors, unless sooner removed. The Board of Directors may remove any Officer elected or appointed by the Board of Directors at any time, subject to any contract rights the Officer may have. If the office of any Officer becomes vacant for any reason, the Board of Directors may fill the vacancy.

(i) **President.** The President of the Company shall preside at the first meeting of the Members, until the Board of Directors have appointed another person to so preside and such person is present. The President will, subject to the control of the Board of Directors, have general supervision, direction and control of the policies and other Officers and employees of the Company. The President shall perform other duties commonly incident to a President of a Wisconsin corporation and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(ii) **Vice Presidents.** The Executive Vice Presidents, Senior Vice Presidents or the Vice Presidents, as the case may be, in the order of their seniority, may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Executive Vice Presidents, the Senior Vice President or the Vice Presidents, as the case may be, shall perform other duties commonly incident to a vice president of a Wisconsin corporation and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(iii) **Secretary.** The Secretary shall attend all meetings of the Members and Board of Directors and shall record all acts and proceedings thereof in the minute book of the Company. The Secretary shall give notice in conformity with this Operating Agreement of all meetings of the Members and Board of Directors requiring notice. The Secretary shall perform other duties commonly incident to a secretary of a Wisconsin corporation and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(f) **Subsidiaries.** Except as expressly provided to the contrary in any resolution to the contrary, the Officers of the Company shall hold the same position and possess the same powers for any Subsidiary; and the Company shall not permit any Subsidiary to take an action that would be prohibited if taken by the Company.

(g) **Reporting Obligation.** The Officers shall be required to provide to the Board of Directors and Members a quarterly report containing financial statements of the Company, as produced by the Officers in good faith. In lieu of or to supplement any required Officer report, the Company may substitute, but is not obligated to obtain, an independent, third-party review of the Company's financial statements.

6.15 Indemnity of the Board of Directors, Officers and Advisory Board Members.

(a) The Company shall, to the fullest extent authorized by Section 183.0403 of the Wisconsin Act, indemnify any Director, Officer or Advisory Board member of the Company against reasonable expenses and against liability incurred in a proceeding in which he or she was a party because he or she was a Director, Officer or Advisory Board member of the Company. These indemnification rights shall not be deemed to exclude any other rights to which the Director, Officer or Advisory Board member may otherwise be entitled. The Company shall, to the fullest extent authorized by Section 183.0403 of the Wisconsin Act, indemnify any employee who is not a Director, Officer or Advisory Board member of the Company to the extent the employee has been successful on the merits or otherwise in defense of a proceeding, for all reasonable expenses incurred in the proceeding if the employee was a party because he or she was an employee of the Company. The Company may, to the fullest extent authorized by Section 183.0403 of the Wisconsin Act, indemnify, reimburse, or advance expenses of any Director, Officer or Advisory Board member.

(b) The Company may, by action of the Board of Directors, provide indemnification to such of the other employees and agents of the Company to such extent and to such effect as the Board of Directors determine to be appropriate and authorized under the Wisconsin Act.

(c) The rights and authority conferred in this Section 6.15 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, agreement or otherwise.

(d) Any repeal or amendment of this Section 6.15 by the Members shall not adversely affect any right or protection of a Board of Directors, Officer or Advisory Board member of the Company or other indemnified person existing at the time of such repeal or amendment.

6.16 Committees. The Board of Directors may designate one or more committees, each committee to consist of three or more Directors elected by the Board of Directors, which to the extent provided in said resolution as initially adopted, and as thereafter supplemented or amended

by further resolution adopted by a like vote, shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the corporation, except action in respect to dividends to shareholders, election of the principal Officers or the filling of vacancies in the Board of Directors or committees created pursuant to this section. The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the President or upon request by the chairman of such meeting. Each such committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request.

6.17 Advisory Board(s). The Board of Directors of the corporation may appoint one or more individuals, who may but need not be Directors, Officers, or employees of the corporation, to serve as members of one or more Advisory Board(s) of the corporation, or of any of its operating division(s) or of any enterprise designated by the corporation, and may fix fees or compensation for attendance at meetings of such Board(s) or for other services performed by such individuals. The members of such committee(s) may adopt and from time to time may amend rules and regulations for the conduct of their meetings and at the direction of the Board of Directors shall keep minutes of their meetings which shall be submitted to the Board of Directors of the Company. The term of office of any member of such Advisory Board(s) shall be at the pleasure of the Board of Directors of the Company. The function of such Board(s) shall be to advise the Officers and Directors of the Company and/or of the division(s) with respect to which they have been appointed with respect to the affairs of such Company or operating division(s), and to perform such other duties as the Board of Directors shall from time to time determine. The advice of any such Advisory Board shall be for general informational purposes only and the Officers and Directors shall not be bound to follow or to consider such advice before taking or refraining from taking any action. Members of any Advisory Board shall receive the full benefit of and be treated as an "Officer", "Director", "employee" or "agent" of the Company or of any corporation, partnership, joint venture, trust or other enterprise, or division, of which he shall serve, within the meaning of any provision for indemnification of Officers, Directors, employees or agents provided by these bylaws.

ARTICLE 7

RIGHTS AND OBLIGATIONS OF THE MEMBERS

7.1 Limitation of Liability. Each Member's liability shall be limited as set forth in the Wisconsin Act and other applicable law. Except as otherwise provided by the Wisconsin Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be the debts, obligations and liabilities solely of the Company, and the Members of the Company shall not be obligated personally for any of such debts, obligations or liabilities solely by reason of being a Member of the Company.

7.2 Nature of Rights and Obligations. A Member shall not have authority to act for, or to assume any obligation or responsibility on behalf of, any other Member or the Company. Unless otherwise expressly provided in this Agreement, this Operating Agreement shall not be deemed to constitute a Member as an agent or legal representative of any other Member.

7.3 Member Access to Records. Upon written request of any Member, setting forth the purpose for such request, which shall be reasonably related to the Member's interest as a

Member of the Company, each Member shall have the right, during regular business hours, to inspect and copy such Company documents at the Member's expense as set forth in Section 8.7; provided, however, that the Company may require that the requesting Member enter into a confidentiality agreement prior to providing such Member with access to the Company's records.

7.4 Voting Rights of Members. Each Member shall have the number of votes equal to the aggregate number of Units held by such Member. Notwithstanding anything contained in this Operating Agreement to the contrary, the Company may not, without the consent of Members holding, in the aggregate, the Required Percentage:

- (a) by Majority Consent an action by the Board of Directors under Section 6.7;
- (b) amend the Company's Articles of Organization or this Operating Agreement to make a material change to such documents;
- (c) enter into or amend any transaction between the Company and a Director or Officer or an Affiliate of a Director or Officer, except such transactions as are made on an arms-length basis and at then-prevailing market rates;
- (d) consummate any material transaction unrelated to the Business of the Company.

7.5 Removal of Directors or Officers. The Company may not remove a Director or Officer, for any reason other than Cause, without the consent of a Supermajority of Members. A Director or Officer may be removed for Cause upon Majority consent of the Members.

7.6 Meetings of Members.

(a) **Annual and Special Meetings.** Meetings of the Members shall be held at such date and time as the Managers may fix from time to time. Unless otherwise prescribed by statute, any Member or Members holding a majority of all Voting Interests may call a special meeting of the Members. No annual or regular meetings of Members are required.

(b) **Place of Meetings.** The Managers may designate any place as the place of meeting for any meeting of the Members.

(c) **Notice of Meetings.** Except as provided in Section 6.4, written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than five (5) nor more than sixty (60) days before the date of the meeting, either personally or by mail, facsimile, overnight courier service or e-mail, by or at the direction of the Managers or person calling the meeting, to each Member entitled to vote at such meeting. Such notice shall be deemed to be delivered as provided in Section 13.1.

(d) **Meeting of All Members.** If all of the Members shall meet at any time and place and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting lawful action may be taken. Members may participate in a meeting by means of telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

(e) **Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such

determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section 6.5, such determination shall apply to any adjournment thereof

(f) **Quorum.** Members holding a majority of the Voting Interests, present in person or represented by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, Members holding a majority of the Voting Interests so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. However, if the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of Members holding Voting Interests whose absence would cause less than a quorum.

(g) **Manner of Acting.** If a quorum is present, the affirmative vote of Members holding a majority of the Voting Interests present or represented at the meeting shall be the act of the Members unless the vote of a greater or lesser proportion or number is otherwise required by the Wisconsin Act, the Articles of Organization or this Operating Agreement.

(h) **Proxies.** At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Managers before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

(i) **Action by Members Without a Meeting.** Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one (1) or more written consents describing the action taken, signed and delivered to the Managers within sixty (60) days of the record date for that action, by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to vote on that action were present and voted. All such consents shall be delivered to the Managers for inclusion in the minutes or for filing with the Company records. Action taken under this Section 6.9 is effective when the number of consents required to authorize the proposed action shall have been received by the Managers, unless the consent specifies a different effective date. Any Member giving a written consent may revoke the consent by a writing received by the Managers before written consents representing the number of votes required to authorize the proposed action have been received by the Managers. The record date for determining Members entitled to take action without a meeting shall be the date the first Member signs a written consent.

(j) **Waiver of Notice.** When any notice is required to be given to any Member, a waiver thereof in writing signed by the person entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice.

7.7 Representations and Warranties of Members. Each Member, by executing this Operating Agreement, hereby represents and warrants to the Company and each other Member as follows:

(a) in the case of a Member that is an entity: (i) the Member is duly incorporated, organized or formed (as applicable), validly existing, and (if applicable) in good standing under the law of the jurisdiction of its incorporation, organization or formation; (ii) if required by applicable law, the Member is duly qualified and in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of incorporation, organization or formation; and (iii) the Member has full power and authority to execute and deliver this Operating Agreement and to perform its obligations hereunder, and all necessary actions by the board of directors, managers, shareholders, members, partners, trustees, beneficiaries, or other applicable Persons necessary for the due authorization, execution, delivery, and performance of this Operating Agreement by that Member have been duly taken;

(b) the Member has duly executed and delivered this Operating Agreement, and it constitutes the legal, valid and binding obligation of the Member enforceable against it in accordance with its terms (except as may be limited by bankruptcy and insolvency laws, and by the effect of general principles of equity, regardless of whether considered at law or in equity);

(c) the Member's authorization, execution, delivery, and performance of this Operating Agreement do not and will not (i) conflict with, or result in a breach, default or violation of, (A) the organizational documents of such Member (if it is an entity), (B) any contract or agreement to which the Member is a party or is otherwise subject, or (C) any law, order, judgment, decree, writ, injunction or arbitral award to which the Member is subject; or (ii) require any consent, approval or authorization from, filing or registration with, or notice to, any governmental authority or other Person, unless such requirement has already been satisfied; and

(d) the Member is familiar with the purposes of the Company, the Member has agreed to make the Capital Contributions required under this Operating Agreement; it understands that owning a Unit involves various risks, including the restrictions on transfer, disposition and/or encumbrance, the lack of any public market for Units, the risk of owning its Units for an indefinite period of time and the risk of losing its entire investment in the Company; it is able to bear the economic risk of such investment; it is acquiring its Units for investment, solely for its own beneficial account and not with a view to or any present intention of directly or indirectly selling, transferring, offering to sell or transfer, participating in any distribution or otherwise disposing of all or a portion of its Units; and it acknowledges that the Units have not been registered under the Securities Act or any other applicable federal or state securities laws, and that the Company has no intention, and shall not have any obligation, to register or to obtain an exemption from registration for the Units or to take action so as to permit sales pursuant to the Securities Act (including Rules 144 and 144A thereunder).

