

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

IN RE: :  
: CHAPTER 11  
ZLOOP, INC., *et al.*<sup>1</sup>, :  
: Case No. 15-11660 (KJC)  
: :  
: **Hearing Date: February 24, 2016 @ 10:00 a.m.**  
: **Objection Deadline: February 17, 2016 @ 4:00 p.m.**  
Debtors. :  


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**UNITED STATES TRUSTEE’S MOTION TO CONVERT DEBTORS’ CHAPTER 11  
CASES TO CASES UNDER CHAPTER 7 OF THE BANKRUPTCY CODE, PURSUANT  
TO 11 U.S.C. § 1112**

Andrew R. Vara, Acting United States Trustee for Region 3 (“U.S. Trustee”), by and through his counsel, hereby files this Motion to Convert the Debtors’ Chapter 11 Cases to Cases Under Chapter 7 of the Bankruptcy Code, Pursuant to 11 U.S.C. § 1112 and Granting Such Other Relief as the Court Deems Just, Proper, And Equitable (the “Motion”). In support of the Motion, the U.S. Trustee states as follows:

**INTRODUCTION**

1. Zloop and its affiliated debtors filed for chapter 11 bankruptcy on August 9, 2015 (“Petition Date”). On September 2, 2015 the U.S. Trustee appointed a Committee of Unsecured Creditors (D.E. 59). According to the Declaration of Robert M. Boston in Support of Chapter 11 Petitions and First Day Motions (D.E. 10, “Boston Declaration”), the Chairman and Chief Executive Officer, Zloop was founded in 2012 and: “...provides end-of-life recycling services that eliminate all downstream environmental and other liabilities for their customers.” (Boston Declaration at page

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<sup>1</sup> The Debtors, together with the last four digits of each Debtor’s tax identification number, are: ZLOOP, Inc. (2960); ZLOOP Nevada, LLC. (7516); ZLOOP Knitting Mill, LLC (7098). The location of the Debtors’ headquarters and the service address for each of the Debtors is 816 13<sup>th</sup> Street NE, Hickory, NC 28601.

5, paragraph 14). On the Petition Date Zloop owned a recycling facility in Hickory, N.C., and a second but non-operational facility in Fernley, Nevada.

2. Since the Petition Date, one parcel of real property in which the debtor had an interest has been sold (D.E. 240) and the Debtors' primary facilities in Hickory, N.C. and Fernley, Nevada property have been listed for sale (D.E. 168). The Debtors' Monthly Operating Report ("MOR") for the period ending on November 30, 2015 (D.E. 272) reports a cumulative post-petition loss of \$211,196 on receipts of \$55,020 and expenses of \$256,972.<sup>2</sup> The most significant single receipt has come from a return of deposit by the Carolina Panthers in September, 2015 in the amount \$43,500. Disbursements reported in the MORs include unauthorized payments to principals, and significant travel and entertainment expenses, continuing a pattern of conduct that appears to have existed prior to the filing of the Petitions herein. As per the attached Declaration of Bankruptcy Analyst Michael Panacio ("Panacio Declaration"), during the period January 1, 2014 through the Petition Date, the Debtors incurred and paid more than \$2.7 million in expenses on items that appear unrelated to the Debtors' business operations. The most single notable item is related to expenditures in the amount of \$1,761,780.74 to support the professional racing career of Justin Boston, the son of Chairman and CEO Robert Boston.<sup>3</sup> During the period May 1, 2014 through the filing date, the Debtors reported gross revenues of \$1,665,960 (D.E. 80, Question 1).<sup>4</sup> For the period January 1, 2015 through the Petition Date, the Debtors' reported gross revenues of \$77,098.

3. This estate is being liquidated. Professional fee applications in excess of \$1.1 million dollars have been filed or are pending. This estate is administratively insolvent. There is the

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<sup>2</sup> As of January 26, 2016, the Debtors have not filed their MORs for the month of December 20, 2016 that was due January 20, 2016.

<sup>3</sup> On January 29, 2016, the Debtors filed amended schedules. The amended Statement of Financial Affairs for Zloop, Inc. (D.E. 297) admits to making payments aggregating \$2,264,308.35 to or for the benefit of Justin Boston and Justin Boston Racing LLC.

absence of a reasonable likelihood of rehabilitation. As a result, this Court should immediately convert the Zloop cases to chapter 7 cases to liquidate the remaining assets, appoint an independent trustee and to pursue claims that exist, including claims that may exist against the principals of the Debtors.

### **Jurisdiction and Standing**

4. Pursuant to 28 U.S.C. § 586, the U.S. Trustee is charged with the administrative oversight of cases commenced pursuant to Title 11 of the United States Bankruptcy Code. Section 586 (a)(3)(D) charges the U. S. Trustee with: “taking such action as the United States trustee deems to be appropriate to ensure that all reports, schedules, and fees required to be filed under title 11 and this title by the debtor are properly and timely filed”. Section 586(a)(3)(G) mandates that the U.S. Trustee monitor “...the progress of cases under title 11” and further requires that the U.S. Trustee take “such actions as the United States trustee deems to be appropriate to prevent undue delay in such progress.”

5. Pursuant to 11 U.S.C. § 307, the U.S. Trustee has standing to be heard in this matter.

### **Statement of Facts**

#### **Case Background**

6. On the Petition Date, Zloop, Inc. and two associated debtors (collectively, “Zloop”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). On September 2, 2015, the U.S. Trustee appointed the Committee (D.E. 59).

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<sup>4</sup> The Debtors’ fiscal year is May 1 through April 30 of the succeeding year.

7. Since the Petition Date, the Debtors have sold a small parcel in Hickory, North Carolina in which the estate held an interest (D.E. 240). The Debtors remaining facilities in Hickory, N.C. and Fernley, Nevada, are listed for sale (D.E. 168). Without these facilities, the Debtors cannot conduct the operations described in the First Day Declaration.

8. The budget attached to the First Day Declaration projected Commodity Sales of \$245,538.28 from the Petition Date through October 31, 2015 (D.E. 10, Exhibit "B"). The MOR for the period ending October 31, 2015 reports cumulative post-petition collections of \$93,821.90 including \$43,500 returned to the Debtors in September from the Carolina Panthers for a return of deposit. Reported activity is materially less than the Debtors' first day projections.

9. The MOR for September, 2015 (D.E. 164) also shows a \$2,000 post-petition advance by Robert Boston that was repaid. Court approval was neither sought nor obtained for the making or repayment of this post-petition loan to the estate. See the Panacio Declaration.

10. On September 29, 2015, the Debtors filed an Application to Employ/Retain Getzler Henrich & Associates LLC as Chief Restructuring Officer ("CRO", D.E. 134). On November 16, 2015, the Court approved the CRO application at DE 193.

11. The Debtor Zloop's Statement of Operations included in the MOR for the period ending on November 30, 2015 (D.E. 250, "November MOR") reports a cumulative post-petition loss of \$211,196 on revenues of \$55,020 and expenses of \$256,972. These amounts do not account for accrued professional fees. Professional fee applications currently on file are requesting fees and expenses of \$1,162,908,070 according to the Panacio Declaration. When these amounts are accounted for, the net loss increases accordingly. Additionally, the MORs show numerous disbursements that do not appear to be related to the Debtors' business

operations as described in the First Day Declaration. More than \$6,000 was spent during the first two months of this case primarily on expenditures to restaurants and gas stations. The October MOR shows payments to Boston and LaBarge from the Debtors' operating account totaling \$6,905.90. Significant disbursements were made in October, 2015 to gas stations, restaurants and travel related expenses.

12. Disbursements reported in the filed MORs do not reflect the business operations described in the First Day Declaration. The November MOR reports a payment of \$415.29 to Elite Ammunition on November 25, 2015 and a payment of \$535.87 on November 27, 2015 to Honey Baked Ham. Thanksgiving was on November 26, 2015.

13. The Debtors' post-petition conduct appears to be no different from the Debtors' pre-petition behavior. The disclosures reported in item 3b of the Statement of Financial Affairs filed by Debtor Zloop, Inc. (D.E. 80, "Statement of Affairs") reveal considerable disbursements in the 90 days preceding the filing to restaurants (such as American Honor Ale House, Hickory Tavern, Longhorn Steakhouse, Jimmy John's) gas stations (e.g. Exxon Mobile, Marathon, Raceway) convenience stores (e.g. Circle K, QuickTrip, Speedway) and other assorted expenses that appear unrelated to the operation of the Debtors' business. One particular example is an entry dated May 12, 2015 for Bulk Ammo in the amount of \$338.08.<sup>5</sup>

14. The Statement of Affairs discloses payments to Boston totaling \$8,711.05 and \$4,219.35 to La Barge in the 90 days preceding the filing. These payments appear to be in addition to amounts reported as payroll. The Statement of Affairs further discloses that in the year preceding the filing, Boston received repayments of unsecured loans totaling \$117,637.50

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<sup>5</sup> At the original meeting of creditors held on September 15, 2015, Robert Boston, Chairman and CEO testified that the ammo was for target practice. In response to a question regarding what the purchase of ammo has to do with the

and La Barge received loan repayments of \$160,445. See the Panacio Declaration. In the amended Statement of Financial Affairs filed on January 29, 2016 (D.E.297), the Debtors now report transfers to Boston in the year preceding the filing of \$362,757.50. These transfers included transferring title to five vehicles to Boston on September 30, 2014. Among the vehicles were a Lexus, a Corvette and a Mercedes Benz. The Amended Statement of Affairs now reports transfers to LaBarge in the year preceding the filing of \$260,075, including the transfer of two jeeps and Chrysler Town and Country Van on September 30, 2014.

15. The Debtors provided their books and records to the U.S. Trustee for review. The U.S. Trustee's findings are set forth in the Panacio Declaration. In summary, Panacio found substantial disbursements in the period January 1, 2014 through the filing date that appear unrelated to the Debtors' business operations described in the First Day Declaration. Dividing the questionable disbursements into categories he makes the following observations:

1. Airline expenses \$114,042.79
2. Mobile Apps and Video Production \$191,474.73
3. Boston/La Barge \$292,646.25
4. Personal expenses \$44,009.22
5. Racing related expenditures \$1,761,780.74

The racing related expenses were for the operation of Justin Boston's professional racing career. Justin Boston is the son of Robert Boston, the Chairman and CEO of Zloop. The total funds spent on racing related activities from January 1, 2014 through the filing date appear to be the most significant single expense of these Debtors. In its amended Statement of Financial Affairs

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Debtors's business, Boston responded: "I guess if someone came in to break in, I would shoot them."

filed on January 29, 2016 (D.E. 297) the Debtors report a substantially higher figure in this category: \$2,264,308.35.

