

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

GLOBAL ONLINE DIRECT, INC.,  
BRYANT E. BEHRMANN and  
LARRY "BUCK" E. HUNTER,

Defendants.

Civil Action No. 1:07-CV-0767-WSD

**DECLARATION OF MICHAEL A. GRASSMUECK IN SUPPORT OF  
MOTION FOR ORDER APPROVING CLAIMS PROCEDURES,  
ESTABLISHING CLAIMS BAR DATE, AND APPROVING OTHER  
RELATED RELIEF**

I, Michael A. Grassmueck, declare:

1. I am the duly appointed receiver (the "Receiver") for Global Online Direct, Inc. ("Global") and its subsidiaries Global Online Depository, Global Online SPIP, Global Online Auction Stores, Triple Diamond B, Bodaga Bay, Bodaga Bay Trucking, Inc., Catherine Crick Riders, Double B Broadcasting, Inc., The AM Show, Double B MPG, Global Online Direct, U Loan We Pay, and Bargain Hunter, Inc., and their subsidiaries and affiliates and any entities controlled by them (collectively referred to as the "Receivership Entities").

2. I submit this declaration (the "Declaration") in support of the Motion For Order Approving Claims Procedures, Establishing Claims Bar Date, And Approving Other Related Relief (the "Motion"). I have personal knowledge of the

facts stated in this Declaration as to which I could and would personally and competently testify if called upon to do so.

3. Per the Motion, the Receivership Estate seeks an order to (i) approve the procedure to be used by the Receiver for the solicitation, review and approval of claims against the receivership estate (the "Receivership Estate"), (ii) fix a date certain (the "Bar Date") as the last date by which the Receiver must receive proofs of claim of any type against any of the Receivership Entities; (iii) approve the form and manner of notice of the Bar Date to be sent to creditors, investors and parties in interest, and (iv) allow the Receiver to not process claims or make distributions to those investors and creditors who made principal investments, or who have trade claims, of less than \$2,000 (collectively, the "Claims Procedures").

4. On June 4, 2008, I was appointed as receiver ("Receiver") in this action pursuant to Court order (the "Receiver Order"). The Receiver Order identifies my duties and responsibilities as encompassing, among others, the following general categories: (i) securing, protecting and recovering Receivership Estate assets, (ii) preparing an accounting and investigating the status and whereabouts of Receivership Estate assets, (iii) liquidating Receivership Estate assets, and (iv) determining the necessary distributions to investors and creditors, based on review and allowance of such investors' and creditors' claims.

5. The Claims Procedures are necessary in order for me, as receiver, to determine the maximum amount of claims that will be allowed to participate in distribution of any proceeds of Receivership Estate. To accomplish this, the Receiver will perform a careful review of any claims filed against the Receivership Estate, following a Court approved Bar Date. With limited proceeds available for distribution, the Claims Procedures will ensure that the proceeds available for distribution are maximized for payment to those investors and creditors who hold valid claims against the Receivership Estate, and whose claims are sufficiently documented and filed by the Bar Date. At this time, I estimate a total of

approximately \$1,500,000 will be available for distribution to investors and creditors.

#### PROPOSED CLAIMS PROCEDURES

6. I propose that once the Court has approved the form and content of the Notice of Bar Date for Submitting Any and All Claims (the "Notice of Bar Date") (attached as Exhibit "B" to the Motion), the Receivership Estate shall e-mail the Notice of Bar Date along with an approved proof of claim form to all known and suspected interested parties, and will publish notice in appropriate newspapers of general readership.

7. E-mail notice of the Notice of Bar Date is proper here as the Court previously approved e-mail notice to investors and creditors, as listed in the Receivership Estate's investor database for the Receivership Entities. The e-mail Notice of Bar Date will be sent to and served on investors and creditors pursuant to the procedures for providing e-mail notice to investors and creditors, (i) as described in the Declaration of Geoff Winkler in Support of Receiver's Application for Authorization to Notice Investors in the Receivership Entities by Means of Electronic Mail, filed on November 21, 2007, and (ii) as approved by this Court's Opinion and Order entered on November 29, 2007.

8. The establishment of a Bar Date is necessary in order to provide certainty and finality to the claims process and to allow for the timely wind-down of the Receivership Estate. I propose that the Bar Date be set sixty-five (65) days from the date of e-mailing the Notice of Bar Date, thereby providing sufficient notice to all to file their claims.

9. I will authorize investors and creditors to either file their proofs of claim on-line at my website [www.grassmueckgroup.com/global\\_online.php](http://www.grassmueckgroup.com/global_online.php), per the instructions set forth in the Notice of Bar Date (attached Exhibit "B") and proof of claim form (attached Exhibit "D"), or file their proofs of claim with my office by mailing such proof of claim form, with a self-addressed stamped return

envelope for conformed copy, per the instructions in the Notice of Bar Date and proof of claim form.

10. Once the Bar Date has passed and the Receivership Estate has reviewed the claims, the Receivership Estate will bring an omnibus motion or motions for approval of claims, rejection of claims, and disbursement of proceeds. All claimants will receive notice of this omnibus motion or motions with information about how the Receivership Estate proposes his/her or its claim be treated, so that a claimant whose claim is rejected can file an opposition to the motion if the claimant wishes to be heard.