7.8 Confidential Information. Each Member recognizes and acknowledges that such Member may be entrusted with or have access to confidential and proprietary information which is the property of the Company. Each Member therefore agrees that, during the time that he, she or it is a Member and at all times thereafter, such Member will (a) not directly or indirectly use, copy or duplicate, or disclose or otherwise make available to any third party, without the prior written consent of the Board of Directors, any Confidential Information other than in the performance of such Member's duties (if any) with respect to the Company, (b) not assert prior knowledge of any item of Confidential Information that such Member cannot prove by clear and convincing documentary evidence, (c) take such protective measures as may be reasonably necessary to preserve the secrecy and interest of the Company in the Confidential Information, and (d) not utilize or convert any Confidential Information for such Member's own benefit or

gain or for the benefit or gain of any Person other than the Company, of whatever nature, except as permitted hereunder. Upon ceasing to be a Member for any reason whatsoever, or at any time requested by the Board of Directors, each Member will promptly deliver or cause to be delivered to the Company any and all Confidential Information in such Member's possession, custody or control. Each Member acknowledges that the Confidential Information is vital, sensitive, confidential and proprietary to the Company. A Member may disclose Confidential Information to the extent compelled by an order or subpoena of a court or governmental agency of competent jurisdiction, provided such Member: (i) notifies the Company of the order or subpoena, and (ii) affords the Company an opportunity to secure a protective order before making any disclosures. Neither the Company nor its Board of Directors makes any express or implied warranty with respect to the accuracy or completeness of any Confidential Information disclosed by them hereunder. Each Member acknowledges and agrees that the covenants set forth in this Article (collectively, the "Confidentiality Covenants") are reasonable and necessary for the protection of the Company's business interests, that irreparable injury will result to the Company if any Member breaches any of the terms of the Confidentiality Covenants, and that in the event of any Member's actual or threatened breach of any of the Confidentiality Covenants, the Company will have no adequate remedy at law. Each Member accordingly agrees that in the event of any actual or threatened breach by such Member of any of the Confidentiality Covenants, the Company will be entitled to immediate temporary injunctive and other equitable relief, without the necessity of showing actual monetary damages or of posting any bond or other security. Nothing contained herein will be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of any damages.

7.9 Noninterference. Member covenants that he or she will not at any time while he or she is a Member and for one year thereafter disturb, hire, entice, solicit or influence or in any other manner attempt to persuade any supplier or customer of the Company to discontinue his, her or its relationship with the Company, or any employee or independent contractor of the Company to terminate his or her employment or contractor relationship with the Company to work for any competitor of the Company.

ARTICLE 8 TRANSFER OF UNITS

8.1 General Restrictions on Transfers.

(a) General. Units may only be Transferred when (i) expressly permitted under this Article, or (ii) approved by the Board of Directors. The Transfer shall only take place on the date specified by the Board of Directors or, if no date is specified, then at the close of business on the last day of the month proposed for the Transfer by the Transferor.

(b) Void Transfer. Any Transfer, attempted Transfer, or purported Transfer in violation of this Agreement's terms and conditions shall be null and void.

(c) Securities Laws Transfer Restrictions. Subject to the other restrictions herein set forth, no interest in the Company shall be Transferred by any Transferor unless such Transfer is subject to an effective registration under, or exempt from the registration requirements of, the applicable state and federal securities laws.

(d) Unit Certificates. Unless otherwise approved by the Board, the Units will be un-certificated. Upon approval of the Board, the Company may issue certificates

evidencing the Units issued by the Company. Such certificates shall (in addition to any legend required under applicable state securities laws) bear the following legend:

The securities represented hereby have not been registered under the securities act of 1933, as amended (the "act") and may not be offered, sold or otherwise transferred, assigned, pledged or hypothecated unless and until registered under the act or unless the company has received an opinion of counsel satisfactory to the company and its counsel that such registration is not required. The sale, transfer or assignment of the securities represented by this certificate is subject to restriction as set forth in the Operating Agreement of HSM, LLC and certain other documents, if any, hereinafter referred to as the "related documents". Copies of the Operating Agreement and any related documents, if any, may be obtained by written request made by the holder of record of this certificate to the secretary of the company.

8.2 Permitted Transfers. A Member may Transfer all or any portion of the Member's Units to a Permitted Transferee, provided the applicable provisions of this Section 8.2 are complied with before the Transfer becomes effective, at which time the Permitted Transferee will become a Member.

(a) **Signature.** The Permitted Transferee must sign a counterpart to this Agreement, agreeing for the benefit of the other Members to be bound by this Agreement to the same extent as if the Permitted Transferee had been an original party to the Agreement as a Member. The Spouse of the Permitted Transferee must sign a spousal consent and acknowledgment if requested by the Company.

(b) **Approval.** The Company must approve of the trustee, if the Transfer is to a trust, in writing before the Transfer.

(c) **Documents.** The Permitted Transferee must take all actions and execute all instruments required by the Company in order for the Transfer to comply with any applicable federal or state laws and regulations relating to the Transfer of Units or with this Agreement.

8.3 Third-Party Transfers Pursuant to a Bona Fide Written Offer.

(a) **Notice of Transfer.** Except in the case of a Transfer to a Permitted Transferee pursuant to Section 8.2, an Involuntary Transfer pursuant to Section 8.4 or an Event of Marital Transfer pursuant to Section 8.5, before a Transferor may Transfer its Units pursuant to a Bona Fide Written Offer to a Transferee, a Transferor must send a Notice of Transfer to the Company, and the applicable provisions of this Section 8.3 must be complied with, before a Transfer will be effective and the Transferee will be considered a Member. Subject to Section 8.3(c), the Notice of Transfer shall constitute an irrevocable and exclusive offer to the Company, as set forth in Section 8.3(b), to purchase all of the Offered Units at the price and on the terms and conditions specified in the Notice of Transfer.

(b) **Option to Purchase.** Before making any Transfer to a third party pursuant to a Bona Fide Written Offer, the Transferor shall first offer the Units the Transferor desires to transfer (the "Offered Units") to the Company. The Company shall have thirty (30) days (the "Company Election Period") within which to elect to purchase all, but not less than all, of the Offered Units, by giving written notice of such exercise to the Transferor. If the option is exercised by the Company, the Transferor shall be obligated to sell, and the Company shall be obligated to purchase, the Offered Units upon the same price and upon the same terms and conditions specified in the Notice of Transfer.

(c) **Transfer to Third Party.** If the Company does not elect to purchase the Offered Units pursuant to Section 7.3(b), the Transferor may Transfer all (but not less than all) of the Offered Units pursuant to this Section 7.3(c), at which time the Transfer will be effective and the Transferee will become a Member; subject to the following:

(i) The Transferor may Transfer all (but not less than all) of the Offered Units identified in the Notice of Transfer to the third party designated in the Notice of Transfer at the same price and on the same terms of payment specified in the Notice of Transfer, provided that the Transfer is made within one hundred twenty (120) days after the date of the Notice of Transfer.

(ii) The Transferee must, as part of the closing of the Transfer, sign a counterpart to this Agreement agreeing for the benefit of the other Members to be bound by this Agreement to the same extent as if the Transferee had been an original party to this Agreement.

(iii) The Transferee must, as part of the closing of the Transfer, take all actions and execute all instruments required by the Company in order for the Transfer to comply with any applicable federal or state laws and regulations relating to the Transfer of a Unit or with this Agreement.

If the Offered Units are not Transferred within the applicable periods and in accordance with the foregoing provisions of this Section 8.3(c), the Offered Units shall again be subject to the restrictions of this Section 8.3.

(d) **Drag-Along Option.** In the event a Transferor desires to Transfer all of its Units pursuant to a Bona Fide Written Offer in a transaction or series of related transactions which constitute more than fifty percent (50%) of the outstanding Units of the Company on the date of the first step of the transaction or series of related transactions, the Transferor shall have the option, exercisable by providing written notice to all other Members, to require all of the other Members to sell their Units to the prospective Transferee at the same time and upon the same terms and conditions as contained in the Bona Fide Written Offer (the "Drag-along Option"). In the event the Transferor exercises its Drag-along Option, the Market Price for all Units sold by the other Members shall be determined using the method set forth in Section 8.6(a).

8.4 Involuntary Transfer.

(a) **Involuntary Transferee.** An Involuntary Transfer to a Person other than the Company or another Member will be effective only after the applicable provisions of this Section 8.4 have been complied with. The creditor, receiver, trust or trustee, estate, beneficiary, or other Person to whom Units are Transferred by Involuntary Transfer (the "Involuntary Transferee") will have only the rights provided in this Section 7.4. As used herein, the term "Involuntary Transfer" means any Transfer of Units by operation of law or in any proceeding, including a Transfer resulting from the dissociation of a Member, by or in which a Member would, but for the provisions of this Section 7.4, be involuntarily deprived of any interest in or to the Member's Units, including, without limitation, (i) a Transfer on death or bankruptcy, (ii) any foreclosure of a security interest in the Units, (iii) any seizure under levy of attachment or execution, or (iv) any Transfer to a state or to a public office or agency pursuant to any statute pertaining to escheat, abandoned property, or forfeiture.

(b) **Notice to Company.** Upon the occurrence of an Involuntary Transfer, the Transferor and the Involuntary Transferee shall each immediately deliver a written notice to the Company describing the event giving rise to the Involuntary Transfer; the date on which the event

occurred; the reason or reasons for the Involuntary Transfer; the name, address, and capacity of the Involuntary Transferee; and the Units involved (a "Notice of Involuntary Transfer"). The Notice of Involuntary Transfer shall constitute the offer to sell the number of Units identified therein for which the Market Price and the terms of payment shall be as set forth in the applicable provisions of Section 7.6.

(c) **Company's Option to Purchase Units.** If any Units are subject to any Involuntary Transfer, the Company shall at all times have the immediate and continuing right and option for a period of sixty (60) days after the Company first receives the Notice of Involuntary Transfer to purchase such Units in accordance with Section 7.6 by giving written notice to that effect to the Transferor and Involuntary Transferee. Failure to properly accept the offer within the prescribed time period shall constitute a rejection of the offer.

(d) **Effect of Company's Rejection of Option.** If the Company does not accept the offer pursuant to Section 7.4(c), or the Company fails through no fault of the Transferor or the Involuntary Transferee to close the Transfer within the applicable time period established therefor, the Involuntary Transfer shall become effective and the Involuntary Transferee shall be subject to the rights and restrictions set forth in this Agreement, including Section 7.4(e), and any subsequent Transfer by the Involuntary Transferee shall be subject to the provisions hereof.