**Legal Argument**

16. Pursuant to Bankruptcy Code § 1112, the U.S. Trustee believes that cause exists to convert Zloop’s bankruptcy cases to cases under chapter 7 of the Bankruptcy Code as a result of its administrative insolvency, and its continuing inability to appropriately manage its cases and estates evidenced by the lack of sales activity unrelated to liquidation and the continued use of estate funds to pay what appear to be the personal expenses of principals. Zloop’s assets consist of two facilities for sale and claims against its principals and other third parties. There is no ability to propose a plan of reorganization. The excessive professional expenses incurred to date along with the results achieved by the Debtors have created an administratively insolvent estate.

17. Under Bankruptcy Code § 1112(b), a court “shall” convert a chapter 11 case to a chapter 7 case “for cause” upon request of a party in interest. Section 1112(b) provides, in relevant part:

(1) Except as provided in paragraph (2) and subsection (c), on request of a party in interest, and after notice and a hearing, the court shall convert a case under this chapter to a case under chapter 7 or dismiss a case under this chapter, whichever is in the best interests of creditors and the estate, for cause unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate.

\* \* \*

(4) For purposes of this subsection, the term “cause” includes—

(A) substantial or continuing loss to or diminution of the estate and the absence of a reasonable likelihood of rehabilitation;

(B) gross mismanagement of the estate;

. . .

11 U.S.C. §1112(b). The 2005 amendments to the Bankruptcy Code, changed the previous “may convert” to the current “shall convert”. *In re Midwest Properties of Shawano, LLC*, 442 B.R. 278, 283 (“[t]he statutory language has been changed from the permissive . . . to mandatory.”). “If cause for dismissal or conversion to Chapter 7 exists discretion not to dismiss or convert is limited to those instances in which the court makes specific findings that unusual circumstances establish that the requested conversion or dismissal is not in the best interest of creditors and the estate . . .” *See In re Broad Creek Edgewater, LP*, 371 B.R. 752, 759 (Bankr. D.S.C. 2007). On a showing of cause, therefore, this Court is authorized to convert Caché’s case to a chapter 7.

18. “Cause” is determined on a case-by-case basis. *See Halvajian v Bank of New York (In re Halvajian)*, 216 B.R. 502, 511 (D.N.J. 1998). Section 1112(b) of the Bankruptcy Code provides that a party in interest may seek conversion of a case for cause. Section 1112(b)(4) cites examples of cause, including: “substantial or continuing loss or diminution of the estate, and the absence of a reasonable likelihood of rehabilitation” (1112(b)(4)(A)); “unexcused failure to satisfy timely any filing or reporting requirement established by this title or by any rule applicable to a case under this chapter” (1112(b)(4)(F)); “failure to pay any fees or charges required under chapter 123 of title 28” (1112(b)(4)(K)). Pursuant to Bankruptcy Code Section 102(3): “‘includes’ and ‘including’ are not limiting.” Thus, cause for conversion or dismissal may exist beyond the various examples cited in 11 U.S.C. § 1112(b)(4).

*Conversion, Not Dismissal, Is In Creditors’ Best Interests*

19. The Debtors have listed their primary assets for sale. The monthly operating reports on file disclose minimal business operations. At a Section 341 Meeting of Creditors



held on January 19, 2016, the Debtors' Chief Restructuring Officer testified that sales in November were \$2,000. The monthly operating reports on file evidence significant disbursements for gasoline and convenience stores but little actual business activity. Replacing Zloop's multiple professionals (debtors' and Committee counsel, financial advisors, outside officers, etc.) with a chapter 7 trustee and one set of professionals will reduce professional expenses, eliminate the use of estate funds for personal enjoyment, and aid in maximizing recoveries to pre-petition creditors. In addition to liquidation of the physical assets, the amended Statements and Schedules disclose potential Chapter 5 claims against each of Boston and La Barge. Conversion, not dismissal, is in the best interests of all creditors of these estates, and, most importantly, is the most expeditious way to ensure that Zloop's pre-petition creditors receive a recovery.

*Cause Exists for Conversion Because Caché Breached its Fiduciary Duty*

20. Chapter 11 of the Bankruptcy Code is designed to allow a debtor-in-possession to retain management and control of the debtor's business operations. *See In re Eurospark Indus.*, 424 B.R. 621, 627 (Bankr. E.D.N.Y. 2010). As such, a debtor-in-possession owes fiduciary duties to the bankruptcy estate and must, among other things, "protect and . . . conserve property in [its] possession for the benefit of creditors" and "refrain[] from acting in a manner which could damage the estate, or hinder a successful reorganization of the business." *In re Ionosphere Clubs, Inc.*, 113 B.R. 164, 169 (Bankr. S.D.N.Y. 1990) (internal quotations and citation omitted). A debtor-in-possession's breach of fiduciary duty to bankruptcy estate creditors is cause for conversion or dismissal. *In re E. Paul Kovacs and Co., Inc.*, 16 B.R. 203, 205 (Bankr.D.Conn. 1981).

21. A debtor-in-possession's dereliction of its fiduciary duty to creditors has been found to be cause for conversion of a case. When a corporation files for protection under Chapter 11, the officers and managing employees have a fiduciary duty to creditors and shareholders. This creates an "obligation to treat all parties, not merely the shareholders, fairly." *Commodity Futures Trading Comm'n v. Weintraub*, 471 U.S. 343, 355-56, 85 L. Ed. 2d 372, 105 S. Ct. 1986 (1985); *In re Hampton Hotel Investors, L.P.*, 270 B.R. 346, 358 (Bankr. S.D. N.Y. 2001) (citing self-dealing by the debtor's principal and the court's lack of confidence in the principal's ability and inclination to comply with the fiduciary duties of a debtor in possession as cause under § 1112(b)); *Babakitis v. Robino (In re Robino)*, 243 B.R. 472, 486 (Bankr. N.D. Ala. 1999) (citing a debtor's willful failure to abide by court orders and his failure to act in a fiduciary capacity toward creditors as cause); and *In re Fed. Roofing Co.*, 205 B.R. 638, 642-43 (Bankr. N.D. Ala. 1996) (a debtor's practice of maintaining ongoing financial transaction with insider cited as a breach of debtor in possession's fiduciary duty and cause for § 1112(b) relief).

22. Zloop has demonstrated a continued pattern of poor management and has maintained these cases in the zone of administrative insolvency from the beginning. Despite the retention of a CRO, as evidenced in the monthly operating reports, the Debtors continue to maintain their pre-petition practice of using corporate funds for apparent personal purposes.

23. Conversion will preserve claims and causes of action against potentially liable parties as well as materially reduce the accrual of professional fees. Conversion, which provides the supervision of this Court and of a Chapter 7 trustee, will provide the most benefit to and transparency for creditors and be the path for maximum creditor recovery in this case.

### **Conclusion**

24. As set forth above, the current management of Zloop has mismanaged the debtors by incurring extensive expenses, before and after the filing of the petition, on items not related to the operation of the Debtors' business. More money was spent on furthering the professional racing career of Mr. Boston's son than in any other part of operating this business during 2014 and 2015. Post-petition, actual business activity is minimal and the assets of the estate have been listed for sale. The administrative expenses incurred to date for professional fees more than exceed the Debtors' revenues from the inception of the case by a wide margin. There is equity in the Debtor's remaining physical assets and claims to be asserted against, among others, Boston and La Barge for recovery of transfers made to them while Zloop was insolvent. For all the reasons discussed above, cause therefore exists to convert Zloop's bankruptcy cases to chapter 7.

WHEREFORE, the United States Trustee requests that this Court convert these cases to cases under Chapter 7, and for such and further relief as the Court deems just and proper. The U.S. Trustee's proposed order is attached hereto as Exhibit A.

**Andrew R. Vara,**  
**Acting United States Trustee, Region Three**

Dated: February 5, 2016

**BY:** \_\_\_\_\_ /s/  
David L. Buchbinder, Esquire  
David Gerardi, Esquire  
Trial Attorney  
J. Caleb Boggs Federal Building  
844 King Street, Suite 2207, Lockbox 35  
Wilmington, DE 19801  
(302) 573-6491  
(302) 573-6497 (Fax)

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

IN RE:	:	
	:	CHAPTER 11
ZLOOP, INC., <i>et al.</i> <sup>1</sup> ,	:	
	:	Case No. 15-11660 (KJC)
	:	
	:	
Debtors.	:	

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**ORDER GRANTING UNITED STATES TRUSTEE’S MOTION TO CONVERT  
DEBTORS’ CHAPTER 11 CASES TO CASES UNDER CHAPTER 7 OF THE  
BANKRUPTCY CODE, PURSUANT TO 11 U.S.C. § 1112 AND GRANTING SUCH  
OTHER RELIEF AS THE COURT DEEMS JUST, PROPER, AND EQUITABLE**

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Upon consideration of the Motion to Convert the Debtors’ Chapter 11 Cases to Cases Under Chapter 7 of the Bankruptcy Code, Pursuant to 11 U.S.C. § 1112 and Granting Such Other Relief as the Court Deems Just, Proper, And Equitable (the “Motion”) filed by Andrew R. Vara, Acting United States Trustee for Region 3 (“U.S. Trustee”), and finding that due and sufficient notice of the Motion having been given under the circumstances; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and this is a core proceeding under 28 U.S.C. § 157(b)(2); and after due deliberation and sufficient cause appearing therefore, it is hereby

**ORDERED, ADJUDGED and DECREED** as follows:

1. The Motion to Convert this Case to a Case under Chapter 7 is GRANTED and this case is converted to a case under Chapter 7.
2. Within 15 days of the date of this Order, the Debtors shall:
  - a. Turn over to the chapter 7 trustee all records and property of the estate under

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<sup>1</sup> The Debtors, together with the last four digits of each Debtor’s tax identification number, are: Zloop, Inc. (2960); Zloop Nevada, LLC (7516); and Zloop Knitting Mill, LLC (7098). The location of the Debtors’ headquarters and the service address for each of the Debtors is 816 13<sup>th</sup> Street NE, Hickory, NC 28601.

their custody and control as required by Rule 1019(4) of the Federal Rules of Bankruptcy Procedure (the “FRBP”);

- b. File a schedule of unpaid debts incurred after commencement of the superseded chapter 11 cases including the name and address of each creditor, as required by FRBP 1019(5); and
- c. File the statements and schedules required by FRBP 1019(1)(A) and 1007(b), if such documents have not already been filed.

