

FORCLOSURE SALE OF PEPPERBALL TECHNOLOGIES

1/9/2012

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) FORECLOSURE SALE OF)
) PEPPERBALL TECHNOLOGIES, INC.)
_____)

DATE: MONDAY, JANUARY 9, 2012
LOCATION: 6142 Nancy Ridge Drive
Suite 101
San Diego, California 92121
REPORTED BY: KERSTEN SONG, CSR No. 12796



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P R E S E N T

CLARK HILL PLC

BY: JAMES M. DRAKE, ESQ. (VIA TELEPHONE)
BY: W. KENT CARTER, ESQ. (VIA TELEPHONE)
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GARY GIBSON, CEO
Perfect Circle Projectiles, LLC
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gary@pcprojectiles.com

P R E S E N T (Continued)

1
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6 TYLER TIBERIUS
7 President - Tiberius Arms
8 (Tactical Air Games, Inc.)
9 2717 W. Ferguson Road
10 Fort Wayne, Indiana 46809
11 (260) 478-2500

12
13 GEORGE BURKLE, COO
14 The Aequitas Group
15 12680 High Bluff Drive
16 Suite 110
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19 gburkle@theaequitasgroup.com
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INDEX

EXHIBITS

EXHIBIT

PAGE

(NONE OFFERED)

DOCUMENTS ATTACHED TO RECORD OF PROCEEDINGS

One-page document:
List of Second-Tier Debt holders

Two-page document: Notices of Sale
Published in the "San Diego Source: The Daily
Transcript"

1 SAN DIEGO, CALIFORNIA; MONDAY, JANUARY 9, 2012

2 10:10 a.m. - 10:21 a.m.

3 * * *

4
5 PROCEEDINGS

6
7 MR. DRAKE: This is the Uniform Commercial
8 Code sale of all of the tangible and nontangible assets
9 of PepperBall Technologies, Inc., a Colorado
10 corporation, and PepperBall Technologies - CA, Inc., a
11 Delaware corporation, being conducted by Phoenix
12 International, LLC as secured creditor.

13 Phoenix International, LLC has acquired its
14 interests via acquisition of the debt held by The James
15 Simpson Foundation, and by The J.A. & G.L. Simpson
16 Trust, dated May 18, 1988, for a total debt -- which we
17 will refer to as the "First-Tier Creditors" -- whose
18 debt is total 616- -- I'm sorry -- \$641,364.41.

19 In addition, we acquired -- we are
20 successors in interest to acquisition of second-tier
21 debt which was held in the name of the people of:

22 Eric Wenaas.

23 James Mashburn IRA.

24 John Preis.

25 D. William & Edie H. Davis.

1 Conrad Sun.
2 Richard Tartre.
3 Conner Family Trust.
4 Michael Bell.
5 Garry Ridge Trust.
6 Robert Buell.
7 Mike Orlando.
8 John C. Stiska Trust dated 11/14/01.
9 Karla Hertzog.
10 Rod Lanthorne.
11 Phil Schneider.
12 Shea.
13 Tom Marinelli.
14 Nash Family Trust u/t/d 3/18/80 as amended.
15 Gregory Pusey.
16 Jeffrey McGonegal.
17 Sherman Family Trust.
18 Free Family Trust dtd 2/10/1997.
19 Warner C. Lusardi Family Trust dtd June 11,
20 1993.
21 Thomas A. Page, Trustee of Page Survivor's
22 Trust UTA date.
23 Who are referred to as the "Second
24 Subordinated Creditor," for a total debt amount of
25 \$1,217,525.33, making the total amount of the debt owed

1 to Phoenix International \$1,858,889.74.

2 Notice was given of the sale to all known
3 secured creditors and it was published in the -- and
4 Gary, I forget the name of the paper, "San Diego
5 Enterprise"?

6 M. GIBSON: "San Diego Daily Transcript."

7 MR. DRAKE: "San Diego Daily Transcript."

8 And the publication date was?

9 G. GIBSON: It's actually published on two
10 dates.

11 M. GIBSON: I will have those for you in a
12 second.

13 MR. DRAKE: Okay.

14 (Pause.)

15 M. GIBSON: Well, one was Friday,
16 December...

17 MR. DRAKE: 30th.

18 M. GIBSON: December 30th.

19 And then this last Friday.

20 MR. DRAKE: Okay, which was January 6th.

21 M. GIBSON: January 6th, yep.

22 MR. DRAKE: Okay.

23 Notice was mailed on December 30th to the
24 secured creditors.

25 We are going to sell all assets in one lot,

1 and the debt -- the creditors are free to bid in their
2 debt.

3 The opening bid for all assets being
4 submitted by Phoenix International, Inc. is the
5 reduction of the aggregate amount of money due to
6 Phoenix International of \$500,000. So the debt will be
7 reduced by \$500,000, \$250,000 of which will reduce the
8 debt owed to the first-tier creditor and \$250,000 of
9 which will reduce the subordinated debt.

10 If anyone has any -- if anyone wants to bid
11 above this amount, please speak now.

12 (Pause.)

13 MR. DRAKE: Going once. Going twice. Sold.

14 All assets held by either the PepperBall
15 Technology, Inc. and PepperBall Technology - CA, Inc.
16 are hereby sold to Phoenix International, LLC.

17 That concludes the sale.

18 We are going off the record now.

19 (Proceedings concluded at 10:21 a.m.)
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1 STATE OF CALIFORNIA)
 2 COUNTY OF SAN DIEGO) :SS

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I, the undersigned, a Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that a verbatim record of the proceedings was made by me using machine shorthand which was thereafter transcribed under my direction; further, that the foregoing is an accurate transcription thereof.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney of any of the parties.

IN WITNESS WHEREOF, I have this date subscribed my name.

Dated: January 23, 2012

Kersten Song
 KERSTEN SONG, CSR No. 12796