(e) **Effect of Involuntary Transfer.** From the effective date of the Involuntary Transfer, the Involuntary Transferee shall have the rights of an assignee of the Transferor's Units as set out in Section 183.0704(1)(b) of the Act. Unless and until the Involuntary Transferee is admitted as a member by Majority Consent, the Units held by the Involuntary Transferee shall have no voting rights such that the determination of Majority Consent shall be made by excluding the Units held by the Involuntary Transferee for all purposes.

8.5 Marital or Community Property and Divorce.

(a) **Marital or Community Property Rights.** For purposes of this Agreement, any reference to Units shall include all interests in the Units now or hereafter acquired by a Spouse as a result of (1) community or marital property laws including community or marital property, deferred marital property, or augmented marital property, or (2) a property division or other award or Transfer upon dissolution of marriage. The creation of an interest in Units by operation of any applicable community or marital property law shall not be deemed a Transfer so long as the Units in which an interest is created continue to satisfy the following two conditions:

- (i) the Units are registered in the name of the Member or Transferee;
- and
- (ii) the Units are controlled by the Member or Transferee.

(b) **Termination of Marital Relationship.** If the marital relationship of a Member and its Spouse is terminated by the death of the Spouse or by divorce, and if the Member does not receive, or succeed to, any interest of the Spouse in the Units acquired through marital property laws or otherwise, whether by testamentary disposition, operation of law, property settlement agreement, court order or otherwise (each an "Event of Marital Transfer"), then such Member will have the option for sixty (60) days from the date of the applicable Event of Marital Transfer to purchase all, but not less than all, of the Spouse's interest in the Units, as provided in this Section 7.5, by giving written notice to the Spouse or representative of the Spouse's estate, as applicable. If the Member elects to exercise such option, the Spouse or representative of the

Spouse's estate, as the case may be, shall be obligated to sell such interest in the Units pursuant to this Section 7.5. If the Member does not elect to exercise such option, the Spouse or representative of the Spouse's estate, as the case may be, shall notify the Company of the Member's failure to exercise its option, and the Company shall have the option to purchase all, but not less than all, of the Spouse's interest in the Units for sixty (60) days after it receives notice that the Member has not exercised such Member's option. If the Company elects to exercise such option, the Spouse or the personal representative of the Spouse's estate, as the case may be, shall be obligated to sell such interest in the Units pursuant to this Section 7.5 to the Company. The Market Price and payment terms for Units transferred pursuant to this Section 7.5 shall be determined in accordance with the provisions of Section 7.6.

(c) **Effect of Marital Transfer.** If neither the Member nor the Company elects to purchase the Units pursuant to Section 7.5(b), the Spouse or other Transferee who acquires any Units or any interest therein resulting from an Event of Marital Transfer shall have the rights of an assignee of the Transferor's Units as set out in Section 183.0704(1)(b) of the Act. Unless and until the Spouse or other Transferee is admitted as a Member by Majority Consent, the Units held by the Spouse or other Transferee shall have no voting rights such that the determination of Majority Consent shall be made by excluding the Units held by the Spouse or other Transferee for all purposes.

(d) **Member to Vote.** Prior to any Transfer of any Units to a Spouse of a Member pursuant to an Event of Marital Transfer, the Spouse, if any, of each Member, by signing a spousal consent and acknowledgement, substantially in the form attached hereto as Exhibit D, grants to the Member an irrevocable and absolute proxy and power of attorney (the proxy and power being coupled with an interest) to (i) take such actions on the Spouse's behalf without any further deed than the taking of the action by the Member with respect to the Units otherwise held by the Member, and (ii) sign any document evidencing the action for or on behalf of the Spouse relating to the Units. Upon becoming a Member or at the time of any subsequent marriage of a Member, each Member shall obtain from their Spouse and deliver to the Company a signed spousal consent and acknowledgment.

8.6 Market Price and Payment Terms.

(a) **Market Price.** The Market Price for Units transferred pursuant to Sections 8.3(d), 8.4(c) or 8.5(b) shall be an amount equal to the Fair Market Value for such Units (or interest therein) on the date of the Bona Fide Written Offer, Notice of Involuntary Transfer or the Event of Marital Transfer, as applicable. The purchasing party (or parties) shall be entitled, within ten (10) days of the determination of Fair Market Value, to rescind its election to purchase the Units by delivery of notice of such rescission to the selling Member or Member's estate, the Spouse or the Spouse's estate, as applicable.

(b) **Payment Terms.** The Market Price for Units transferred pursuant to Sections 8.3(d), 8.4(c) or 8.5(b) shall be paid by the Company or purchasing Member as follows:

(i) Fifty percent (50%) of the Market Price shall be paid by the purchasing party at closing in cash, by wire transfer or certified check, and

(ii) The remaining fifty percent (50%) of the Market Price shall be payable pursuant to one or more promissory notes executed by the purchasing party; such promissory notes shall bear interest at a rate equal to the United States Prime rate, as published in

the *Wall Street Journal* on the date of the Bona Fide Written Offer, Notice of Involuntary Transfer or the Event of Marital Transfer, as applicable, and shall be payable in equal annual installments over a period of five (5) years (prepayable at any time without penalty).

(c) **Closing.** The closing for any purchase of the Units pursuant to Sections 8.4(c) or 8.5(b) shall be within sixty (60) days after the Fair Market Value is determined.

8.7 Conversion to Corporation. In the event the Board of Directors causes the Company to convert its form to that of a corporation pursuant to Section 9.6, each Member hereby agrees to participate in such conversion by converting such Member's Units into shares of the corporation's capital stock. Such capital stock shall be distributed to the Members pro rata based on the Conversion Value of the Units on the date of the conversion. Each Member shall receive stock of, and/or other interests in, the corporation having, as nearly as is practicable, substantially the same rights, preferences and privileges as the Units exchanged therefor. If requested by the Board of Directors, each Member hereby further agrees to (i) enter into a shareholder agreement, the material terms of which shall be, as nearly as practicable, equivalent to those contained in this Agreement, (ii) execute any other instruments and documents as may be necessary to effectuate the conversion and if required by the Board of Directors as a condition of such conversion (iii) execute any consent required to allow the corporation to elect to be taxed as an S corporation under Section 1362 of the Code. Each Member hereby knowingly, willfully, and irrevocably waives and agrees not to assert any dissenters' rights that may be available to the Members in connection with a conversion of the Company into a corporation.

8.8 Specific Performance. The parties declare that it may be impossible to measure in money the damages that will accrue to any party by reason of a failure to perform any of the obligations under this Article, and the parties agree that this Article shall be specifically enforced. Therefore, if any Member or Transferee institutes any action or proceeding to enforce the provisions of this Article, any Person, including the Company, against whom the action or proceeding is brought waives the claim or defense that the party has or may have an adequate remedy at law. The Person shall not urge in any such action or proceeding the claim or defense that a remedy at law exists, and the Person shall consent to the remedy of specific performance of this Agreement.

ARTICLE 9 MERGER OR CONSOLIDATION

9.1 Merger or Consolidation. The Company may, upon a vote of the Managers and the Members of the Company holding a Required Percentage of the Voting Interests, merge or consolidate pursuant to a plan of merger or consolidation with or into one or more entities formed or organized under the laws of the State of Wisconsin or any other state of the United States or any foreign country or other foreign jurisdiction, with such entity as the agreement shall provide being the surviving or resulting entity. Pursuant to Section 183.1021 of the Wisconsin Act, the provisions for Section 1202 are specifically waived to allow a plan of merger to be approved with not less than ten (10) days written notice and no more than 50 days written notice of the intent to merge by the Plan of Merger.

9.2 Exchange Relating to Merger or Consolidation. Rights or securities of, or interests in, the Company or other entity that is a constituent party to the merger or consolidation may be exchanged for or converted into cash, property, rights or securities of, or interests in, the surviving or resulting entity or, in addition to or in lieu thereof, may be exchanged for or converted into cash,

property, rights or securities of, or interests in, an entity which is not the surviving or resulting entity in the merger or consolidation.

9.3 Filing and Effect of Certificate of Merger or Consolidation. If the Company enters into an agreement of merger or consolidation, the surviving entity shall file Articles of Merger in the Department of Financial Institutions of the State of Wisconsin containing the information required by §183.1204 of the Wisconsin Act. Unless a future date is provided for in such Articles of Merger, the effective date shall be the date of filing with the Department of Financial Institutions of the State of Wisconsin. Such Articles of Merger shall act as Articles of Dissolution for the Company if it is not the surviving or resulting entity in the merger or consolidation.

9.4 Amendment of Old or Adoption of New Operating Agreement. An agreement of merger or consolidation approved in accordance with Section 9.1 may effect any amendment to the Company's Operating Agreement or effect the adoption of a new Operating Agreement for the Company or the surviving entity, as the case may be. Any amendment of the Operating Agreement or adoption of a new Operating Agreement shall be effective at the effective time or date of the merger or consolidation.

9.5 Assumption of Assets and Liabilities. When any merger or consolidation shall have become effective under this Article, for all purposes of the laws of the State of Wisconsin, all of the rights, privileges and powers of the Company and each of the other entities that have merged or consolidated, and all property, real, personal and mixed, and all debts due or incurred to or by any of the constituent parties, as well as all other things and causes of action belonging to each of such parties to the merger or consolidation, shall be vested in the surviving or resulting entity, and shall thereafter be the property or obligation of the surviving or resulting entity, and the title to any real property vested by deed or otherwise shall not revert or be in any way impaired.

9.6 Conversion to Corporation. Notwithstanding any other provisions of this Operating Agreement, upon approval by the Board of Directors, and without further action by the Members, the Company may be converted from a limited liability company into a corporation organized under the laws of the State of Wisconsin or any other state, which conversion may occur (i) as a matter of law, (ii) pursuant to a merger into a newly formed corporation, with the corporation being the surviving entity, or (iii) through whatever structure the Managers deems appropriate and in the best interests of the Company.

ARTICLE 10 DISSOCIATION, DISSOLUTION AND LIQUIDATION

10.1 Events Causing Dissolution. The Company shall be dissolved only upon the happening of a Dissolution Event.

10.2 Termination. Dissolution of the Company shall be effective on the date on which the Dissolution Event occurs but the Company shall not terminate until Articles of Dissolution have been duly filed under the Act, the affairs of the Company have been wound up, and the assets of the Company have been distributed as provided in Section 9.3. Notwithstanding the dissolution of the Company, prior to the liquidation and termination of the Company, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement.

10.3 Liquidation. The Members shall appoint a Liquidator of the Company who may, but need not, be a Member. The Liquidator shall have all authority that is necessary or appropriate to the winding up and liquidation of the Company, and the Liquidator shall proceed with the winding up and liquidation of the Company by applying and distributing the Company's assets pursuant to Section 4.2. A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Liquidator to minimize any losses resulting from the liquidation.

10.4 Filing and Notice. The Liquidator shall promptly, upon appointment, execute and file on behalf of the Company all documents necessary to effect such dissolution.

10.5 Distributions In Kind. If any assets of the Company are to be distributed in kind, such assets shall be distributed on the basis of their Asset Value, and any Member entitled to an interest in such assets shall receive such interest therein as a tenant-in-common with all other Members so entitled.