3. Within 30 days of the date of this Order, the Debtors shall file and transmit to the United States Trustee a final report and account as required by FRBP 1019(5)(A).

4. There shall be no payments to any professional in these cases without further order of this Court.

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THE HONORABLE KEVIN J. CAREY  
UNITED STATES BANKRUPTCY JUDGE

DATED: \_\_\_\_\_

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

IN RE:	:	
	:	CHAPTER 11
ZLOOP, INC., <i>et al.</i> <sup>1</sup> ,	:	
	:	Case No. 15-11660 (KJC)
	:	
	:	<b>Hearing Date: February 24, 2016 @ 10:00 a.m.</b>
Debtors.	:	<b>Objection Deadline: February 17, 2016 @ 4:00 p.m.</b>

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**NOTICE OF UNITED STATES TRUSTEE’S MOTION TO CONVERT DEBTORS’  
CHAPTER 11 CASES TO CASES UNDER CHAPTER 7 OF THE BANKRUPTCY  
CODE, PURSUANT TO 11 U.S.C. § 1112 AND GRANTING SUCH OTHER RELIEF AS  
THE COURT DEEMS JUST, PROPER, AND EQUITABLE**

**PLEASE TAKE NOTICE** that on February 5, 2016, Andrew R. Vara, United States Trustee for Region Three (“U.S. Trustee”), filed the United States Trustee’s Motion to Convert the Debtors’ Chapter 11 Cases to Cases Under Chapter 7 of the Bankruptcy Code, Pursuant to 11 U.S.C. §1112 and Granting Such Other Relief as the Court Deems Just, Proper, And Equitable (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (“Bankruptcy Court”).

**PLEASE TAKE FURTHER NOTICE** that the U.S. Trustee has requested that a hearing on the Motion be held on **February 24, 2016 at 10:00 a.m.**, before the Kevin J. Carey, 5<sup>th</sup> Floor, Courtroom #5, 824 Market Street, Wilmington, Delaware 19801.

Any responses to the Motion must be in writing, filed with the Clerk of the Bankruptcy Court, 824 Market Street, Third Floor, Wilmington, Delaware 19801, and served upon the undersigned, so as to be received on or before **4:00 p.m. (Eastern Daylight Time) on February 17, 2016.**

**Andrew R. Vara,**  
**Acting United States Trustee, Region Three**

Dated: February 5, 2016

**BY:** \_\_\_\_\_ /s/  
David L. Buchbinder, Esquire  
David Gerardi, Esquire  
J. Caleb Boggs Federal Building  
844 King Street, Suite 2207, Lockbox 35  
Wilmington, DE 19801  
(302) 573-6491

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<sup>1</sup> The Debtors, together with the last four digits of each Debtor’s tax identification number, are: Zloop, Inc. (2960); Zloop Nevada, LLC (7516); and Zloop Knitting Mill, LLC (7098). The location of the Debtors’ headquarters and the service address for each of the Debtors is 816 13<sup>th</sup> Street NE, Hickory, NC 28601.

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re

ZLOOP Inc., *et al.*,

Debtors.

Chapter 11

Case No. 15-11660 (KJC)

**DECLARATION OF MICHAEL T. PANACIO IN SUPPORT OF  
MOTION OF THE UNITED STATES TRUSTEE FOR ENTRY OF AN ORDER  
CONVERTING THE DEBTOR'S CHAPTER 11 CASE TO A CASE UNDER CHAPTER  
7 PURSUANT, OR, ALTERNATIVELY, DISMISSING THE DEBTOR'S CHAPTER 11  
CASE PURSUANT TO 11 U.S.C. § 1112(B)**

I, Michael T. Panacio, of full age, hereby declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am a Bankruptcy Auditor for the United States Department of Justice, Office of the United States Trustee ("OUST"), Region 3, and have full knowledge of the facts herein.

2. I have a Bachelor of Science degree in Accounting and Economics from Temple University. I have been employed as a Bankruptcy Auditor by the OUST for more than 17 years. Prior to my employment with the OUST, I was employed for approximately six years as an auditor for the Department of Housing and Urban Development- Office of the Inspector General. I obtained a license as a Certified Public Accountant from the Commonwealth of Pennsylvania on November 9, 1995. My license is in good standing.

3. On August 9, 2015, ZLOOP, Inc. (the "Debtor") filed for relief under chapter 11 of the bankruptcy code.

4. The Debtors were required to complete monthly operating reports in accordance with the *United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases* (“United States Trustee Guidelines”).<sup>1</sup>

5. The ZLOOP, Inc. monthly operating reports (“MOR” or “MORs”) for the post-petition period of August 2015 through the period ending November 2015 reported a cumulative operating loss of \$(211,195) and a net loss of \$(654,396). *See* Docket Nos. 108,164, 250 and 272. (Exhibit A) The debtors reported incurring professional fees of \$390,000. However, this net loss did not include the total proposed professional fees of \$1,141,664 and expenses of \$21,244 for professionals who filed fee applications as reported in the docket subsequent to November 30, 2015. *See* Exhibit B.

6. As reported in the Debtor’s November 2015 MOR, ZLOOP, Inc.’s cash balance was reported as \$70,046. Total liabilities post-petition totaled \$497,722. As of November 30, 2015, the post-petition liabilities did not include all the proposed professional fees and expenses which increases post-petition liabilities to \$1,270,631. Debtor reported accrued professional fees at \$390,000 as noted above.

7. ZLOOP, Inc. reported total current assets at \$5,077,712 as of November 30, 2015. However \$213,745 of the \$224,853 of accounts receivable was classified in the category of 91+days old for collection. Another \$4,229,960 reported as “other current assets” is actually inter-company receivables due from non-operating entities ZLOOP Nevada LLC, (\$3,107,219) and ZLOOP Knitting Mill LLC, (\$282,494) and \$800,000 was reported due from Kendall Mosing. Current assets excluding non-collectable accounts receivable and

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<sup>1</sup> The United States Trustee Guidelines provides criteria for the completion of Monthly Operating Reports and the payment of United States Trustee Quarterly Fees.



intercompany receivable balances would change the total of current assets balance to \$674,254. (\$5,077,712-213,745-4,189,713) The current assets balance reported at \$674,254, would not satisfy the current obligations of the post-petition accounts payable and accrued liabilities (\$1,270,631), including the proposed professional fees and expenses unless additional funding were made available to the Debtors.

8. The MORs for August 2015 through November 2015 reported the debtor made disbursements of \$11,145 for expenditures to restaurants, entertainment and gas stations. The MORs reported payments to Boston and LaBarge from the Debtor's operating accounts totaling \$12,109, in addition to payroll. See Exhibit C.

9. On October 1, 2015 the UST office requested copies of bank statements, monthly check registers, general ledgers, transaction activity reports, financial statements and all loan documents under which the debtors were lenders or borrowers for the period January 1, 2014 through August 31, 2015. On October 23, 2015 our office received the requested documents, for the period January 1, 2014 through August 10, 2015.

10. Based on our review of the documents, specifically the general ledger, transaction report and bank statements, it appears there were significant expenditures unrelated to the debtor's business operations aggregating to more than \$3 million as follows:

- Entertainment \$153,974
- Personal items \$44,009
- Travel \$114,043
- Racing related expenditures \$2,261,781
- Payments to Boston/Labarge \$292,646

- Marketing video production \$191,475. See Exhibit D

11. On January 29, 2016 the Debtors filed amended Schedules and Statements of Financial Affairs (SOFA) for ZLOOP, Inc., ZLOOP Nevada, LLC and ZLOOP Knitting Mill, LLC. The SOFA at Docket Entry 297 amends item #3c payments to insiders within one year period prior to the petition date. Payments were made to or for the benefit of Justin Boston and Justin Boston Racing LLC totaled \$2,264,308. The initial filing of SOFA item # 3c reported Boston received repayments of unsecured loans totaling \$117,637.50 and LaBarge received loan repayments of \$160,445. The amended SOFA item #3c reports that Boston received repayments of unsecured loans totaling \$362,757.50 and LaBarge received loan repayments of \$260,075.00. Moreover, attachment to amended Schedule B16 reported shareholder advances, to Boston for \$397,197 and LaBarge for \$892,067. The loan repayments disclosed include transfers of title to a number of vehicles, including a Lexus, Corvette and Mercedes.

12. ZLOOP Nevada, LLC monthly operating reports for the post-petition period of August 2015 through the period ending November 2015 reported a cumulative net loss of \$(122,291) with no operations. The debtor has incurred post-petition debt totaling \$122,291. See Docket # 109, 166, 252, and 273.

13. According to the November MOR, the Debtors have collected \$55,332 in revenues since the filing date. Of this total \$43,500 was a refund from the Carolina Panthers.

14. ZLOOP Knitting Mill, LLC monthly operating reports for the post-petition period of August 2015 through the period ending November 2015 reported a cumulative net loss of \$(1,398) with no operations. The debtor has incurred post-petition debt totaling \$1,398. See Docket # 110, 165, 251 and 274.

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

Executed on: February 5, 2016

/S/

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Michael T. Panacio, CPA  
Bankruptcy Auditor  
United States Department of Justice  
Office of the United States Trustee

Exhibit A

**MONTHLY SUMMARY**

Case Name: Zloop Inc.