#### NOTICE

11. The Receivership Estate is to provide creditors *at least* sixty (60) days notice to file a proof of claim from the date of receipt of the Notice of Bar Date. I believe that setting the Bar Date sixty-five (65) days (i.e., 60 days plus 5 days from the date of e-mail) from the date of e-mailing the Notice of Bar Date will ensure that creditors will have sufficient notice within which to file their claims.

12. The Receivership Estate will e-mail the Notices and proof of claim form to the investors and creditors as listed in the Receivership Estate's database for investors and creditors, and in accordance with the e-mail notice procedures previously approved by this Court.

13. The Receivership Estate will also publish notice of the Bar Date in the *Wall Street Journal* (or similar publication), the *Oregonian*, the *La Grande Observer*, and on the Receiver's website in a form similar to the Form of Notice for Publication attached to the Motion as Exhibit "C".

#### EFFECT OF FAILURE TO FILE PROOF OF CLAIM

14. Any party who is required to file a proof of claim and otherwise fails to do so by the Bar Date: (i) should not, with respect to any such claim, be treated as a creditor or claimant of the Receivership Entities, (ii) should be forever barred, estopped and enjoined from (a) filing a proof of claim at a later date with respect to

such claim, (b) asserting any claim against the Receivership Entities or the Receivership Estate and property thereof, (c) participating in any distribution in this receivership case on account of such claim, and (iii) the Receiver and the Receivership Entities should be discharged forever from any and all indebtedness or liability in respect of such claim. This aspect of the requested order is essential to ensure finality and to allow for the timely efficient, wind-down of the Receivership Estate.

RECOMMENDATION TO NOT PROCESS CLAIMS OR MAKE DISTRIBUTIONS TO THOSE INVESTORS AND CREDITORS WHO HAVE MADE PRINCIPAL INVESTMENTS, OR WHO HAVE TRADE CLAIMS, OF LESS THAN \$2,000

15. As further detailed in Section VI of the Motion, and the Chart attached Exhibit "A" to the Motion, I have conducted a careful analysis of the anticipated claims against the Receivership Estate, and balanced the Administrative Cost against the actual proceeds available for distribution. I estimate the Administrative Cost to be \$55.50 for each of the estimated 7,826 claims. This Administrative Cost could actually be even higher if I need to prepare specific objections to the claims, and follow through on the process for disposition of such objections. I have determined that if I were to review and fully process all of the claims, the Administrative Cost would likely consume almost a third of the entire amount available for distribution.

16. In light of this, I have considered alternative approaches to claims processing and distribution which has resulted in the proposal to limit claims processing and distribution. Here, there are an estimated 4,546 claims that are less than \$2,000. These "less than \$2,000 claims" reflect only 6.3% of the money invested in the Receivership Entities. Based on my analysis, the cost of reviewing and processing each of these "less than \$2,000 claims" is greater than the pro rata distribution that each of the claimants would receive on their respective claims.

Further, I have determined that the total Administrative Cost for these "less than \$2,000 claims" would amount to \$252,303, which total Cost alone would consume 17% of the Receivership Estate funds available for distribution.

17. The distribution scenario chart (the "Chart") attached as Exhibit "A" to the Motion, sets forth 3 different scenarios, which is informative as to the basis for my decision to limit distribution to those claims of \$2,000 or greater.

18. As demonstrated by Scenario 1 in the Chart, if the Receivership Estate were to assume a distribution on all classes of claims, with the Administrative Cost estimated for each claim, the projected return for those claims that are less than \$2,000, would be less than the Administrative Cost for each of those claims.

19. As demonstrated by Scenario 2 in the Chart, if the Receivership Estate were to assume a distribution on those classes of claims only of \$1,000 or greater above, with the Administrative Cost estimated for each claim, the projected return for the class of claims less than \$1,000, and for the class of claims between \$1,000 to \$1,999, would still be less than the Administrative Cost for each of those classes of claims.

20. As demonstrated by Scenario 3 in the Chart, which is the Receivership Estate's requested distribution scenario, if the Receivership Estate were to assume a distribution on those classes of claims only of \$2,000 or greater, the Administrative Cost estimated for each claim would not exceed the projected distributions on those classes of claims.

21. Based on my analysis of the 3 different scenarios, I have conducted a cost-benefit analysis, and have balanced the Administrative Cost against the actual percentage payout on such claims from Receivership Estate funds. From this analysis, I believe that the benefit of making a distribution to those "less than \$2,000 claims" is outweighed by the Administrative Cost in processing such claims.

22. I seek to maximize the distribution to investors and creditors of the Receivership Estate, but am keenly aware of the Administrative Cost, and want to effect a distribution which will actually maximize recovery to those investors and creditors, whose claims are not subsumed by the cost. This desire to maximize distribution is reinforced by the fact that 93.7% of the money invested was attributable to those investors who paid \$2,000 or more. I find no economic justification for processing claims of investors which are less than \$2,000. Therefore, based upon my cost-benefit analysis, I recommend that the Court allow me to not process claims or make distributions to those investors and creditors who made principal investments, or who have trade claims, of less than \$2,000.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 12<sup>th</sup> day of ~~September~~, 2008, at Portland, Oregon.

*October*



MICHAEL A. GRASSMUECK