10.6 Limitation on Liability. Each Member shall look solely to the Company's assets for all distributions from the Company and the return of the Member's Capital Contribution to the Company and shall have no recourse (upon dissolution or otherwise) against any Board of Directors or Member, or any of their respective affiliates.

10.7 Redemption of Units. In the discretion of the Board of Directors, the Company may, but shall have no obligation, to redeem any Unit upon request of a Member. The price and terms for such redemption shall be as negotiated except that no premium shall be paid for a redemption above the net book value of the Unit without Majority Consent of Members.

ARTICLE 11 BOOKS AND RECORDS, INSURANCE

11.1 Books and Records. At the expense of the Company, the Officers shall maintain records and accounts of all operations and expenditures of the Company for a period of seven (7) years from the end of the Fiscal Year during which the last entry was made on such record. At a minimum the Company shall keep the following records:

- (a) A current list of the full name and last known business address of each Director, Officer and Member;
- (b) A copy of the Articles of Organization and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which this Operating Agreement and any certificate and all amendments thereto have been executed;
- (c) Copies of the Company's federal, foreign, state and local income tax returns and reports, if any, for the three (3) most recent years;
- (d) Copies of this Operating Agreement and all amendments thereto;
- (e) True and full information regarding the status of the business and financial condition of the Company; and
- (f) True and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member.

The Company's books and records shall be maintained at the Company's principal office or at any other place designated by the Board of Directors and shall be available for inspection and copying by any Member or any Member's duly authorized representative(s), at the Member's own expense, during normal business hours.

11.2 Company Funds. The Company's funds may be deposited in such banking institutions as the Board of Directors determines, and withdrawals shall be made only in the regular course of the Company's business on such signature or signatures as the Board of Directors determines. All deposits and other funds not needed in the operation of the business may be invested in certificates of deposit, short-term money market instruments, money market funds, government securities, or similar investments as the Board of Directors determines.

11.3 Availability of Information. The Company shall keep at its principal office and place of business, and each Member shall have the right to inspect and copy, all of the following: (i) a current list of the full name and last-known business address of each Member or former Member set forth in alphabetical order, the date on which each Member or former Member became a Member, and, if applicable, the date on which any former Member ceased to be a Member; (ii) a copy of the Articles of Organization and all amendments to the Articles; (iii) copies of the Company's federal, state, and local income tax returns and financial statements, if any, for its four most recent years; and (iv) copies of this Agreement and any effective written amendments to this Agreement.

11.4 Tax Returns. The Board of Directors shall cause to be prepared and shall file on or before the due date (or any extension of the due date) any federal, state, or local tax returns required to be filed by the Company. The Board of Directors shall cause the Company to pay any taxes payable by the Company out of Company funds. Subject to the terms hereof, the Board of Directors shall serve as the "Tax Matters Partner" pursuant to Section 6231(a)(7) of the Code.

11.5 Reports. Within 75 days after the end of each Fiscal Year, the Board of Directors shall send to each Person who was a Member at any time during the Fiscal Year then ended (i) a balance sheet as of the end of the Fiscal Year, (ii) statements of income, Members' equity, changes in financial position, and a cash flow statement for the Fiscal Year then ended, and (iii) such tax information as is necessary or appropriate for the preparation by the Members of their individual federal and state income tax returns.

ARTICLE 12 MISCELLANEOUS

12.1 Amendments to Agreement. No amendment or modification of this Agreement shall be valid unless made in writing and approved by Majority Consent.

12.2 Appointment of Board of Directors as Attorney-in-Fact. The Members appoint the Board of Directors as their true and lawful attorney-in-fact with full authority in their name to execute, deliver, file, and record at the appropriate public offices such documents as may be necessary or appropriate to carry out the provisions of this Agreement, including but not limited to all certificates and other instruments (including counterparts of this Agreement), and any amendment of this Agreement, that the Board of Directors deems appropriate to qualify or continue the Company as a limited liability company in the jurisdictions in which the Company conducts business or in which such qualification or continuation is, in the Board of Director's opinion, necessary to protect the Members' limited liability.

12.3 Integration. This Agreement and the exhibits and schedules attached hereto supersede all prior oral or written agreements or understandings between the parties to this Agreement regarding the subject matter of this Agreement and are the complete agreement of the Members.

12.4 Binding Provisions. The agreements and covenants contained in this Agreement inure solely to the benefit of the parties to this Agreement. This Agreement shall be binding on the heirs, executors, administrators, personal representatives, successors, and assigns of the respective parties to this Agreement.

12.5 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Wisconsin, without giving effect to the principles of conflicts of laws.

12.6 Severability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision or provisions of this Agreement are determined to be invalid or contrary to any existing or future law, the invalidity shall not affect or impair the operation of those portions of this Agreement that are valid.

12.7 Headings. The headings of this Agreement are inserted for convenience only and shall not limit or otherwise affect any of the terms or provisions hereof.

12.8 Notice. Any notice required or permitted to be given pursuant to this Agreement shall be valid only if in writing and shall be deemed to have been duly given (i) when personally delivered, (ii) when transmitted by fax if confirmation of receipt is printed out on the sending fax machine, or (iii) three (3) days after being mailed by certified mail, postage prepaid, addressed to the Person receiving notice at the address contained in the Company's records, unless that Person otherwise notifies the Company in accordance with this Section 11.8 of a change of address.

12.9 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute the same agreement.

12.10 Facsimile and PDF Signatures. Any signature to any agreement transmitted electronically by facsimile or pdf software shall be deemed a true and legally binding signature for all purposes and shall for all purposes be considered an original signature.

12.11 Section Deleted.

12.12 Resolution of Disputes. The Members desire to avoid all forms of traditional litigation and, therefore, agree that any dispute, controversy or claim concerning or relating to this Operating Agreement or any of the Related Documents, including its interpretation or breach (a "Dispute"), shall be resolved in the following manner:

(a) **Resolution by Conference.** The Members shall use all reasonable efforts to resolve the Dispute through direct discussions. Within 20 days of written notice that there is a Dispute, the parties shall meet in Wisconsin or confer by telephone in an effort to reach an amicable settlement.

(b) **Resolution by Mediation.** If the parties are unable to resolve their dispute by direct discussion, they may proceed to voluntary mediation with a third party mediator.

(c) **Resolution by Arbitration.** If the Dispute has not been resolved as a result of the procedure in paragraph (a) or (b) hereof within 45 days of the initial written notice that there is a Dispute (or such additional time to which the parties may agree), the matter shall be resolved by final and binding arbitration in Wisconsin, conducted in accordance with the rules of the American Arbitration Association. There shall be three arbitrators, each of whom shall be neutral, independent and impartial. Judgment on an arbitration award may be entered by any court of competent jurisdiction, or application may be made to such a court for judicial acceptance of the award and any appropriate order including enforcement.

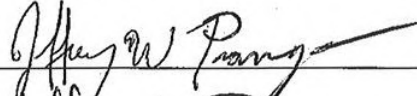
(d) **Continuation of Obligations.** During the dispute resolution process, each Member is required to continue to perform its obligations under this Operating Agreement or any Related Document pending final resolution of any Dispute.

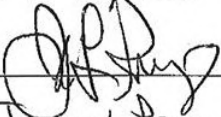
12.13 Nondilution. The intent of the Members is to register the Company or its successor under the Securities Exchange Act of 1934 for the purpose of developing liquidity for its Members. Until the Company or its successor becomes publicly registered, the ownership percentage of minority owners shall not be subject to dilution. This requirement will terminate when the Company or its successor achieves such registration.

12.14 Information. PAET will supply monthly financial statements to a representative of Great Lakes Tissue Group, LLC. ("GLT") until a certain Note for \$15 million due to GLTG is paid. When said Note is paid, this provision 12.14 shall terminate.

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**SIGNATURE PAGE TO
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC.
OPERATING AGREEMENT**

Signature: 
Print Name: Jeffrey W Prange
4 R Planet LLC

Signature: 
Print Name: James L Prange
William Waters, LLC

Signature: _____
Print Name: _____

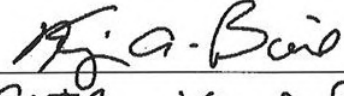
Signature:  1/13/23
Print Name: GLTG Kip A. Boie

EXHIBIT A

DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below and any derivatives of the terms shall have correlative meanings:

Act means Chapter 183, Wis. Stats., the Wisconsin Limited Liability Company Law.

Additional or Substitute Members shall mean any Person who or which is admitted to the Company as an Additional or Substitute Member.

Advisory Board Members shall mean one or more individuals, who may but need not be Directors, Officers, or employees of the corporation who are appointed by the Board of Directors to advise the Officers and Directors of the Company and/or of division(s) of the Company with respect to the affairs of the Company or such divisions, pursuant to Section 6.17 hereof.

Affiliate or Affiliates when used with respect to any Person, means (i) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person; (ii) any Person that is an Officer of, partner in or trustee of, or serves in a similar capacity with respect to, such Person or of which such Person is an Officer, partner or trustee, or with respect to which such Person serves in a similar capacity; and (iii) any Person that, directly or indirectly, is the beneficial owner of 51% or more of any class of equity securities of such Person or of which such Person is directly or indirectly the beneficial owner of 51% or more of any class of equity securities. For purposes of this definition, "control" (including the correlative terms "controlling," "controlled by" and "under common control with"), with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

Agreement means this operating agreement of the Company.

Asset Disposition means any sale or transfer of all or substantially all of the assets of the Company to one or more unrelated third Persons through any transactions or series of related transactions.

Asset Value means as of any date, with respect to any asset, the asset's adjusted basis for federal income tax purposes as of such date, except as follows:

(1) The initial Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of the asset, as reasonably determined by the Board of Directors;

(2) The Asset Values of all assets of the Company shall be adjusted to equal their respective gross fair market values, as reasonably determined by the Board of Directors, as of the following times: (a) the acquisition of additional Units by any new or existing Member in exchange for more than a *de minimis* Capital Contribution; (b) the distribution by the Company to a Member

of more than a *de minimis* amount of the Company's property as consideration for Units if the Board of Directors reasonably determines that the adjustment is necessary or appropriate to reflect the relative economic interests of the Members; (c) the liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations; and (d) in connection with the grant of Units representing an interest in the Company (other than a *de minimis* interest) as consideration for services to or for the benefit of the Company by an existing Member acting in its capacity as a Member, or by a new Member acting in its capacity as a Member or in anticipation of being a Member;

(3) The Asset Value of any Company asset distributed to any Member shall be the gross fair market value of the asset on the date of distribution as reasonably determined by the Board of Directors;

(4) The Asset Value of the Company's assets shall be increased (or decreased) to reflect any adjustments to the adjusted bases of the assets pursuant to Section 734(b) or Section 743(b) of the Code, but only to the extent required by Section 1.704-1(b)(2)(iv)(m) of the Treasury Regulations; provided, however, that Asset Values shall not be adjusted pursuant to this clause (4) to the extent the Board of Directors reasonably determines that an adjustment pursuant to clause (2), above, is necessary or appropriate in connection with a transaction that otherwise would result in an adjustment pursuant to this clause (4); and

(5) If the Asset Value of an asset has been determined or adjusted pursuant to clause (1), (2), or (4), above, the Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to that asset for purposes of computing Profits and Losses.