Case Number: 15-11660

Prepared By:

MTP

Date Filed: 8/9/15

Type of Business: Recycling plastics and electronics

Description: Monthly Operating Reports

DK # 108

DK # 164

DK # 250

DK # 272

filed 09/22/15

filed 10/28/15

filed 12/28/15

1/15/2016

8/10/ to 8/31/15

09/01-9/30/15

10/1-10/31/15

11/1-11/30/15

Cumulative  
total**Measure of Profitability**

Net Sales	3,803	25,236	23,934	2,047	55,020
Cost of Goods Sold	1,218	4,978	1,122	1,926	9,244
Gross Profit	2,585	20,258	22,812	121	45,776
Operating Expenses	41,608	63,476	74,062	77,825	256,971
	0	0	0	0	
Operating profit	(39,023)	(43,218)	(51,250)	(77,704)	(211,195)
	0	0	0	0	
Reorganization Income / (Expense)	0	0	0	0	0
UST Fees	0	0	650	0	
Professional Fees	0	0	0	390,000	
Gain / (Loss) from sale of equipment	0	0	0	(52,551)	
Capital Lease Interest	0	0	0	0	
Interest Expense	0	0	0	0	0
Total Reorganizaition Expenses	0	0	650	(442,551)	
<b>Net Income(Loss) before taxes</b>	<b>(39,023)</b>	<b>(43,218)</b>	<b>(51,900)</b>	<b>(520,255)</b>	<b>(654,396)</b>

**Measure of Cash Flow**

Cash on Hand	5,538	19,990	6,587	70,046	
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**Balance sheet -Key Line items**

Accounts Receivable	213,595	224,172	221,332	224,853	
inventories	29,586	29,586	29,586	29,586	
prepaid expenses	566,768	523,268	523,268	523,267	
Other current assets	4,186,406	4,187,084	4,189,028	4,229,960	
<b>Total Current Assets</b>	<b>5,001,893</b>	<b>4,984,100</b>	<b>4,969,801</b>	<b>5,077,712</b>	
Real Property and Improvements	2,431,131	2,431,131	2,431,131	2,431,131	
machinery and Equipment	12,792,233	12,792,233	12,792,233	12,792,233	
furniture, fixtures and office equipment	340,698	340,998	340,998	340,998	
vehicles	293,169	293,169	293,169	<b>70,934</b>	
less accumulated depreciaion	(630,522)	(630,522)	(630,522)	(614,837)	
Total property & Equipment	15,226,709	15,227,009	15,227,009	15,020,459	
<b>Total Other Assets</b>	<b>297,530</b>	<b>297,530</b>	<b>297,530</b>	<b>297,530</b>	
<b>TOTAL ASSETS</b>	<b>20,526,132</b>	<b>20,508,639</b>	<b>20,494,340</b>	<b>7,806,373</b>	
<b>Liabilities Not Subject to Compromise</b>					
Accounts Payable	8,937	9,794	30,394	38,222	
Accrued Liabilities-Professional Fees	0	0	0	390,000	
Wages payable	17,000	5,500	2,500	5,000	
Amount due to insiders	0	34,500	54,500	64,500	
<b>Total Liabilities not Subject to Compromise</b>	<b>25,937</b>	<b>49,794</b>	<b>87,394</b>	<b>497,722</b>	
<b>Total Liabilities Subject to Compromise</b>	<b>26,676,385</b>	<b>26,678,255</b>	<b>26,678,254</b>	<b>26,678,124</b>	
<b>TOTAL LIABILITIES</b>	<b>26,702,322</b>	<b>26,728,049</b>	<b>26,765,648</b>	<b>27,175,846</b>	
<b>Owner equity</b>					
Capital stock	10,000	10,000	10,000	10,000	
Adiitonal paid-In capital	2,090,000	2,090,000	2,090,000	2,090,000	
Retained earnings -Pre-petition	(8,237,166)	(8,237,166)	(8,237,166)	(8,225,747)	
Retained Earnings Postpetition	(39,024)	(82,243)	(134,142)	(654,397)	
<b>Total Equity</b>	<b>(6,176,190)</b>	<b>(6,219,409)</b>	<b>(6,271,308)</b>	<b>(6,780,144)</b>	
Total Liabilities and Owners equity	20,526,132	20,508,640	20,494,340	20,395,702	

Exhibit B

Zloop Inc.  
Case # 15-11660  
Summary of Professional Fee Applications filed for ZLOOP, Inc.  
Source: Docket

Accrued professional fees not reported for August 2015 through November 2015	Fees	(expenses)	Total
DLA Piper 1st fee application for 8/9/15-9/30/15 DK# 260 filed 1/6/16	\$348,722.50	\$10,084.17	\$358,806.67
DLA Piper 2nd fee application for 10/1/15-10/31/15 DK# 265 filed 1/15/16	\$211,788.00	\$5,010.62	\$216,798.62
Cole Schotz PC 1st fee application 9/4/15-9/30/15 DK# 212 filed 11/30/15	\$95,805.50	\$1,565.13	\$97,370.63
Cole Schotz PC 2nd fee application 10/1/15-10/31/15 DK # 216 filed 12/2/15	\$97,585.00	\$1,218.85	\$98,803.85
Cole Schotz PC 3rd fee application 11/1/15-11/30/15 DK # 232 filed 12/21/15	\$59,596.50	\$447.32	\$60,043.82
Goldin Associates Inc. 1st fee application 9/11/15-9/30/15 DK # 214 filed 11/30/15	\$22,922.50	\$51.95	\$22,974.45
Goldin Associates Inc. 2nd fee application 10/1/15-10/31/15 DK# 224 filed 12/9/15	\$31,757.50	\$325.85	\$32,083.35
Goldin Associates LLC 3rd fee application 11/1/15 - 11/30/15 DK # 233 filed 12/21/15	\$75,272.50	\$244.47	\$75,516.97
Miller Coffey Tate LLP 1st fee application 8/9/15-9/30/15 DK # 282 filed 1/19/16	\$82,291.00	\$532.95	\$82,823.95
Miller Coffey Tate LLP 2nd fee application 10/1/15-10/31/15 DK # 283 filed 1/19/16	\$33,769.00	\$98.30	\$33,867.30
Miller Coffey Tate LLP 3rd fee application 11/1/15-11/30/15 DK # 293 filed 1/21/16	\$15,245.50	\$70.40	\$15,315.90
Getzler Henrich & Associates, LLC 1st fee application 9/24/15-11/30/15 DK # 285 filed 1/19/16	\$82,154.25	\$1,664.84	\$83,819.09
Accrued Professional fees as of 11/30/15	\$1,156,909.75	\$21,314.85	\$1,178,224.60

Exhibit C



Zloop Inc.  
Case # 15-11660  
Unsupported/questionable disbursements  
Source-Monthly Operating Reports prepared by the debtor  
August 2015 through November 2015

			Payments to non-business related	Payments to Boston/Labarge	Payments to Matthew Rogers
8/10/2015	Charlotte Avia		\$14.00		
8/10/2015	Village Inn		\$22.99		
8/10/2015	Marathon Petro		\$50.58		
8/10/2015	Mannys Sports		\$77.65		
8/11/2015	Shell Oil		\$40.55		
8/12/2015	Hilton Garden		\$165.06		
9/10/2015	Robert Boston- repayment of advance	1		\$2,000.00	
9/8/2015	Intuit		\$189.95		
9/18/2015	Shell		\$40.35		
9/18/2015	Wilco		\$29.15		
9/9/2015	ADP		\$135.84		
9/14/2015	Intuit		\$322.46		
9/14/2015	Office Max		\$19.68		
9/14/2015	Tracey Flowers		\$76.02		
9/14/2015	T.KP-BumperserviCe-		\$465.60		
9/14/2015	Budget		\$148.44		
9/15/2015	Kangeroo Express		\$49.69		
9/16/2015	Wilco		\$17.59		
9/16/2015	Law Offices of Matthew K. Rogers, PLLC	2			\$4,510.85
9/17/2015	Robert Boston	1		\$1,790.55	
9/20/2015	Pilot		\$7.87		
9/20/2015	Pilot		\$37.74		
9/21/2015	Express Lanes		\$29.30		
9/21/2015	Dunkin Donuts		\$29.50		
9/21/2015	Kangeroo Express		\$30.80		
9/21/2015	Longhorn Steak		\$96.97		
9/21/2015	Hotels.com		\$139.53		
9/22/2015	Wendys		\$7.48		
9/22/2015	Starbucks		\$8.63		
9/22/2015	Pilot		\$31.76		
9/28/2015	Shore Stcip		\$32.00		
9/28/2015	Chick-Fil-A		\$19.71		
9/28/2015	Exxon		\$34.50		
9/29/2015	Cook Out		\$6.40		
9/29/2015	Hatch		\$18.40		
9/29/2015	US Airways		\$37.00		
9/29/2015	US Airways		\$37.00		
9/29/2015	US Airways		\$49.00		
9/29/2015	s Us-Arrways _ ----		\$49.00		
9/29/2015	US Airways		\$214.70		
9/29/2015	US Airways		\$214.70		
9/29/2015	T.RP Bumper Service		\$332.80		
9/30/2015	Matthew K Rodgers, PLLC	2			\$2,005.00
10/1/2015	Sunoco		\$41.61		
10/1/2015	The Hattery		\$47.90		
10/1/2015	Budget		\$83.54		
10/1/2015	Days 1nn		\$119.89		
10/1/2015	Robert LaBarge	1		\$1,350.10	
10/2/2015	ExxonMobile		\$40.20		
10/5/2015	T.R.P. Bumper Service		\$394.74		
10/5/2015	Kangaroo Express		\$32.69		
10/5/2015	Scottish Inn		\$76.59		
10/7/2015	Tony's Pizza		\$22.40		

10/7/2015	Longhorn Steakhouse		\$80.21		
10/8/2015	T.R.P. Bumper Service		\$346.46		
10/8/2015	Sunoco		\$7.49		
10/8/2015	ExxonMobile		\$39.50		
10/9/2015	Aviation Valet		\$30.00		
10/9/2015	Cascata		\$105.56		
10/12/2015	Robert Boston	1		\$2,250.22	
10/13/2015	Tony's Pizza		\$20.27		
10/13/2015	Rancho Viejo		\$27.74		
10/13/2015	Lowe's Foods		\$46.82		
10/14/2015	ExxonMobile		\$37.05		
10/16/2015	The Roasted		\$31.64		
10/19/2015	Dunkin Donuts		\$22.66		
10/19/2015	Kickback Jack's		\$29.74		
10/19/2015	Olde Tavem		\$31.54		
10/19/2015	Lowe's Foods		\$43.05		
10/19/2015	American Airlines		\$47.18		
10/19/2015	Hickory Tavern		\$73.54		
10/19/2015	American Airlines		\$364.70		
10/20/2015	Dunkin Donuts		\$4.06		
10/20/2015	Love S Country		\$40.02		
10/21/2015	Tony's Pizza		\$22.40		
10/21/2015	Hotels.com		\$278.13		
10/22/2015	ExxonMobile		\$28.40		
10/23/2015	Robert LaBarge	1		\$1,166.10	
10/23/2015	Robert Boston	1		\$1,527.67	
10/23/2015	7-Eleven		\$7.73		
10/23/2015	Phillip Seafood		\$43.00		
10/23/2015	Legal Seafood		\$110.34		
10/27/2015	Charolotte Aviation		\$40.00		
10/27/2015	Fox Sports		\$45.57		
10/27/2015	Raceway		\$47.27		
10/27/2015	Budget		\$126.91		
10/26/2015	Robert LaBarge	1	\$611.00	\$611.00	
11/6/2015	Robert Boston	1	\$1,413.82	\$1,413.82	
11/10/15	Matthew K Rogers, PLLC	2			\$6,619.35
11/12/2015	Sam's Club		\$351.53		
11/15/2015	Sam's Club		\$213.85		
11/16/2015	Longhorn Steak		\$111.00		
11/19/2015	Speedway		\$40.25		
11/20/2015	American Airlines		\$374.70		
11/20/2015	American Airlines		\$42.87		
11/23/2015	Mulligans Pub		\$42.00		
11/23/2015	Aviation Valet		\$68.00		
11/23/2015	Illy Coffee		\$6.21		
11/23/2015	Dickey's BBQ Pit		\$6.69		
11/23/2015	Exxon		\$19.50		
11/23/2015	Lowes Hardware		\$136.15		
11/23/2015	Lowes Hardware		\$77.76		
11/23/2015	Sam's Club		\$43.17		
11/23/2015	Lowe's Food		\$38.80		
11/24/2015	Dickey's BBQ Pit		\$25.88		
11/25/2015	Speedway		\$30.94		
11/25/2015	<b>Elite Ammunition</b>		\$415.29		
11/27/2015	Olde Hickory Station		\$34.43		
11/27/2015	Honey Baked Ham		\$535.87		
11/27/2015	Exxon		\$17.00		
11/30/2015	Lowes Hardware		\$82.31		
11/30/2015	Speedway		\$27.30		
11/30/2015	Stuckeys		\$10.00		
Total			\$11,145.25	\$12,109.46	\$13,135.20

1. Disbursed from Comm One and Union One Operating account.
2. Professional fees paid for attorney not retained in the case.

