

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

In re:

National Gold Exchange, Inc.

Debtor.

Case No.: 08:09-bk-15972-MGW
Chapter 11

DEBTOR'S CHAPTER 11 CASE MANAGEMENT SUMMARY

Debtor, National Gold Exchange, Inc., a Massachusetts corporation, pursuant to Administrative order TPA-2005-2, hereby files its Chapter 11 Case Management Summary (the "Summary"), and states:

I. INTRODUCTION

On July 24, 2009, Debtor filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code.

II. DESCRIPTION OF DEBTOR'S BUSINESS

Debtor is a wholesaler of rare and foreign coins.

III. LOCATION(S) OF DEBTOR'S OPERATIONS AND WHETHER LEASED OR OWNED

Debtor's business headquarters are located at 14309 N. Dale Mabry Highway, Tampa, Florida 33618. The premises are leased from C.P.I., Ltd. and rent is approximately \$11,000.00 per month.

IV. REASON FOR FILING CHAPTER 11

1. On or about June 26, 2007, Sovereign Bank and Debtor entered into an Amended and Restated Loan Agreement which has been amended time to time (the "Loan Agreement").

2. On or about July 10, 2009, Sovereign arrived at the Business unannounced and stated it was there to perform an unannounced audit pursuant to its rights under the Loan Agreement.

3. In the fourteen (14) years that Debtor and Sovereign had been conducting business, never had Sovereign conducted an unannounced audit.

4. On July 21, 2009, Sovereign filed a motion for entry of an ex parte writ of replevin in the Circuit Court of the Thirteenth Judicial Circuit of Hillsborough, County, Florida, Civil Division (“Motion for Replevin”).

5. On the same day the Complaint and Motion for Replevin was filed, Judge Cook considered the Motion for Replevin.

6. The court immediately issued a writ of replevin (“Writ of Replevin”) despite Debtor being current on all loan payments to Sovereign and without requiring Sovereign to present any specific evidence that Debtor had engaged or intended to engage in the destruction, concealment, or waste of Sovereign’s collateral, or its removal from the state, removal from jurisdiction of the court, or transfer to an innocent party.

7. However, it appears that Sovereign did present a letter from David Hammer, an attorney adverse to Debtor in a breach of contract lawsuit brought by an entity known as Caligula, Inc. that is controlled by Paul Bilzerian, wherein Mr. Hammer suggested that Debtor may have been misusing Sovereign’s collateral.

8. On or about July 23, 2009, the principals of the Debtor were served with the Writ of Replevin.

9. Subsequent to service of the Writ of Replevin, agents for Sovereign began boxing up and removing inventory of the Debtor, copying proprietary information of the Debtor from

Debtor's computers, removing computer hard drives and seizing and/or freezing all bank accounts of the Debtor, including, but not limited to, operating accounts and payroll accounts, all of which were located at Sovereign (collectively, the foregoing is hereinafter referred to as the "Property").

10. Debtor requested that Sovereign at least unfreeze sufficient funds to allow Debtor to pay its employees. Sovereign refused.

11. Sovereign's actions have shut down the Debtor.

12. Unable to pay their creditors, employees or provide product to their customers, Debtor filed a voluntary petition under Chapter 11 under Title 11 of the United States Bankruptcy Code (the "Code") on July 24, 2009 (the "Petition Date").

13. The books and records of the company were turned over to the bank with the execution of the writ of Replevin, therefore all figures/values are estimates.

V. LIST OF OFFICERS AND DIRECTORS AND THEIR SALARIES AND BENEFITS AT TIME OF FILING AND DURING ONE YEAR PRIOR TO FILING

- 1. 2008: Alan Yaffe, President -\$ 700,000.00
Mark Yaffe, Vice President - \$ 700,000.00
Shirley Yaffe, Secretary - \$113,688.00
- 2. 2009: Alan Yaffe, President -\$ 408,337.33
Mark Yaffe, Vice President -\$ 408,337.33
Shirley Yaffe, Secretary - \$ 66,318.00

VI. DEBTOR'S ANNUAL GROSS REVENUE

2008: \$ 288,000,000.00
2009 to date: \$ 110,000,000.00 estimated

VII. AMOUNTS OWED TO VARIOUS CLASSES OF CREDITORS

Debtor may owe the following amounts to the following classes of creditors, certain amounts of which may be subject to dispute:

1. Priority Creditors: 30 days pre-petition payroll, approximately \$ 59,645.34
Use Taxes approximately \$ 2,000.00
2. Secured Creditors approximately: \$36,000,000.00
3. Amount of Unsecured Claims: Approximately \$20,000,000.00

VIII. GENERAL DESCRIPTION AND APPROXIMATE VALUE OF DEBTOR'S CURRENT AND FIXED ASSETS

As of the date of its petition, Debtor had the following assets:

Cash in the approximate amount of \$ 6,000.00 due to Sovereign Bank sweeping all other bank accounts.

Inventory amount is unknown due to Sovereign Bank seizing assets prior to petition date.

Furniture, Fixtures and Equipment of approximately \$5,000.00 (liquidation value)

Claims against third parties unknown at this time.

IX. NUMBER OF EMPLOYEES AND AMOUNT OF WAGES OWED AS OF PETITION DATE

Debtor has 29 employees, and approximately \$ 59,645.34 is owed in wages are due as of the Petition Date.

X. STATUS OF DEBTOR'S PAYROLL AND SALES TAX OBLIGATIONS

Debtor's payroll is approximately \$ 300,000.00 rolling monthly, including officer and insider salary. The next payroll is scheduled to be paid on August 1, 2009 and would encompass 29 employees. Use tax owed is approx \$ 2,000.00 and was due on July 20, 2009.

XI. ANTICIPATED EMERGENCY RELIEF WITHIN 15 DAYS OF PETITION DATE

None

WHEREFORE, Debtor, National Gold Exchange, Inc., respectfully submits this Summary.

Respectfully submitted,

/s/ Richard J. McIntyre
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 7th day of August, 2009, the foregoing was furnished via CM/ECF or US Mail to the parties on the attached mailing matrix.

/s/ Richard J. McIntyre
Attorney