Board of Directors means those Persons who manage the Company, who are elected and act collectively in the manner specified in Article 6 of this Agreement; a **Director** is one member of the Board; and the **Board** refers to the Board of Directors.

Bona Fide Written Offer means a bona fide, arm's-length, binding, written offer from an unrelated third party and does not include any offer which contains terms or provides for consideration which, by reason of the unique nature of such terms or consideration, could not be met or provided for by an ordinary third party.

Capital Account means the account established and maintained for each Member pursuant to Article 3 of this Agreement.

Capital Contribution means the net amount of cash, property, services rendered, or promissory notes or other written obligations contributed to the Company by any Member with respect to its Units in each case at its Asset Value.

Cash Available for Distribution means Cash Flow less Reserves.

Cash Flow means cash funds provided from the various assets of the Company, or, with respect to property or investments held directly by the Company, from operations, including the release of Reserves, without deduction for depreciation, amortization, or similar non-cash allowances, but

after deducting cash funds used to pay for all operating expenses, debt payments, improvements, replacements or other cash outlays actually incurred.

Certificate of Formation means the Certificate of Formation of the Company filed with the Wisconsin Secretary of State, as amended from time to time.

Change of Control means one or a series of transactions pursuant to which any Person acquires more than fifty percent (50%) of the Company's outstanding voting securities (whether by merger, consolidation, recapitalization, reorganization, purchase or otherwise) or all or substantially all of its assets, provided that sales to Affiliates of the Company will be excluded from this definition.

Code means the Internal Revenue Code of 1986, as amended (or any corresponding provisions of succeeding law).

Common Units means the Voting Common Units and the Non-voting Common Units that are held by the Members in exchange for such Members' Capital Contributions. Exhibit B shall set forth the number and type of Common Units held by each Member in the Company.

Company means [NAME OF COMPANY], a Wisconsin limited liability company.

Company Election Period shall have the meaning set forth in Section 8.3(b) of this Agreement.

Confidential Information means all information of the Company relating to the Company's existing or potential business or technology and that is generally not known by or cannot be lawfully ascertained by the public or the Company's competitors that is disclosed to or known by a Member as a direct or indirect consequence of or through the Member's ownership of Units or otherwise; provided that for purposes of this definition the term Confidential Information does not include information that is otherwise protected under the Wisconsin Uniform Trade Secrets Act, Section 134.90 of the Wisconsin Statutes or other similar state or federal statute in effect from time to time. Examples of Confidential Information include but are not limited to the following: non-public business and marketing plans, inventions, developments, source code, software, databases, algorithms, works of authorship, strategies, existing or proposed bids, costs, prices, vendors and client information, product specifications, processes, strategies, technical developments, existing or proposed research programs, financial or business projections, technical data, investments, negotiation strategies, or information stored or developed by or for the Company in or with computers. Confidential Information shall also include all notes, data, compilations, analyses, documents and other materials prepared by a Member on the basis of what it receives from the Company.

Conversion Value means, with respect to a Unit, the amount the holder of such Unit would receive attributable to such Unit if all the assets of the Company were sold for their fair market value (as reasonably determined by the Board of Directors) and the Company was liquidated in accordance with Article 10.

Depreciation means, for each Fiscal Period of the Company, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset of the Company

for such Fiscal Period under the Code, except that if the Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Period, Depreciation shall be an amount that bears the same ratio to such beginning Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Period bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Period is zero, Depreciation shall be determined with reference to such beginning Asset Value using any reasonable method consistent with the purpose and intent hereof.

Disassociation Event means an event which causes a Person to cease to be a Member under this Agreement or Section 183.0802 of the Act.

Dissolution Event means the approval of the dissolution by the Members, or the entry of a decree of judicial dissolution pursuant to Section 183.0902 of the Act.

Distributable Cash shall mean all cash received by the Company from Company operations or capital transactions, Members' capital contributions or debt financing transactions less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders, if any; (ii) all cash expenditures incurred incident to the normal operation of the Company's Business; and (iii) such other Reserves as the Managers deems reasonably necessary to the proper operation of the Company's business.

Drag-along Option shall mean the power to require all Members to sell their Units to a prospective Transferee under the circumstances set forth in Section 8.3(d) of this Agreement.

Effective Date means the date of organization of the Company pursuant to the Act.

Equalizing Distributions shall mean a distribution made pursuant to Section 4.1(c) of the Agreement to adjust Capital Accounts with respect to prior Nonprorata Tax Distributions.

Event of Marital Transfer shall mean an event which results in a person acquiring a Unit through the marital property laws, whether by testamentary disposition, operation of law, property settlement agreement, court order or otherwise pursuant to 8.5(b) of this Agreement.

Fair Market Value means the fair market value of Units offered for sale. The selling Member (or Spouse or Spouse's estate) and the purchaser(s) of the Units shall attempt to mutually agree upon the Fair Market Value within thirty (30) days after notice has been given to the Transferor of the purchaser's intent to exercise its option under the Agreement. If the parties cannot agree on the Fair Market Value, then the Fair Market Value shall be determined by an appraiser taking into account all applicable customary discounts and the Capital Account balance of the Units. The appraiser shall be selected by mutual agreement of the purchasing and selling parties, and if the parties cannot agree on the identity of an appraiser within sixty (60) days after notice has been given to the Transferor of the purchaser's intent to exercise its option under the Agreement, Fair Market Value shall be the average of two appraised values, one obtained from an appraiser selected by the purchasing party, and the other obtained from an appraiser selected by the transferring

Member(s). The appraiser or appraisers as the case may be shall determine the Fair Market Value within ninety (90) days of being selected. In the event the parties agree on a single appraiser, the Company shall bear the cost of the appraisal, except in the case of a transfer of Units under Section 7.5(b) from a Spouse or Spouse's estate to a Member, where the cost shall be split between the two. In the event two appraisals are obtained, each party shall bear the cost of its own appraiser.

Fiscal Period means a portion of a Fiscal Year.

Fiscal Year shall be a calendar year, provided that in the year of the formation, sale, or liquidation of the Company, a Fiscal Year shall be the lesser period of Company existence.

Fully Diluted Basis means ownership measured (on an as-converted basis) against (i) all issued and outstanding Units and Unit equivalents; (ii) any unissued Units and Unit equivalents reserved for employee options or warrants or otherwise reserved or dedicated to compensating employees; (iii) all outstanding options and warrants to purchase Units or Unit equivalents and (iv) all issued and outstanding equity interests convertible into Units.

Involuntary Transfer and Involuntary Transferee shall have the meanings set forth in Section 7.4(a) of this Agreement relating to circumstances under which a Member may be deprived of a Unit by operation of law or in any proceeding, including circumstances set forth in Section 7.4.

IRS Notice shall mean IRS Service Notice 2005-43, related to the safe harbor election related to the tax treatment of Service Units, as described in in Section 5.4(c) of this Agreement.

Liquidator shall mean the person appointed pursuant to Section 10.3 of this Agreement to wind up and liquidate the Company.

Loss Year shall mean a prior year in which the Company has had a tax loss for federal income tax purposes as described in Section 4.1(a) of this Agreement.

Majority Consent means the consent of Members holding or having the right to vote more than fifty percent (50%) of the Units outstanding at time of the consent, unless otherwise expressly provided in the Agreement; provided, however, that the Units of Involuntary Transferees, assignees pursuant to Section 8.5 of this Agreement (Marital Transfer), or others who have not been admitted as Members to the Company shall be excluded for all purposes in determining Majority Consent.

Market Price means the price determined under Section 8.6(a) of this Agreement.

Member means a Person listed on Exhibit B until such time as the Person is no longer a Member in accordance with this Agreement and any additional Person who is admitted as a Member to the Company in accordance with this Agreement.

Non-pro rata Tax Distribution shall have the meaning set forth in Section 4.1(c) of this Agreement.

Notice of Involuntary Transfer shall have the meaning set forth in Section 8.4(b) of this Agreement.

Notice of Transfer means the written notice to be sent by a Transferor to the Company pursuant to Section 8.3(a) of this Agreement before any proposed Transfer stating the Units proposed to be transferred; the name and address of the prospective Transferee; the date on which the Transfer is to occur (which date shall not be later than one hundred twenty (120) days after the date of the Notice of Transfer); and the sale price, the terms of payment, and the other material terms and conditions of the proposed Transfer.

Offer shall have the meaning set forth in Section 8.3 of this Agreement.

Offered Securities shall have the meaning set forth in Section 8.3 of the Agreement.

Offered Units shall have the meaning set forth in Section 8.3(b) of this Agreement.

Officers shall mean any individual who is designated by the Managers as an Officer of the Company pursuant to Article 6 of this Agreement.

Permitted Transferee means: (1) in the case of a Member that is an entity, the owners of the Member; (2) a Spouse, parent, sibling or the issue of a Member or of any individual identified in subsection (1), above; (3) another Member; (4) a trust created for the benefit of a Member and/or any Persons identified in subsections (1)-(3), above; (5) any other Person approved by the Board of Directors, or (6) the Company.

Person means an individual, a general partnership, a limited partnership, a domestic or foreign limited liability company, a trust, an estate, an association, a corporation, or any other legal or commercial entity.

Preferred Return means the amount allocated pursuant to Article 5 of this Agreement to holders of a class or series of Preferred Units defined by the Board pursuant to Article 2. An annual preferred return is equal to the product of the percentage specified by the Board in its definition of the series or class of Preferred Units calculated per annum multiplied by the Unit Base Capital attributable to the Unit. The Preferred Return may cumulate on a compounded or non-compounded basis as specified in its definition. In the event that the Preferred Return is calculated for a Fiscal Period, the Preferred Return for such Fiscal Period shall equal the Preferred Return for the full Fiscal Year multiplied by a fraction, the numerator of which is the number of days in the Fiscal Period and the denominator of which is 365. The parties intend that the Preferred Return not be treated as a guaranteed payment under Section 707(c) of the Code.

Preferred Unit is a Unit defined pursuant to Section 2.1(c) of this Agreement, which is entitled to allocations made in preference to Common Units.

Private Placement Memorandum (PPM) shall mean any securities disclosure document and the exhibits thereto, pursuant to which Company securities are offered or sold.

Profits and Losses mean, for each Fiscal Period, an amount equal to the Company's taxable income and loss for the Fiscal Period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income and loss), with the following adjustments:

(1) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be added to the taxable income or loss;

(2) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) expenditures described in Section 1.704-1(b)(2)(iv)(i) of the Treasury Regulations, and not otherwise taken into account in computing Profits and Losses pursuant to this definition, shall be subtracted from the taxable income or loss;

(3) In the event the Asset Value of any Company asset is adjusted pursuant to the definition of Asset Value, the amount of the adjustment shall be taken into account as gain or loss from the disposition of the asset for purposes of computing Profits and Losses;

(4) Gain or loss resulting from any disposition of any property by the Company with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Asset Value of the property disposed of, notwithstanding that the property's adjusted tax basis differs from its Asset Value;

(5) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing the taxable income or loss, there shall be taken into account Depreciation for the Fiscal Year or other period; and

(6) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Section 734(b) or Section 743(b) of the Code is required pursuant to Section 1.704-1(b)(2)(iv)(m) of the Treasury Regulations to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Member's Units, the amount of the adjustment shall be treated as an item of gain (if the adjustment increases the asset's basis) or loss (if the adjustment decreases the asset's basis) from the disposition of the asset and shall be taken into account for purposes of computing Profits and Losses.