1.

Exhibit D

Zloop Inc. 15-11660  
 Entertainment expenses,  
 January 1, 2014 through August 10, 2015

Source: Debtor  
 Transaction report/General Ledger did not provide addresses  
 and invoice/descriptions for several transactions

Summary of transactions

Description	Amount
Jimmy John's	\$196.26
Dahlia Lounge	\$30.88
Side Pocket Lounge	\$73.75
Old German Schnitzel Haus	\$211.58
Red Lobster	\$88.82
Youseff 242	\$668.54
Positano Ristorante	\$94.44
Lucianos	\$402.61
Harbor Inn Seafood	\$179.09
Firehouse Subs	\$33.11
Baymont Inn.	\$2,237.40
WOODYSGRILLE	\$92.93
Mellow Mushroom	\$127.34
Honey Baked Ham	\$818.46
Morton's The Steakhouse	\$165.32
Wizard Saloon	\$677.25
Chick-Fil-A	\$15.84
Bistro 127	\$83.47
Olde Hickory Tavern	\$26.00
Capital Grille	\$220.25
Down The Hatch	\$324.43
The Inn At Claussen's	\$181.72
Harbor Inn Seafood	\$100.00
Lazy Dog Saloon	\$36.00
Reflections Restaurant	\$42.37
Longhorn steakhouse	\$71.96
Mekvilai Thai Cuisine	\$25.81
Chesapeake Seafood	\$312.09
Tampa Food	\$446.00
North Harbor Club	\$189.14
Frankly Wines	\$329.98
Caruso's Fine Dining	\$232.87
The Wine Club	\$1,011.21
Panthers Football, LLC	\$123,308.00
Carolina Panthers Ticket Office	\$20,918.58
<b>Total</b>	<b>\$153,973.50</b>

Date/vendor	Transaction type	check number	Memo/Description	Amount	Per G/L
<b>Old German Schnitzel Haus</b>	3/13/2014 check	not provided	blank	\$211.58	Meals/entertainment
<b>Red Lobster</b>	3/10/2014 check	not provided	blank	\$88.82	Meals/entertainment
<b>Youseff 242</b>	3/10/2014 check	not provided	blank	\$82.53	Meals/entertainment

	3/7/2014 check	not provided	blank	\$41.33	Meals/entertainment
	2/21/2014 check	not provided	blank	\$52.80	Meals/entertainment
	2/10/2014 check	not provided	blank	\$42.86	Meals/entertainment
	1/24/2014 check	not provided	blank	\$144.44	Meals/entertainment
	1/17/2014 check	not provided	blank	\$141.07	Meals/entertainment
	1/9/2014 check	not provided	blank	\$163.51	Meals/entertainment
total				\$668.54	

**Positano Ristorante**

	2/18/2014 check	not provided	blank	\$94.44	Meals/entertainment
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**Lucianos**

	2/10/2014 check	not provided	blank	\$127.17	Meals/entertainment
	1/13/2014 check	not provided	blank	\$275.44	Meals/entertainment
total				\$402.61	

**Harbor Inn Seafood**

	1/8/2014 check	not provided	blank	\$179.09	Meals/entertainment
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**Carolina Panthers Ticket Office**

	6/12/2014 Bill Payment (Check)	10587	6033894	\$3,189.81	Meals/entertainment
	8/8/2014 expense per G/L		blank	\$3,677.03	Meals/entertainment
	8/11/2014 expense per G/L		blank	\$1,631.21	Meals/entertainment
	9/16/2014 expense per G/L		blank	\$1,725.91	Meals/entertainment
	9/23/2014 expense per G/L		blank	\$1,419.15	Meals/entertainment
	10/1/2014 expense per G/L		blank	\$317.61	Meals/entertainment
	10/7/2014 expense per G/L		blank	\$1,261.93	Meals/entertainment
	10/28/2014 expense per G/L		blank	\$1,280.62	Meals/entertainment
	11/3/2014 expense per G/L		blank	\$1,018.75	Meals/entertainment
	11/18/2014 expense per G/L		blank	\$1,185.35	Meals/entertainment
	12/17/2014 expense per G/L		blank	\$1,421.35	Meals/entertainment
	12/23/2014 expense per G/L		blank	\$1,089.86	Meals/entertainment
	1/20/2015 expense per G/L		blank	\$1,700.00	Meals/entertainment
Total				\$20,918.58	

**Panthers Football, LLC (Marketing)**

	1/23/2014 Bill Payment (Check)	10305		\$21,750.00	Marketing
	5/29/2014 Bill Payment (Check)	10545	6033894	\$21,750.00	Marketing
	5/2/2014 Bill Payment (Check)	10475	6033894	\$79,808.00	Marketing
Total				\$123,308.00	

**Jimmy John's**

	3/5/2014 check	not provided	blank	\$29.75	Meals/entertainment
	3/6/2014 check	not provided	blank	\$54.25	Meals/entertainment
	8/28/2014 expense per G/L	not provided	blank	\$29.75	Meals/entertainment
	1/20/2015 expense per G/L	not provided	blank	\$19.25	Meals/entertainment
	3/9/2015 expense per G/L	not provided	blank	\$21.00	Meals/entertainment
	7/1/2015 expense per G/L	not provided	blank	\$20.70	Meals/entertainment
	7/3/2015 expense per G/L	not provided	blank	\$21.56	Meals/entertainment
Total				\$196.26	

**Side Pocket Lounge**

	11/24/2014 expense per G/L	not provided	blank	\$30.50	Meals/entertainment
	1/9/2015 expense per G/L	not provided	blank	\$43.25	Meals/entertainment
Total				\$73.75	

**Mekvilai Thai Cuisine**

	1/10/2014	check	not provided	blank	\$25.81	Meals/entertainment
<b>B.O.A Stadium</b>				blank check		
	1/14/2014	check	not provided	per G/L	\$1,960.87	Meals/entertainment
<b>Dahlia Lounge</b>				blank check		
	6/16/2014	expense per G/L	not provided	per G/L	\$30.88	Meals/entertainment
<b>Tampa Food</b>				blank check		
	6/30/2014	expense per G/L	not provided	per G/L	\$26.00	Meals/entertainment
	6/30/2014	expense per G/L	not provided	per G/L	\$300.00	Meals/entertainment
	6/30/2014	expense per G/L	not provided	per G/L	\$120.00	Meals/entertainment
Total					\$446.00	
<b>Date/vendor</b>		<b>Transaction type</b>	<b>check number</b>	<b>Memo/ Description</b>	<b>Amount</b>	<b>Per G/L</b>
<b>Firehouse Subs</b>	5/5/2014	check	not provided	blank	\$15.48	Meals/entertainment
	3/3/2014	check	not provided	blank	\$11.00	Meals/entertainment
	2/17/2004	check	not provided	blank	\$6.63	Meals/entertainment
Total					\$33.11	
<b>Baymont Inn.</b>	4/7/2014	check	not provided	blank	\$661.05	Travel
	3/24/2014	check	not provided	blank	\$711.90	Travel
	4/25/2014	check	not provided	blank	\$355.95	Travel
	4/16/2014	check	not provided	blank	\$508.50	Travel
Total					\$2,237.40	
<b>WOODYSGRILLE</b>	4/28/2014	check	not provided	blank	\$92.93	Meals/entertainment
<b>Mellow Mushroom</b>	4/28/2014	check	not provided	blank	\$66.61	Meals/entertainment
	3/28/2014	check	not provided	blank	\$60.73	Meals/entertainment
Total				blank	\$127.34	
<b>Honey Baked Ham</b>	4/21/2014	check	not provided	blank	\$818.46	Meals/entertainment
<b>Morton's The Steakhouse</b>	4/21/2014	check	not provided	blank	\$165.32	Meals/entertainment
<b>Wizard Saloon</b>	4/21/2014	check	not provided	blank	\$78.50	Meals/entertainment
	3/17/2014	check	not provided	blank	\$142.50	Meals/entertainment
	3/7/2014	check	not provided	blank	\$79.00	Meals/entertainment
	3/3/2014	check	not provided	blank	\$28.50	Meals/entertainment
	6/3/2014	expense per G/L	not provided	blank	\$46.50	Meals/entertainment
	8/4/2014	expense per G/L	not provided	blank	\$64.50	Meals/entertainment
	10/6/2014	expense per G/L	not provided	blank	\$83.00	Meals/entertainment
	6/26/2014	expense per G/L	not provided	blank	\$68.25	Meals/entertainment
	5/28/2015	expense per G/L	not provided	blank	\$26.50	Meals/entertainment
	2/10/2014	check	not provided	blank	\$60.00	Meals/entertainment
Total					\$677.25	
<b>Chick-Fil-A</b>	4/18/2014	check	not provided	blank	\$15.84	Meals/entertainment