(7) Notwithstanding any other provision of this definition, items that are specially allocated pursuant to Sections 5.2 and 5.4 shall not be taken into account in computing Profits and Losses.

Service Unit shall mean a Unit issued for service pursuant to Section 2.1(d).

Service Unit Holder shall mean a Member holding a Service Unit.

Regulatory Allocations shall have the meaning set forth in Section 5.2 of this Agreement.

Related Document shall mean (i) any subscription agreement or contribution agreement applicable to any Member issued pursuant to (ii) a Private Placement Memorandum.

Required Percentage shall mean the percentage vote specified under a provision of this Agreement to make a binding decision by the Board or the Members. Unless otherwise specified in respect of a decision, the Required Percentage in respect of the Board is a majority of the Directors present and voting at a meeting where a quorum is present, or in respect of the holders of a class or series of Units, are the holders of a majority of the Units of the class or series of Units are issued and outstanding.

Reserves means, with respect to any Fiscal Period, funds set aside or amounts allocated during or with respect to a period in amounts deemed sufficient by the Board of Directors for repairs, replacements, contingencies, or other outlays, known or unknown, contingent or otherwise.

Spouse means the husband or wife of a Member or a Transferee.

Subsidiary shall mean any corporation, limited liability company, partnership, association or other business entity directly or indirectly owned in whole or in part by the Company, and directly or indirectly controlled by the Company.

Supermajority Consent means the consent, determined in accordance with Section 6.6 of this Agreement, of Members holding or having the right to vote more than two-thirds (2/3) of the Units outstanding at the time of the consent, unless otherwise expressly provided in the Agreement; provided, however, that the Units of Involuntary Transferees, assignees pursuant to Section 7.5 of this Agreement or others who have not been admitted as Members to the Company shall be excluded for all purposes in determining Supermajority Consent.

Tax Distribution means the amount distributed to Members pursuant to Section 4.1(a), (b) and (c) of this Agreement.

Tax Distribution Dates means, except as provided in Section 4.1(b) of this Agreement, January 15, April 15, June 15, and September 15 of each Fiscal Year.

Tax Matters Partner shall have the meaning assigned in the Code and on behalf of the Company shall be the Person designated by the Board of Directors.

Tax Rate means the highest combined marginal income tax rate for federal and Wisconsin purposes for the Fiscal Period at issue applicable to individuals, assuming in determining the tax rate that state taxes are deductible for federal purposes, subject to the maximum applicability of the phase out of itemized deductions contained in Section 68 of the Code. In determining the Tax Rate, a separate Tax Rate shall be determined for ordinary income and long-term capital gains, respectively, if the Company has both types of income.

Transfer means to sell, assign, give, bequeath, pledge, or otherwise encumber, divest, dispose of, or transfer ownership or control of all of, any part of, or any interest in a Unit to any Person, whether voluntarily or by operation of law, whether *inter vivo* or upon death.

Transferee means any Person who proposes to acquire or acquires Units pursuant to the provisions of this Agreement.

Transferor means a Member who proposes to Transfer or Transfers any or all of a Member's Units pursuant to the provisions of this Agreement.

Treasury Regulations or **Regulations** means the regulations adopted from time to time by the Department of the Treasury under the Code, and any references to "partners" or "partnership" in the Regulations shall refer, as appropriate, to Members and the Company, respectively.

Unit means an equity interest in the Company having the particular preferences, rights and obligations set forth in this Agreement.

Unit Base Capital means the initial Capital Contribution made in exchange for a Unit, plus any subsequent Capital Contribution with respect to such Unit, less any distributions made pursuant to Section 4.1(e)(ii) in the current or prior Fiscal Periods attributable to the Unit. Each Member's Unit Base Capital as of the Effective Date is set forth on Exhibit B.

Valuation Date shall mean the date set by the Board of Directors as of which Company assets or the Capital Account shall be valued for any purpose under this Agreement.

Voting Common Units shall mean the Voting Common Units issued or to be issued to Members pursuant to this Agreement.

EXHIBIT B

CAPITAL CONTRIBUTIONS

| Initial Issuance | | | | | Percentage ownership as fully-diluted following proposed issuance of equity to employees | | Percentage ownership as fully-diluted following hypothetical future investment | |
|-------------------------------|-----------------------------------|-----------------------|-------|----------|--|----------|--|----------|
| Member | Capital Contribution | Capital Account Value | Units | Voting % | Units | Voting % | Units | Voting % |
| 4 R Planet, LLC | Equipment & Intellectual Property | \$81,000000 | 81M | 81 | | | | |
| Great Lakes Tissue Group, LLC | Stock of Great Lakes Tissue | \$10,000,000 | 10M | 10 | | | | |
| Ramjet Group, LLC | Financing and Service | \$8,000,000 | 8M | 8 | | | | |
| William Waters, LLC | Service | \$1,000,000 | 1M | 1 | | | | |
| TOTALS | | \$100,000,000 | 100M | 100 | | | | |

B-1

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EXHIBIT C
BOARD OF DIRECTORS

Name:

Position:

- | | |
|-----------------------|----------------------------|
| 1. Thomas Homco | Board Member/Chairman |
| 2. Charlie Albers | Board Member |
| 3. Jeffrey W Prange | Board Member/CEO/President |
| 4. Paul Jilek | Board Member/COO/CTO |
| 5. Donald Swenson | Board Member |
| 6. Kip Boie | Board Member |
| 7. Bernard Dahlin III | Board Member |

\$1,500,000 Cash Payment to Great Lakes Tissue Group, LLC

Patriot Advanced Environmental Technologies to provide documentation of \$1,500,000 in bank/escrow.



To Whom it May Concern:

January 6th 2023

Thomas Homco under the LLC Hom Thermo Warehouse XII has the required funds in his operating account under this name required for the purchase of the warehouse located at 502 N Main Street in Cheboygan. The timeline where all funds will be wired to Cheboygan title for this purchase is on Jan 11, 2023. Of course, all requirements of the closing need to be satisfied before such funds are dispersed

Should you have any questions please feel free to reach out to me.

Joe Fendi
Senior Vice President
Commercial Banking, INB, N.A.
100 Chesterfield Business Pkwy #310
Chesterfield, MO 63005
Office 636.730.2516
Mobile 636.448.1338
Email: jfendi@inb.com
www.inb.com

-----Original Message-----

From: Jeff Prange <JWP@PatriotAET.com>

Sent: Friday, January 6, 2023 2:43 PM

To: donald swenson donaldcswenson@icloud.com

Subject: Bank Accounts

Finally spoke to Dan Kirby at the Cheboygan area PNC bank. He has referred our group to his associate Jordan Hogg who covers northern Michigan for PNC bank.

Dan's principle focus is small business accounts; whereas Jordan is a more dedicated business banker.

Items to gather for new accounts listed below; list may be subject to change as I have yet to hear from Jordan as to what "he" requires for new accounts at PNC....

LLC and Corporation designations;

1. Operating Agreement for each entity
2. State registration document
3. IRS EIN document
4. Multiple forms of ID for each signer on the account
5. Corporate meeting minutes describing the intent of the account and language reflecting who each individual is and who has authority to be a signer on the accounts
6. Potentially Wet Ink Signatures (but DocuSign may be an option)

The intention is to meet with Jordan next week when I am in Cheboygan.

That's the update.

-Jeff

Email Disclaimer

The information contained in this communication may be confidential, is intended only for the use of the recipient(s) named above, and may be legally privileged. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication, or any of its contents, is strictly prohibited. If you have received this communication in error, please return it to the sender immediately and delete the original message and any copy of it from your computer system. If you have any questions concerning this message, please contact the sender.

PURCHASE OF WAREHOUSE AND PLASTIC

THIS AGREEMENT, made this ____ day of January, 2023 by and between Great Lakes Tissue Group, LLC ("OPTION Holder") and Clarence Roznowski ("Seller"), the sole owner of Cheboygan Warehouse Services, LLC ("Warehouse"), and Patriot Advanced Environmental Technologies, LLC ("Buyer").

WHEREAS, the Option Holder desires to terminate its interests in the option to buy the Warehouse.

WHEREAS, Buyer desires to purchase the Warehouse from Seller

NOW, THEREFORE,

1. Termination of Option. Option Holder hereby terminates all of its rights and interests in the option.
2. Purchase of Warehouse and Plastic. For the sum of \$2 million in cash receipt of which is acknowledged Seller conveys all of the stock of Warehouse and the plastic therein contained to Buyer.
3. Closing. Closing shall occur on or about January ___, 2023.
4. Representations. Seller represents that Warehouse is a limited liability company duly organized, validly existing and in good standing under the laws of Michigan.
5. No Conflict. The execution, delivery and performance of this Agreement, and the consummation of the transactions herein contained, do not and will not: (a) constitute a breach of or default under or result in any lien, encumbrance, security interest, charge of restriction against Buyer under any contract agreement or other commitment to which any party is bound or (b) violate any order, writ, injunction decree, statute, ordinance, rule or regulation applicable to any party.
6. There is no action, suit or proceeding at law or equity, or before or by any federal, state or local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, pending or to the knowledge of the Seller or Option Holder, threatened, against any party which if determined adversely would have a material adverse effect on the transactions contemplated hereby.
7. At closing, Warehouse and its membership interests will be free and clear of all liens, claims, interests and encumbrances.
8. Seller and Option Holder have the full right, power and authority to enter into this Agreement.
9. Each party will pay its own expenses in relation to the Agreement.
10. All representations, warranties and agreements made in this Agreement shall survive the closing.
11. This Agreement constitutes the entire agreement of the parties with respect to the Warehouse and plastic and supersedes in its entirety all prior undertakings and agreements of the parties.
12. This agreement shall be governed by and construed in accordance with the local internal laws of the State of Wisconsin.

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective January ___, 2023.

Great Lakes Tissue Group LLC

Kraig Baird 1/13/23

Clarence Roznowski

Patriot Advanced Environmental Technologies, LLC

WRITING IN LIEU OF MEETING OF THE SHAREHOLDERS OF GREAT LAKES TISSUE COMPANY, INC

Resolved that the following are elected as Directors and Officers of Great Lakes Tissue Company, Inc.