<b>Bistro 127</b>	3/13/2014 check	not provided	blank	\$83.47 Meals/entertainment
<b>Olde Hickory Tavern</b>	3/17/2014 check	not provided	blank	\$26.00 Meals/entertainment
<b>Capital Grille</b>	2/18/2014 check	not provided	blank	\$220.25 Meals/entertainment
<b>Down The Hatch</b>	2/18/2014 check	not provided	blank	\$324.43 Meals/entertainment
<b>The Inn At Claussen's</b>	2/18/2014 check	not provided	blank	\$181.72 Meals/entertainment
<b>Harbor Inn Seafood</b>	1/8/2014 check	not provided	blank	\$100.00 Meals/entertainment
<b>Lazy Dog Saloon</b>	2/24/2014 check	not provided	blank	\$36.00 Meals/entertainment
<b>Reflections Restaurant</b>	2/18/2014 check	not provided	blank	\$42.37 Meals/entertainment
<b>Longhorn steakhouse</b>	1/16/2014 check	not provided	blank	\$71.96 Meals/entertainment
<b>Chesapeake Seafood</b>	8/18/2014 expense per G/L	not provided	blank check per G/L	\$312.09 Meals/entertainment
<b>North Harbor Club</b>	7/1/2014 expense per G/L	not provided	blank check per G/L	\$120.00 Meals/entertainment
	7/9/2015 expense per G/L	not provided	blank check per G/L	\$69.14 Meals/entertainment
Total				\$189.14
<b>The Wine Club</b>	7/22/2014 expense per G/L	not provided	blank check per G/L	\$451.27 Meals/entertainment
	11/14/2014 expense per G/L	not provided	blank check per G/L	\$279.41 Meals/entertainment
	2/9/2015 expense per G/L	not provided	blank check per G/L	\$280.53 Meals/entertainment
Total				\$1,011.21
<b>Caruso's Fine Dining</b>	9/15/2014 expense per G/L	not provided	blank check per G/L	\$232.87 Meals/entertainment
<b>Frankly Wines</b>	11/24/2014 expense per G/L	not provided	blank check per G/L	\$329.98 Meals/entertainment



Zloop Inc. 15-11660  
 personal expenses  
 Source: General Ledger, transaction register  
 January 1, 2014 - August 10, 2015

Transaction report did not provide addresses  
 and invoice/descriptions for several transactions

Summary of transactions

Description	Amount	
Labcorp	\$498.00	
CVS	\$38.39	
Shell	\$1,130.64	
Exxon Mobile	\$258.80	
Lowes Foods	\$193.43	
OfficeMax	\$192.95	
Verizon Wireless	\$905.54	
Bethlehem Greenhouse	\$188.00	
Newton C Store	\$120.55	
Home Depot	\$33.01	
Sherwin Williams	\$190.25	
Best Buy	\$1,787.44	
Sam's Club	\$731.36	
Rite Aid	\$44.22	
Wilco Fuel Plaza	\$171.65	
Marathon	\$2,047.95	
Academy Sports	\$32.09	
Madmen Art & Design LLC	\$2,000.00	1
King Hickory	\$2,675.00	2
Terra Designs, Inc	\$30,208.40	3
Two Old Hippies	\$561.55	4
<b>Total</b>	<b>\$44,009.22</b>	

1. MadMen Art & Design LLC.- Manufacturer & designer of unique elements & mediums to functional artwork. Furniture dealer & complete design services.
2. King Hickory- Appears to be furniture for residences.
3. Terra Designs- specializes in creative residential outdoor living areas
4. Featuring women's and men's apparel, shoes and accessories, along with unique jewelry and gifts. Premium selection of guitars and rock n roll memorabilia.

Labcorp	DATE	Transaction type	check number	Memo/Description	Amount	G/L Category
	4/3/2014	Bill Payment (Check-)	10438	blank	\$42.00	HR Expense
	9/4/2014	Bill Payment (Check-)	10716	blank	\$42.00	HR Expense
	10/2/2014	Bill Payment (Check)	10787	blank	\$84.00	HR Expense
	1/2/2014	check	10264	84248003	\$42.00	HR Expense
	5/8/2015	Bill Payment (Check)	11098	blank	\$204.00	HR Expense
	12/15/2014	Bill Payment (Check-)	10844	blank	\$84.00	HR Expense
Total					\$498.00	
<b>CVS</b>	5/6/2014	check	blank	blank	\$38.39	Health
<b>Shell</b>	3/3/2014	check	blank	blank	\$52.34	Fuel - Automobile
	2/25/2014	check	blank	blank	\$55.60	
	2/24/2014	check	blank	blank	\$36.01	Fuel - Automobile
	2/12/2014	check	blank	blank	\$68.80	Fuel - Automobile
	1/21/2014	check	blank	blank	\$63.06	Fuel - Automobile
	5/6/2014	check	blank	blank	\$72.13	Fuel - Automobile
	4/18/2014	check	blank	blank	\$80.30	Fuel - Automobile
	4/17/2004	check	blank	blank	\$64.30	Fuel - Automobile
	4/14/2014	check	blank	blank	\$57.10	Fuel - Automobile
Shell Shock3/20/2014		Bill Payment (Check)	10410	blank	\$555.00	Fuel - Automobile
	3/17/2014	check	blank	blank	\$26.00	Fuel - Automobile
total					\$1,130.64	
<b>Exxon Mobile</b>	5/5/2014	check	blank	blank	\$39.80	Fuel - Automobile
	5/5/2014	check	blank	blank	\$40.00	Fuel - Automobile
	5/2/2014	check	blank	blank	\$39.60	Fuel - Automobile
	1/17/2014	check	blank	blank	\$69.86	Fuel - Automobile
	1/6/2014	check	blank	blank	\$69.54	Fuel - Automobile
Total					\$258.80	
<b>Lowes Foods</b>	5/5/2014	check	blank	blank	\$85.81	Supplies:Office
	3/25/2014	check	blank	blank	\$33.94	Supplies:Office

Total	1/31/2014	check	blank	blank	\$73.68	Supplies:Office
					\$193.43	
<b>OfficeMax</b>						
	5/5/2014	check	blank	blank	\$21.95	Office Expense
	4/17/2014	check	blank	blank	\$37.60	Office Expense
	4/4/2014	check	blank	blank	\$48.65	Office Expense
	3/10/2014	check	blank	blank	\$7.48	Office Expense
	2/3/2014	check	blank	blank	\$25.67	Office Expense
	2/3/2014	check	blank	blank	\$18.45	Office Expense
	1/21/2014	check	blank	blank	\$33.15	Office Expense
Total					\$192.95	
<b>Verizon Wireless</b>						
	5/1/2014	check	blank	blank	\$223.66	Telephone Expense
	3/31/2014	check	blank	blank	\$221.33	Telephone Expense
	2/25/2014	check	blank	blank	\$225.61	Telephone Expense
	2/3/2014	check	blank	blank	\$234.94	Telephone Expense
Total					\$905.54	
<b>Bethlehem Greenhouse</b>						
	4/28/2014	check	blank	blank	\$188.00	60262 Repair & Maintenance:Exterior
<b>Newton C Store</b>						
	4/22/2014	check	blank	blank	\$45.55	Fuel - Automobile
	3/26/2014	check	blank	blank	\$75.00	Fuel - Automobile
Total					\$120.55	
<b>Home Depot</b>						
	4/18/2014	check	blank	blank	\$33.01	Repair/maint.
<b>Sherwin Williams</b>						
	3/13/2014	check	blank	blank	\$190.25	Supplies:Warehouse
<b>Best Buy</b>						
DATE		Transaction type	check number	Memo/Description	Amount	G/L Category
	3/10/2014	check	blank	blank	\$203.27	Office Expense
	2/4/2014	check	blank	blank	\$85.59	Office Expense
	2/4/2014	check	blank	blank	\$302.77	Office Expense
	2/3/2014	check	blank	blank	\$85.79	Office Expense
	1/6/2014	check	blank	blank	\$283.53	Office Expense
	5/15/2014	Expense per G/L	blank	blank	\$160.48	Office Expense
	5/23/2014	Expense per G/L	blank	blank	\$481.44	Office Expense
	1/26/2015	Expense per G/L	blank	blank	\$34.54	Office Expense
	2/2/2015	Expense per G/L	blank	blank	\$42.79	Office Expense
	4/7/2014	check	blank	blank	\$107.24	Office Expense
Total					\$1,787.44	
<b>Sam's Club</b>						
	3/10/2014	check	blank	blank	\$346.68	Office Expense
	1/13/2014	check	blank	blank	\$384.68	Office Expense
Total					\$731.36	
<b>Rite Aid</b>						
	2/24/2014	check	blank	blank	\$36.01	Office Expense
	2/4/2014	check	blank	blank	\$8.21	Office Expense
total					\$44.22	
<b>Wilco Fuel Plaza</b>						
	3/3/2014	check	blank	blank	\$42.29	Fuel - Automobile
	2/18/2014	check	blank	blank	\$63.36	Fuel - Automobile
	2/18/2014	check	blank	blank	\$66.00	Fuel - Automobile
Total					\$171.65	
<b>Academy Sports</b>						
	1/27/2014	check	blank	blank	\$32.09	Supplies
<b>Madmen Art &amp; Design LLC</b>						
	7/31/2014	Bill Paymem (Check)	10665	blank	\$2,000.00	Furniture
<b>King Hickory</b>						
	7/31/2014	check	10669	blank	\$2,675.00	Office
<b>Terra Designs, Inc</b>						

6/5/2014 Bill Payment (Check) 10563 blank ##### Building improvements

**Two Old Hippies**

4/6/2015 expense per G/L blank blank 166.06 Meals -entertainment  
 4/6/2015 expense per G/L blank blank 395.49 Meals -entertainment  
 561.55

Total

Date	Transaction type	check number	Name	Memo/Descriptor	Amount
5/5/2014	check	not provided	Marathon	blank	\$75.00
4/29/14	check	not provided	Marathon	blank	\$75.00
04/28/14	check	not provided	Marathon	blank	\$75.00
04/23/14	check	not provided	Marathon	blank	\$63.88
04/14/14	check	not provided	Marathon	blank	\$74.51
04/10/14	check	not provided	Marathon	blank	\$74.30
04/07/14	check	not provided	Marathon	blank	\$57.79
04/04/14	check	not provided	Marathon	blank	\$75.00
03/21/14	check	not provided	Marathon	blank	\$75.00
03/31/14	check	not provided	Marathon	blank	\$75.00
03/24/14	check	not provided	Marathon	blank	\$72.30
03/19/14	check	not provided	Marathon	blank	\$65.34
03/12/14	check	not provided	Marathon	blank	\$44.20
03/10/14	check	not provided	Marathon	blank	\$73.00
3/8/2014	check	not provided	Marathon	blank	\$75.00
3/5/2014	check	not provided	Marathon	blank	\$57.45
2/28/2014	check	not provided	Marathon	blank	\$75.00
2/21/2014	check	not provided	Marathon	blank	\$60.00
2/19/2014	check	not provided	Marathon	blank	\$52.69
2/18/2014	check	not provided	Marathon	blank	\$67.61
2/13/2014	check	not provided	Marathon	blank	\$58.00
2/10/2014	check	not provided	Marathon	blank	\$54.65
2/10/2014	check	not provided	Marathon	blank	\$26.99
2/7/2014	check	not provided	Marathon	blank	\$55.14
2/4/2014	check	not provided	Marathon	blank	\$67.30
1/31/2014	check	not provided	Marathon	blank	\$51.75
1/29/2014	check	not provided	Marathon	blank	\$61.30
1/24/2014	check	not provided	Marathon	blank	\$61.80
1/21/2014	check	not provided	Marathon	blank	\$57.85
1/17/2014	check	not provided	Marathon	blank	\$48.69
1/16/2014	check	not provided	Marathon	blank	\$51.52
1/13/2014	check	not provided	Marathon	blank	\$49.97
1/8/2014	check	not provided	Marathon	blank	\$39.92
total					\$2,047.95

Zloop Inc. 15-11660  
 Airline,pilot expense  
 Source: General Ledger, transaction register  
 January 1, 2014 - August 10, 2015

Summary of transactions

Description	Amount
Integrity Flight Management	\$60,705.06
ODDS,LLC	\$39,523.02
Jamey Brown	\$3,452.30
Ty Hughes	\$2,827.62
Carolina Flight Solutions	\$5,080.97
Sapience Consulting and Aviation, LLC	\$2,453.82
<b>Total</b>	<b>\$114,042.79</b>

Date	Name	Transaction type	check number	Memo/ Description	Amount	G/L Category
8/1/2014	Integrity Flight Management	check	10668	blank	\$12,494.64	Travel
7/18/2014	Integrity Flight Management	check	10640	blank	\$7,737.90	Travel
6/5/2014	Integrity Flight Management	check	10565	blank	\$27,730.00	Travel
5/7/2014	Integrity Flight Management	check	10501	blank	\$1,949.00	Travel
1/16/2014	Integrity Flight Management	check	10280	blank	\$10,793.52	Travel
<b>Total</b>					\$60,705.06	
5/7/2014	ODDS, LLC	check	10503	blank	\$31,829.06	Travel
2/5/2014	ODDS, LLC	check	10331	Inv 128	\$7,693.96	Travel
<b>Total</b>					\$39,523.02	
5/15/2014	Jamey Brown	check	10526	blank	\$583.21	Contract Labor
5/7/2014	Jamey Brown	check	10509	blank	\$1,624.10	Contract Labor
5/2/2014	Jamey Brown	check	10498	blank	\$1,244.99	Contract Labor
<b>Total</b>					\$3,452.30	
5/7/2014	Ty Hughes	check	10510	blank	\$1,280.57	Contract Labor
5/2/2014	Ty Hughes	check	10481	blank	\$1,547.05	Contract Labor
<b>Total</b>					\$2,827.62	
1/30/2014	Carolina Flight Solutions	check	10316	blank	\$1,839.72	Travel
1/23/2014	Carolina Flight Solutions	check	10303	blank	\$3,241.25	Travel
<b>Total</b>					\$5,080.97	
3/20/2014	Sapience Consulting and Aviation, LLC	check	10413	Inv # 602	\$655.96	Contract Labor
1/30/2014	Sapience Consulting and Aviation, LLC	check	10317	Inv# 598	\$1,489.15	Contract Labor
1/21/2014	Sapience Consulting and Aviation, LLC	check	10296	Inv # 596	\$308.71	Contract Labor
<b>Total</b>					\$2,453.82	

1. Integrity Flight Management- aircraft management providing pilots and management support.Pilot services

2. ODDS, LLC- FAA Aircraft Ownership

Information

Aircraft Identification

N-Number N76AS

Serial Number 5500432

MFR Model Code 2076604

Model CESSNA 550

Engine Model Code 52060 Year MFRed

Type\_aircraft Fixed wing multi engine (5)

Type\_engine Turbo-fan (5)

Status\_code V

Valid Registration

Mode\_s\_code 52437500

Fract\_owner

3. Pilot services

Zloop Inc. 15-11660  
 Racing related expenditures  
 January 1, 2014 through August 10, 2015  
 Source: General Ledger, transaction register  
 January 1, 2014 - August 10, 2015

Summary of transactions

Description	Amount
Bristol Motor Speedway	\$186,838.01
Kyle Busch Motorsports	\$500,000.00
Venturini Motor Sports	\$1,179,849.22
Hickory Motor Speedway	\$7,000.00
Atlanta Motor Speedway	\$12,006.00
ButlerBuilt Motorsports Equipment	\$10,442.13
Joe Gibbs Racing, Inc	\$208,103.79
Pocono Raceway	\$35,535.00
Krantz Motorsports, Inc	\$50,000.00
Kentucky Raceway, LLC	\$67,740.10
Richard Petiy Driving Exp	\$2,658.00
Raceway	\$1,608.49
<b>Total</b>	<b>\$2,261,780.74</b>

Date	Name	Transaction type	check number	Memo/Description	Amount	G/L Category
1/15/2015	Kyle Busch Motorsports	Expense/G/L	wire	Prepaid advertising	500,000.00	Prepaid advertising
4/21/2015	Bristol Motor Speedway	expense G/L	blank	blank	1,422.44	Meals/entertainmen
4/21/2014	Bristol Motor Speedway	expense G/L	blank	blank	185.65	Meals/entertainmen
3/27/2015	Bristol Motor Speedway	Bill Payment (Check)	11036	Inv # 15086	26,800.00	Meals/entertainmen
5/2/2014	Bristol Motor Speedway	Bill Payment (Check)	10474	blank Suite# 415 for Irwin	125,000.00	Marketing
5/9/2014	Bristol Motor Speedway	Bill	14814	Tools Night	16,080.00	Marketing
5/15/2014	Bristol Motor Speedway	check	10525	Race	16,080.00	Meals/entertainmen
8/22/2014	Bristol Motor Speedway	expense G/L	blank	blank	1,269.92	Marketing
<b>Total</b>					<b>186,838.01</b>	
1/16/2014	Venturini Motor Sports	Bill Payment (Check)	10279	blank	3,530.14	
3/20/2014	Venturini Motor Sports	Bill Payment (Check)	10409	blank	328.64	Advertising
3/17/2014	Venturini Motor Sports	check	10406	blank	150,000.00	Marketing
3/13/2014	Venturini Motor Sports	Bill Payment (Check)	10388	blank	1,060.56	Advertising
3/6/2014	Venturini Motor Sports	Bill Payment (Check)	10382	blank	2,648.15	Advertising
2/5/2014	Venturini Motor Sports	check	10329	blank	100,000.00	Marketing
2/5/2014	Venturini Motor Sports	check	10326	Invoice 2636	4,500.00	Marketing
2/9/2014	Venturini Motor Sports	Bill		Inv 2663	40,000.00	Marketing
3/11/2015	Venturini Motor Sports	check	11008	5/1/contract payment	125,000.00	Contract labor
12/22/2014	Venturini Motor Sports	Bill Payment (Check)	epay	blank	52,000.00	
9/29/2014	Venturini Motor Sports	Check	10775	5/1/contract payment	50,000.00	Contract labor
9/25/2014	Venturini Motor Sports	Bill Payment (Check)	10752	blank	283.85	Advertising
9/4/2014	Venturini Motor Sports	check	10720	5/1 contract payment	200,000.00	Marketing
9/2/2014	Venturini Motor Sports	Bill Payment (Check)	10695	blank	304.50	Advertising
8/14/2014	Venturini Motor Sports	Bill Payment (Check)	10685	blank	393.40	Advertising
7/21/2014	Venturini Motor Sports	Bill Payment (Check)	10659	blank	374.39	Equipment expense
7/24/2014	Venturini Motor Sports	Check	10651	5/1 contract payment	100,000.00	Marketing
7/17/2014	Venturini Motor Sports	Bill Payment (Check)	10629	blank	391.89	Advertising
6/19/2014	Venturini Motor Sports	Bill Payment (Check)	10600	blank	1,950.00	Marketing
6/6/2014	Venturini Motor Sports	check	10577	5/1 contract payment	100,000.00	Marketing
5/22/2014	Venturini Motor Sports	Bill Payment (Check)	10530	blank	613.84	Advertising
5/5/2014	Venturini Motor Sports	check	10500	5/1 contract payment	250,000.00	Marketing
<b>Total</b>					<b>1,179,849.22</b>	
2/26/2015	Hickory Motor Speedway	Bill Payment (Check)	10983	blank	3,500.00	Marketing
4/28/2014	Hickory Motor Speedway	check	10471	advertising -Billboard	3,500.00	Marketing
<b>Total</b>					<b>7,000.00</b>	
12/15/2014	ButlerBuilt Motorsports Equipment	Bill Payment (Check)	10833	blank	6,961.42	auto expense
11/3/2014	ButlerBuilt Motorsports Equipment	check	10814	blank	3,480.71	auto expense
<b>Total</b>					<b>10,442.13</b>	
10/30/2014	Joe Gibbs Racing, Inc	Bill Payment (Check)	10797	Justin Boston Hero Cards	432.55	Marketing
9/25/2014	Joe Gibbs Racing, Inc	Bill Payment (Check)	10765	blank	2,671.24	Marketing
9/22/2014	Joe Gibbs Racing, Inc	check	10741	blank	170,000.00	Contract labor