DIRECTORS:

OFFICERS:

Jeffrey W. Prange (President)

Shareholders of Great Lakes Tissue Company, Inc


Patriot Advanced Environmental Technologies, LLC

BY: 
Jeffrey W Prange
ITS: President

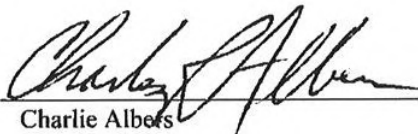
**WRITING IN LIEU OF MEETING OF PATRIOT ADVANCED ENVIRONMENTAL
TECHNOLOGIES, LLC**

Resolved, the undersigned, being Directors and/or Officers, appointed by the Board of Directors, hereby designate Jeffrey W. Prange to be the authorized signer of all documents related to transactions pertaining to Great Lakes Tissue Company, Inc., Great Lakes Tissue Group, LLC, Clarence Roznowski, Cheboygan Warehouse Services, LLC, Cheboygan Hydro Services, LLC.

DATED January 10, 2023

Signature: 
Jeffrey Prange

Signature: 
Paul Jilek

Signature: 
Charlie Albers

Signature: 
Bernard Dahlin III

GLTC0000082

Section 6.1 L – Neutral Releases

Releases by all parties and persons designated on an attached Exhibit of all other parties and persons designated from all liabilities and claims for all past conduct.

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

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Name: _____

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

**WRITING IN LIEU OF MEETING OF THE MEMBERS OF
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC**

Resolved that the following are elected as Directors and Officers of Patriot Advanced Environmental Technologies, LLC

DIRECTORS:

Thomas Homco (Chairman)

Jeffrey W. Prange

Paul Jilek

Charlie Albers

Donald Swenson

Kip Boie

Bernard Dahlin III

OFFICERS:

Jeffrey W. Prange (President)

Paul Jilek (Chief Operating Officer / Chief Technology Officer)

James Prange (Executive Vice President of Construction)

Michael Ball (Thermal Unit General Manager)

Jeffrey Gardner (Executive Vice President)

Brian Glime (Director of Pulp Operations)

Members of Patriot Advanced Environmental Technologies, LLC:

4 R Planet, LLC

BY: Jeffrey W. Prange 1/13/23
NAME: Jeffrey W. Prange

Great Lakes Tissue Group, LLC

BY: Kip A. Boie 1/13/23
NAME: Kip A. Boie

Ramjet Group, LLC

BY: _____
NAME: _____

William Waters, LLC

BY: James L. Prange
NAME: James L. Prange

Members of Patriot Advanced Environmental Technologies, LLC:

4 R Planet, LLC

BY: _____

NAME: _____

Great Lakes Tissue Group, LLC

BY: Kip A. Boie 1/13/23

NAME: Kip A. Boie

Ramjet Group, LLC

BY: Thomas Homco

NAME: Thomas Homco

William Waters, LLC

BY: _____

NAME: _____

**SIGNATURE PAGE TO
PATRIOT ADVANCED ENVIRONMENTAL TECHNOLOGIES, LLC.
OPERATING AGREEMENT**

Signature: Thomas Homco

Print Name: Thomas Homco-Ramjet Group

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Incorporated under the laws of the state of
Michigan



THE GREAT LAKES TISSUE COMPANY

This Certifies that Patriot Advanced Environmental Technologies, LLC is the

owner of Five Thousand Seven Hundred and Twenty (5,720) Shares

OF COMMON STOCK OF THE GREAT LAKES TISSUE COMPANY

transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

For Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation.

this 13th day

of January 2023

R. A. Bond
R. A. Bond, President

Secretary

R. A. Bond, President

GLTC0000088

EXHIBIT O



Equipment Inspection

Job No: 3662396

The Great Lakes Tissue Company

Client Information

Sertant Capital, LLC
620 Newport Center Dr, Suite 1450
Newport Beach, CA 92660

Job No: 3662396
Reference No: SC-002157
Client No: SC3444

Order Details

The Great Lakes Tissue Company
437 S. MAIN ST
CHEBOYGAN, MI 49721
Contact: BRENT BERIMAN
Phone: 231-290-3204

Date: April 21, 2023
Report Type: QuikPro Equipment Inspection
Service Level: Quiktrak24
Options Requested: Digital Photos
Phone Clearance (In Person)
View in Operation

Report Summary



Informational

Question: 9 The facility appeared to be dirty.
Question: 12 Some equipment was affixed to the property.



Affirmations

Equipment See Equipment Details
Question: 1 The provided telephone number was verified.
Question: 2 The provided address was verified.
Question: 3 Contact confirmed that every item was in use/running at the time of scheduling.
Question: 4 The inspection was conducted at the lessee's location.
Question: 5 The business name viewed at the site matched the provided business name.
Question: 6 Identifying signage was viewed at the site.
Question: 22 The contact stated that they are satisfied with the equipment.
Question: 23 The business does not appear to share space with any other companies.
Question: 24 The equipment and location appear to make sense for this type of business.
Question: 25 There was no indication that the business was anything other than what it reports to be.



Phone Clearance: Marilyn Yuson 4/21/2023 5:19:00PM (In Person)

I certify that, to the best of my knowledge, the information reported is accurate:

Inspected by: GREGORY LORENZ (CL8084)

Inspection Date: April 21, 2023

This report is confidential and is intended only for use by the Client. Any unauthorized use or distribution is strictly prohibited by Quiktrak, Inc. The accuracy of the information provided herein is subject to the terms and conditions of the Quiktrak Service Agreement entered into by and between the parties hereto.

QUIKTRAK, INC., 9700 SW NIMBUS AVE., BEAVERTON OR 97008 (800)927-8725 WWW.QUIKTRAK.COM






Equipment Inspection






Job No: 3662396

The Great Lakes Tissue Company

re-Inspection

-  1. Was the provided telephone number correct?
Yes
-  2. Was the inspection conducted at the provided address?
Yes
-  3. Did the contact confirm at the time of scheduling that the equipment (every item) was in use/running?
Yes

Inspection Observations

-  4. Please provide location type:
Lessee
-  5. Did the business name viewed at the location match the provided business name?
Yes, the name matched exactly
-  6. Signage:
Freestanding sign
- 7. Neighborhood description:
Average
Industrial
- 8. Building type:
Industrial complex
- 9. Appearance:
Well organized
 **Dirty** Explain: old building. dirty in some areas clean in others. work area clean and organized
Appropriate for this business type
- 10. Number of employees viewed:
16
- 11. Did you see any signage posted at the site indicating the business has changed or is in transition?
No
-  12. Is any of the equipment affixed to the property?
Yes - affixed units in Unit Notes or Comments

Contact Interview

- 13. Contact at inspection site:
Primary Contact: **Brent Bariman** Title: **President**
- 14. Age of business:
100 yrs.
0 mos.



Equipment Inspection

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The Great Lakes Tissue Company

Contact Interview

15. How long at this location:
100 yrs.
0 mos.
16. Does the business run under any other names?
No
17. Additional Locations?
No
18. Total number of people employed by this business?
40
19. When was the equipment delivered?
various
20. When was the equipment installed?
various
21. What is the age of the equipment?
various
22. Is the contact satisfied with the equipment?
Yes

Affirmations

23. Does the company share space with any other business?
No
24. In your opinion, does this equipment and location make sense for this type of business?
Yes
25. Did you see or hear anything that would make you think this business is not what it reports to be?
No

Inspection Comments

I had 5 hours 15 minutes on site and report.



Equipment Inspection

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The Great Lakes Tissue Company

Equipment Details



Other Discrepancy

| | Serial No | Qty | Oper | Cond | S/N Vwd | Loc |
|--|-------------------|-----|------|------|---------|-----|
| 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-1200-8 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| 1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor | ARP-490886 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| Caterpillar #11 Roll Grab | AT8701785 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| Caterpillar #12 Roll Grab | AT8701784 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| Caterpillar 99F | AT81C-00357 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| Caterpillar 99H | AT81C-00944 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| Caterpillar V-80 | 932200-14A | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| Genie #2 Scissor Lift | 65851 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| Genie #3 Articulating Boom | Z34N-3953 | 1 | | | | 0 |
| <i>Inspection Note: unit is no longer at location</i> | | | | | | |
| Halla#11 | 1449K | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| Hyster 50 | F187V13647F | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| JCB 506C | 585635 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |
| JCB 506C | JCB5CAJLC61184611 | 1 | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | |



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Other Discrepancy

| | Serial No | Qty | Oper | Cond | S/N | Vwd | Loc |
|---|--------------|-----------|------|------|-----|-----|-----|
| Linde #25 | A11319J00224 | 1 | | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | | |
| Linde #3 Roll Grab | A11313G00185 | 1 | | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | | |
| Nissan #8 | 23108 | 1 | | | | | 0 |
| <i>Inspection Note: unit has been scrapped</i> | | | | | | | |
| Skid Steer L230 | WBM432589 | 1 | | | | | 0 |
| <i>Inspection Note: unit is no longer at location</i> | | | | | | | |
| Toyota #1 | 77656 | 1 | | | | | 0 |
| <i>Inspection Note: unit is no longer at location</i> | | | | | | | |
| Toyota #30 | 63678 | 1 | | | | | 0 |
| <i>Inspection Note: unit is no longer at location</i> | | | | | | | |
| Toyota #4 Roll Grab | 84988 | 1 | | | | | 0 |
| <i>Inspection Note: unit is no longer at location</i> | | | | | | | |
| Totals: | | 20 | | | | | |



Equipment Inspection

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Equipment Inspected

| | Serial No | Qty | Oper | Cond | S/N Vwd | Loc |
|--|--------------|-----|------|------|---------|-----|
| 1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler | M98133M | 1 | V | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| 1978 Zurn R110A Refrigerated Air Dryer | R-9510 | 1 | NO | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| 1997 Perini 200G Core Machine and Back Stand | 9056 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| 1997 Perini 702G 106 JRT Rewinder Line | 8897 | 1 | O | G | VWD | 1 |
| 1998 Perini 716B 106 Toilet Roll Rewinder | 09719, 09718 | 1 | O | G | VWD | 1 |
| 1999 Perini 702G 106 JRT Rewinder | 40533 | 1 | O | G | VWD | 1 |
| <i>Client Note: and all accessories</i> | | | | | | |
| 2013 Alfa Laval Heat Exchanger | 30115-70081 | 1 | V | G | UNA | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| 2014 Ingersoll Rand R110 Nirvana SVD 150Air Compressor | VN1505u13175 | 1 | V | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| 2020 Baosuo YD-PL400C-2900 12 Bathroom Tissue Rewinder Line | 19S13005FS | 1 | O | G | VWD | 1 |
| <i>Client Note: and all accessories</i> | | | | | | |
| Alfa Laval CB400-86H Heat Exchanger | 42787870 | 1 | V | G | UNA | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Appleton 60x72 Core Cutter | | 1 | O | G | UNA | 1 |
| Back Stand | 9057 | 1 | O | G | VWD | 0 |
| <i>Client Note: goes with Core Machine</i> | | | | | | |
| Beloit / Proctor & Gamble 128 Tissue Paper Machine | | 1 | O | G | UNA | 1 |
| <i>Client Note: and all accessories</i> | | | | | | |
| Black Clawson Poly Re-Claim & Stock Prep System | 95-H-P-3692 | 1 | V | G | UNA | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Boyd & Emmes Radial Engine Horizontal Lathe | | 1 | O | G | W | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Bradford Grinder | 86 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Bridgeport Series Vertical Drill | J202453 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Cincinnati Bickford Drill | 122 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Clausing Colchester 17 Horizontal Lathe | 2312 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |



Equipment Inspection

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The Great Lakes Tissue Company



Equipment Inspected

| | Serial No | Qty | Oper | Cond | S/N Vwd | Loc |
|--|--------------|-----------|------|------|---------|-----|
| Clausing Vertical Drill Press | 511876 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Clausing Vertical Drill Press | 104435 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Genie #1 Scissor Lift | 76192 | 1 | V | G | W | 0 |
| <i>Inspection Note: not sure which genie scissor lift this is</i> | | | | | | |
| Genie AWP | 3892-1317 | 1 | O | G | VWD | 0 |
| Grob NS24 Band Saw | 3508 | 1 | O | G | VWD | 0 |
| Hendley Horizonatl Lathe 14 x 42 | 121 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Hobema 14-H 13 Napkin Folder | 446 | 1 | O | G | VWD | 1 |
| Hyster S-150 | A24D1857P | 1 | O | G | UNA | 0 |
| <i>Inspection Note: appears serial number plate has been painted over or removed</i> | | | | | | |
| Kabota SSV65 | 13738 | 1 | NO | G | VWD | 0 |
| <i>Inspection Note: unit is operational but has a flat tire</i> | | | | | | |
| Knowlton Core Machine | | 1 | O | G | NS | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Linde # 68 | A11319J00168 | 1 | O | G | VWD | 0 |
| Linde #5 Roll Grab | A11313G00184 | 1 | NO | G | VWD | 0 |
| <i>Inspection Note: being repaired for hydraulics issue</i> | | | | | | |
| Orion SW44-12 Stretch Wrapper | 7117540 | 1 | O | G | UNA | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Terex All Terrain Lift | TH0606B-6256 | 1 | V | G | VWD | 0 |
| Wells Metal Band Saw | 14980 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Wulftec WLP-150 Automatic Strech Wrap Machine | 0700-6317 | 1 | O | G | VWD | 0 |
| <i>Inspection Note: unit affixed to property</i> | | | | | | |
| Totals: | | 35 | | | | |



Equipment Inspection

Job No: 3662396

The Great Lakes Tissue Company

General Overview

| | Serial No | Qty | Oper | Cond | S/N Vwd | Loc |
|---|-----------|-----|------|------|---------|-----|
| Lift Truck and Rolling Stock | | 1 | | | | 0 |
| Lot of components and ancillary items | | 1 | | | | 0 |
| Lot of Gears, Valves, Pumps | | 1 | | | | 0 |
| Client Note: including all components and ancillary items | | | | | | |
| Lot of Laboratory Equipment and all accessories | | 1 | | | | 0 |
| Misc. Hand Tools & Cabinets | | 1 | | | | 0 |
| Totals: | | 5 | | | | |

Information Obtained

| | Serial No | Qty | Oper | Cond | S/N Vwd | Loc |
|---|-----------|-----|------|------|---------|-----|
| 2003 Modern C6251x1500 Horizontal Lathe | | 1 | O | G | OBT | 0 |
| Serial Number 311105 | | | | | | |
| Inspection Note: unit affixed to property | | | | | | |
| Abrasive Machine Tool Sander | | 1 | NO | G | OBT | 0 |
| Serial Number 692 | | | | | | |
| Inspection Note: unit affixed to property | | | | | | |
| Cincinnati Milling Machine | E506J | 1 | O | G | VWD | 1 |
| Discrepancy | | | | | | |
| Serial Number E508J | | | | | | |
| Inspection Note: unit affixed to property | | | | | | |
| Enerpac Hydraulic Press | | 1 | O | G | OBT | 0 |
| Serial Number 346810611D | | | | | | |
| Inspection Note: unit affixed to property | | | | | | |
| Lincoln Wirematic 255 Welding Set | | 1 | O | G | OBT | 0 |
| Serial Number U1970303213 | | | | | | |
| Miller Bobcat 225 NT Welding Set | | 1 | NI | G | OBT | 0 |
| Serial Number LE101205 | | | | | | |
| Miller Trailblazer 30 z Welding Set | | 1 | NI | G | OBT | 0 |
| Serial Number LJ010580Q | | | | | | |
| Miller XMT 350 CC/CV Welding Set | | 1 | O | G | OBT | 0 |
| Serial Number LE368258 | | | | | | |
| Ridgid 802 Pipe Threader | | 1 | O | G | OBT | 0 |
| Serial Number 2209 | | | | | | |
| Totals: | | 9 | | | | |



Equipment Inspection

Job No: 3662396

The Great Lakes Tissue Company

Location Legend

Loc 0: , ,
Loc 1: 437 S. MAIN ST, CHEBOYGAN, MI 49721

Coding Legend

| | | | |
|----------|---------------------------------|--------------|-----------------------------|
| Oper- NI | Not Installed | S/N Vwd- NS | Non-serialized |
| Oper- NO | Not Operational | S/N Vwd- OBT | Obtained |
| Oper- O | Turned On but Not In Use | S/N Vwd- UNA | Unable to be located |
| Oper- V | Viewed Operating | S/N Vwd- VWD | Viewed |
| | | S/N Vwd- W | Worn/Illegible Plate |
| Cond- G | Used/Good | | |

QUIKPRO

Equipment Inspection

Job No: 3662396

The Great Lakes Tissue Company

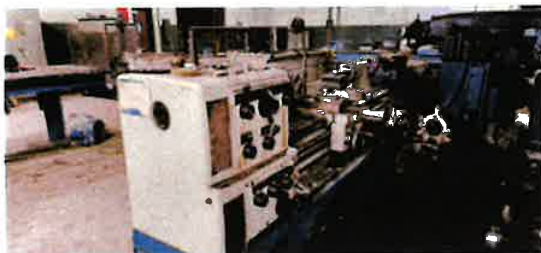
photos



QUIKPRO

Equipment Inspection

Job No: 3662396
The Great Lakes Tissue Company




QUIKPRO

Equipment Inspection

Job No: 3662396
The Great Lakes Tissue Company



Job No: 3662396



SERIAL NO. L30105800
STOCK NO. 997217
EVIDENCE OF JAMES EARL RAY, JR.

ELECTRODE POSITIVE



QUIKPRO

Equipment Inspection

Job No: 3662396

The Great Lakes Tissue Company



QUIKPRO

Equipment Inspection

Job No: 3662396

The Great Lakes Tissue Company



QUIKPRO

Equipment Inspection

Job No: 3662396

The Great Lakes Tissue Company



QUIKPRO

Equipment Inspection

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The Great Lakes Tissue Company



QUIKPRO

Equipment Inspection

Job No: 3662396

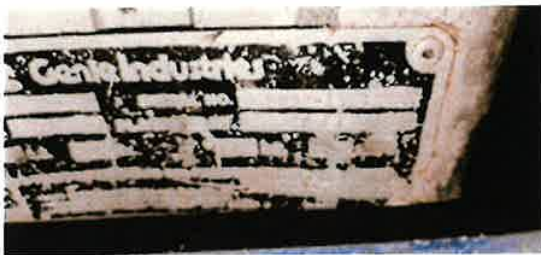
The Great Lakes Tissue Company



QUIKPRO

Equipment Inspection

Job No: 3662396
The Great Lakes Tissue Company



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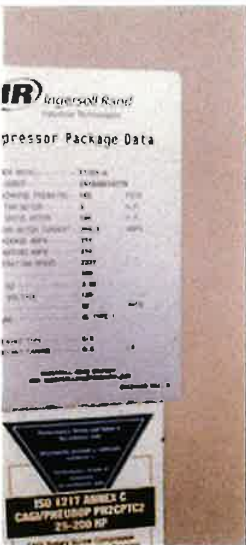


QUIKPRO

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Job No: 3662396

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QUIKPRO

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QUIKPRO

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The Great Lakes Tissue Company



**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation, TISSUE DEPOT, INC., a
Wisconsin corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin corporation,

Defendants.

JOSEPH GREKIN
Counsel for Plaintiffs
SCHAFFER AND WEINER, PLLC
40950 Woodward Ave., Suite 100
Bloomfield Hills, MI 48304
Tel: 248.540.3340
jgrekin@schaferandweiner.com

ROBERT S. MCWHORTER (P49215)
Counsel for Plaintiffs
BUCHALTER, A PROFESSIONAL CORPORATION
500 Capitol Mall, Ste. 1900
Sacramento, California 95762
Tel: (916) 899-1099
rmcwhorter@buchalter.com

PROOF OF SERVICE

PROOF OF SERVICE

I hereby certify that on October 24, 2023, I served the following documents:

**PLAINTIFFS' VERIFIED SECOND MOTION FOR POSSESSION AND
INJUNCTIVE RELIEF**

**BRIEF IN SUPPORT OF PLAINTIFFS' VERIFIED SECOND MOTION FOR
POSSESSION AND INJUNCTIVE RELIEF**

**CORRECTED DECLARATION OF ROBERT S. MCWHORTER WITH
EXHIBITS**

**CORRECTED INDEX OF EXHIBITS TO DECLARATION OF ROBERT S.
MCWHORTER**

DECLARATION OF DONALD DAILEY WITH EXHIBITS

**ORDER GRANTING PLAINTIFFS' VERIFIED SECOND
MOTION FOR POSSESSION AND INJUNCTIVE RELIEF**

on:

Donald Swenson
14601 Atrium Way #328
Minnetonka, MN 55345
donalcdswenson@icloud.com
ronvdh54@icloud.com

Via email and first class mail.

Kenneth Earl Schleben
6905 US 23
Cheboygan, MI 49721-8940

Via first class mail.

/s/ Elizabeth Waldrop
Elizabeth Waldrop

PREPARED BY:
Robert S. McWhorter
BUCHALTER, APC
500 Capitol Mall, Suite 1900
Sacramento, CA 95814
Tel: 916.945.5170
Email: rmcwhorter@buchalter.com

**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
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Defendants.

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Tel: (916) 899-1099
rmcwhorter@buchalter.com

PROOF OF SERVICE

PROOF OF SERVICE

I hereby certify that on October 24, 2023, I served the following documents:

**ORDER GRANTING PLAINTIFFS' VERIFIED SECOND
MOTION FOR POSSESSION AND INJUNCTIVE RELIEF**

on:

Christopher E. Nyenhuis
Hilger Hammond
200 Lyon St. NW, Suite 410
Grand Rapids, MI 49503
616-458-3600
Fax: 616-284-3067
Email: cnyenhuis@hilgerhammond.com

Thomas Albert Janczewski, I
Timothy M. Hansen
Hansen Reynolds LLC
301 N. Broadway, Suite 400
Milwaukee, WI 53202
414-455-0982
Fax: 414-273-8473
Email: tjanczewski@hansenreynolds.com; thansen@hansenreynolds.com

Via Email.

/s/ Elizabeth Waldrop
Elizabeth Waldrop

PREPARED BY:
Robert S. McWhorter
BUCHALTER, APC
500 Capitol Mall, Suite 1900
Sacramento, CA 95814
Tel: 916.945.5170
Email: rmcwhorter@buchalter.com