Total	8/7/2014	Joe Gibbs Racing, Inc	Bill Payment (Check)	10682	blank	35,000.00	Marketing
						208,103.79	
	6/2/2014	Pocono Raceway	check	10560	blank	35,535.00	Meals and entertaini
	5/22/2014	Krantz Motorsports, Inc	Bill Payment (Check)	10533	blank	50,000.00	Advertising/Promoti
	5/2/2014	Kentucky Raceway, LLC	Bill Payment (Check)	10473	blank	65,000.00	Marketing
	9/22/2014	Kentucky Raceway, LLC	Expense per G/L		blank	1,092.86	Meals and entertaini
	9/22/2014	Kentucky Raceway, LLC	Expense per G/L		blank	960.36	Meals and entertaini
Total	9/22/2014	Kentucky Raceway, LLC	Expense per G/L		blank	686.88	Meals and entertaini
						67,740.10	
	4/25/2014	Richard Petty Driving Exp	check	blank	blank	2,658.00	Meals and entertaini
	12/30/2014	Raceway	Expense-G/L	blank	blank	45.70	Fuel - Automobile
	11/4/2014	Raceway	Expense-G/L	blank	blank	57.00	Fuel - Automobile
	9/29/2014	Raceway	Expense-G/L	blank	blank	74.85	Fuel - Automobile
	9/29/2014	Raceway	Expense-G/L	blank	blank	45.45	Fuel - Automobile
	9/23/2014	Raceway	Expense-G/L	blank	blank	29.66	Fuel - Automobile
	9/16/2014	Raceway	Expense-G/L	blank	blank	29.90	Fuel - Automobile
	9/10/2014	Raceway	Expense-G/L	blank	blank	68.80	Fuel - Automobile
	8/21/2014	Raceway	Expense-G/L	blank	blank	51.98	Fuel - Automobile
	8/20/2014	Raceway	Expense-G/L	blank	blank	54.10	Fuel - Automobile
	8/7/2014	Raceway	Expense-G/L	blank	blank	67.43	Fuel - Automobile
	7/31/2014	Raceway	Expense-G/L	blank	blank	76.00	Fuel - Automobile
	7/28/2014	Raceway	Expense-G/L	blank	blank	68.90	Fuel - Automobile
	7/18/2014	Raceway	Expense-G/L	blank	blank	75.90	Fuel - Automobile
	7/18/2014	Raceway	Expense-G/L	blank	blank	48.79	Fuel - Automobile
	7/17/2014	Raceway	Expense-G/L	blank	blank	67.40	Fuel - Automobile
	7/14/2014	Raceway	Expense-G/L	blank	blank	79.20	Fuel - Automobile
	7/7/2014	Raceway	Expense-G/L	blank	blank	73.50	Fuel - Automobile
	7/2/2014	Raceway	Expense-G/L	blank	blank	75.00	Fuel - Automobile
	6/4/2014	Raceway	Expense-G/L	blank	blank	50.66	Fuel - Automobile
	5/19/2014	Raceway	Expense-G/L	blank	blank	60.15	Fuel - Automobile
	5/19/2014	Raceway	Expense-G/L	blank	blank	85.55	Fuel - Automobile
	3/31/2014	Raceway	check	blank	blank	78.70	Fuel - Automobile
	3/11/2014	Raceway	check	blank	blank	71.87	Fuel - Automobile
	2/18/2014	Raceway	check	blank	blank	56.67	Fuel - Automobile
	1/8/2014	Raceway	check	blank	blank	69.25	Fuel - Automobile
Total	1/2/2014	Raceway	check	blank	blank	46.08	Fuel - Automobile
						1,608.49	
	3/4/2015	Atlanta Motor Speedway	Expense-G/L	10990	blank	12,006.00	Meals and Entertaini

Zloop Inc. 15-11660  
Related Party Transactions  
Source: General Ledger, transaction register  
January 1, 2014 - August 10, 2015

Date	Name	Transaction type	check number	Memo/ Description	Amount	G/L Category
6/2/2014	<b>Hooch House. LLC</b>	Bill Payment (Check)	10548	blank	\$14,000.00	Fuel - Automobile ?
3/11/2015	<b>Hickory Commercial, LLC</b>	check	11012	blank	\$160,000.00	Equipment Setup Servi
Total					\$174,000.00	

Zloop Inc. 15-11660  
 Disbursements issued to Robert Boston and Robert LaBarge\  
 Source: General Ledger, transaction register  
 January 1, 2014 - August 10, 2015

Summary of transactions

Description	Amount
Robert Boston	\$48,707.42
CARON BOSTON	\$35,000.00
Robert LaBarge	\$197,538.83
<b>Labarge @ Partners</b>	\$11,400.00
<b>Total</b>	<b>\$292,646.25</b>

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1. Marketing Consultants

Date	Name	Transaction type	check number	Memo/Description	Amount
7/30/2015	Robert Boston	Check	11173	contract labor	\$5,000.00
7/3/2015	Robert Boston	Check	11135	contract labor	\$351.90
6/11/2015	Robert Boston	Check	11132	contract labor	\$771.85
6/8/2015	Robert Boston	Check	11130	contract labor	\$2,176.95
5/27/2015	Robert Boston	Check	11103	contract labor	\$410.55
5/1/2015	Robert Boston	Check	11088	contract labor	\$1,330.55
4/15/2015	Robert Boston	Check	11057	contract labor	\$1,189.10
4/6/2015	Robert Boston	Check	11038	contract labor	\$1,228.77
3/31/2015	Robert Boston	Check	11037	contract labor	\$987.27
3/16/2015	Robert Boston	Check	11022	contract labor	\$791.20
3/9/2015	Robert Boston	Check	11001	contract labor	\$1,739.11
3/3/2015	Robert Boston	Check	10992	contract labor	\$1,730.17
2/26/2015	Robert Boston	Check	10985	contract labor	\$9,000.00
2/4/2015	Robert Boston	Check	10945	contract labor	\$4,000.00
1/15/2015	Robert Boston	Check	10925	contract labor	\$9,000.00
12/19/2014	Robert Boston	Check	10871	contract labor	\$9,000.00
<b>Total</b>					<b>\$48,707.42</b>
	6/4/2015 Robert LaBarge	Check	11129	blank	\$4,219.35
	3/10/2015 Robert LaBarge	Check	11002	blank	\$102,855.00
	2/26/2015 Robert LaBarge	Check	10986	blank	\$30,000.00
	1/14/2015 Robert LaBarge	Check	10912	blank	\$25,000.00
	6/5/2014 Robert LaBarge	Check	10573	blank	\$464.48
	1/2/2014 Robert LaBarge	Check	10260	blank	\$35,000.00
<b>Total</b>					<b>\$197,538.83</b>
Date	Name	Transaction type	check number	Memo/Description	Amount
1/2/2014	CARON BOSTON	check	10261	blsnk	\$35,000.00
7/24/2015	<b>Labarge @ Partners</b>	Check	10650	blank	\$11,400.00



Zloop Inc. 15-11660  
 Disbursements issued for Mobile Apps and Video production  
 Source: General Ledger, transaction register  
 January 1, 2014 - August 10, 2015

Summary of transactions

Description	Amount	
Gravity Jack, Inc.	\$125,000.00	1
So Good! Entertainment	\$35,000.00	2
THH, LLC	\$26,498.12	3
EK Air, LLC	\$4,976.61	4
<b>Total</b>	<b>\$191,474.73</b>	

- 1. Gravity Jack Inc. - Mobile Apps- specializes in the design and software development of mobile apps.
- 2. Marketing firm - Nashville, TN 37203-3157
- 3 Motion Picture and Video Production
- 4 Motion Picture and Video Production

Date	Name	Transaction type	check number	Memo/Description	Amount	G/L Category
4/23/2015	Gravity Jack, Inc.	Check	11077	BLANK	\$5,000.00	Marketing Expense
3/10/2015	Gravity Jack, Inc.	Check	11007	BLANK	\$5,000.00	Marketing Expense
3/3/2015	Gravity Jack, Inc.	Check	10991	BLANK	\$5,000.00	Marketing Expense
1/22/2015	Gravity Jack, Inc.	Check	10936	BLANK	\$5,000.00	Marketing Expense
9/23/2014	Gravity Jack, Inc.	Check	10742	BLANK	\$15,000.00	Marketing Expense
8/14/2014	Gravity Jack, Inc.	Check	10688	BLANK	\$3,750.00	Marketing Expense
7/21/2014	Gravity Jack, Inc.	Check	10652	BLANK	\$26,250.00	Marketing Expense
6/12/2014	Gravity Jack, Inc.	Check	10588	BLANK	\$15,000.00	Marketing Expense
5/22/2014	Gravity Jack, Inc.	Check	10532	BLANK	\$15,000.00	Marketing Expense
4/17/2014	Gravity Jack, Inc.	Check	10461	BLANK	\$15,000.00	Marketing Expense
3/13/2014	Gravity Jack, Inc.	Check	10402	BLANK	\$15,000.00	Marketing Expense
<b>Total</b>					<b>\$125,000.00</b>	
1/14/2015	So Good! Entertainment	Bill Payment (Check)	10878	BLANK	\$6,000.00	Marketing Expense
3/20/2015	So Good! Entertainment	expense	10989	BLANK	\$15,000.00	Contract Labor
4/24/2015	So Good! Entertainment	Check	11078	BLANK	\$5,000.00	Marketing Expense
9/17/2014	So Good! Entertainment	Check	10738	BLANK	\$3,000.00	Contract Labor
7/10/2014	So Good! Entertainment	Check	10623	BLANK	\$3,000.00	Marketing Expense
6/12/2014	So Good! Entertainment	Check	10586	BLANK	\$3,000.00	Marketing Expense
<b>Total</b>					<b>\$35,000.00</b>	
7/8/2014	THH, LLC	Check	10614	Blank	\$7,000.00	Transportation
5/12/2014	THH, LLC	Check	10512	Blank	\$19,498.12	Transportation
<b>Total</b>					<b>\$26,498.12</b>	
3/13/2014	EK Air, LLC	Bill Payment (Check)	10400	Blank	\$1,051.43	travel
5/2/2014	EK Air, LLC	Bill Payment (Check)	10479	Blank	\$3,925.18	travel
<b>Total</b>					<b>\$4,976.61</b>	

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: : Chapter 11  
 :  
 ZLOOP, INC *et al* :  
 :  
 :  
 : Bankruptcy No. 15-11660-KJC  
 Debtor, :

**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that on February 5, 2016, the United States Trustee’s Motion to Convert the Debtors’ Chapter 11 Cases to Cases Under Chapter 7 of the Bankruptcy Code, Pursuant to 11 U.S.C. §1112 and Granting Such Other Relief as the Court Deems Just, Proper, And Equitable (the “Motion”) and the Declaration of Michael T. Panacio In Support Of Motion Of The United States Trustee For Entry Of An Order Converting The Debtor’s Chapter 11 Case To A Case Under Chapter 7 Pursuant, Or, Alternatively, Dismissing The Debtor’s Chapter 11 Case Pursuant To 11 U.S.C. § 1112(B) as served in the manner indicated to the following persons:

**First Class United States Mail and Email**

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Justin Boston 816 13 <sup>th</sup> Street, NE Hickory, NJ 28601	Justin Boston Racing, LLC 816 13 <sup>th</sup> Street, NE Hickory, NC 28601
Justin Boston 119 Whaling Lane Mooresville, NC 28117	US Attorney's Office Nemours Building 1007 Orange Street, Ste. 700 Wilmington, DE 19801
Catawba County Tax Collector P.O. Box 368 Newton, NC 28658-0368	

\_\_\_\_\_  
 /s/  
 David L. Buchbinder, Esq.  
 Trial Attorney