

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address CARMELA T. PAGAY (State Bar No. 195603) LEVENE, NEALE, BENDER, YOO & GOLUBCHIK L.L.P. 2818 La Cienega Avenue Los Angeles, CA 90034 Telephone: (310) 229-1234 Facsimile: (310) 229-1244 Email: ctp@lnbyg.com <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Timothy J. Yoo, Chapter 7 Trustee	FOR COURT USE ONLY
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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

In re: METALLIC BLUE DEVELOPMENT LLC, Debtor(s).	CASE NO.: 2:22-bk-16483-WB CHAPTER: 7 <p style="text-align: center;">AMENDED NOTICE OF SALE OF ESTATE PROPERTY</p>
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Sale Date: 06/06/2024	Time: 2:00 pm
Location: Courtroom 1375, Roybal Federal Building, 255 E. Temple Street, Los Angeles, CA 90012	

Type of Sale: Public Private **Last date to file objections:** 05/23/2024

Description of property to be sold:
 Claims of bankruptcy estate for, among other things, actual and constructive fraudulent transfers, breaches of fiduciary duties, avoidance actions, conversion, malpractice and related claims and cause of action, including claims that will be uncovered as the investigation progresses (the "Claims")

Terms and conditions of sale:
 See attached Exhibit 1.

Proposed sale price: \$ 750,000.00

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

Overbid procedure (if any): See attached Exhibit 2.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Contact person for potential bidders (include name, address, telephone, fax and/or email address):

Carmela T. Pagay
Levene, Neale, Bender, Yoo & Golubchik L.L.P.
2818 La Cienega Avenue
Los Angeles, CA 90034
Telephone: (310) 229-1234
Facsimile: (310) 229-1244
Email: ctp@lnbyg.com

Date: 05/20/2024

EXHIBIT "1"

Terms and Conditions of Sale

- By virtue of the sale of the Claims, Blue Orchid Concepts LLC (“Blue Orchid”), Scoutpads, LLC, their principals and affiliates, including Sief Khafagi and Corbin Weirnerman, (collectively, the “Released Parties”) will effectively be granted full releases of all estate claims against them, whether known or unknown, which will include a waiver under section 1542 of the California Civil Code (the “Released Claims”);
- The Released Parties will pay \$500,000 to the Debtor’s estate immediately upon entry of the Sale Order;
- The Released Parties will pay an additional \$250,000 to the Debtor’s estate if recoveries from litigation pursuing the Claims do not exceed \$2,000,000 within three years of the date on which the first adversary proceeding related to the Claims is filed;
- Blue Orchid will subordinate all claims that the Released Parties hold against the Debtor, totaling approximately \$1,300,000 (the “Subordinated Claims”), such that the Subordinated Claims will not be paid until all other creditors have first been paid in full;
- Blue Orchid will provide quarterly reports regarding the litigation of the Claims to the Trustee and the Estate Creditors;
- Blue Orchid will engage the BG Law firm (attorneys Jason Komorsky and Jessica Bagdanov) to pursue litigation of the Claims on a contingent fee basis (30% contingency if resolved within 90 days of filing a complaint; 40% contingency on or after 91 days of filing a complaint), with litigation fees and costs covered by Blue Orchid, and no out of pocket expense required by any of the Estate Creditors to fund the litigation;

- For purposes of recoveries the “net proceeds” returned to the Debtor’s Estate for distribution will consist of all proceeds from any litigation in pursuit of the Claims, minus the contingency fee paid to the BG Law firm and reimbursement for any out of pocket expenses paid by Blue Orchid;
- Blue Orchid will form a three-person committee comprised of: (a) a principal of Blue Orchid; (b) Brandon Brown, a creditor and former member of the Investor Group; and (c) a representative for a family office and its members with claims against the Debtor’s estate (likely, their counsel, Michael D. Murphy). The committee will vote on any litigation decisions that require direction, with each committee member entitled to one vote; and
- This Court will retain jurisdiction over any controversy arising hereunder and any adversary proceedings brought on behalf of the Debtor’s estate in pursuit of the Claims.

EXHIBIT "2"

Overbid Procedures

1. Any party who wishes to make an offer to purchase the Claims must deliver to Carmela T. Pagay, undersigned counsel for the Trustee, a written offer to purchase the Claims, with a starting price of \$850,000 in cash (the “Overbid”), plus proof of funds based on bank account balance statements or financial statements or other appropriate evidence of the overbidder’s financial condition and ability to close the proposed transaction to the satisfaction of the Trustee, by no later than 5:00 p.m. on May 23, 2024.

2. If any Overbids are received, the Trustee will evaluate such Overbids, act to maximize value among any bidders, and ultimately file and serve a statement with this Court by May 30, 2024 disclosing the terms of all bids received, whether proof of funds was provided to the satisfaction of the Trustee, and which bid the Trustee recommends as the highest and best offer.

If no Overbids are received and the Court approves the Motion, the Trustee will lodge the proposed Sale Order, which will include the following findings: (a) that proper notice of the Overbid Procedures, the Sale, and adequate disclosure of the relevant facts were provided to all creditors and parties in interest; (b) that the Claims shall be sold pursuant to section 363 of the Bankruptcy Code and, with respect to the Released Parties, settled pursuant to Rule 9019; (c) that Blue Orchid is a good faith purchaser of the Claims such that section 363(m) of the Bankruptcy Code is applicable; (d) that the Overbid Procedures and the sale terms are fair and reasonable and that Blue Orchid has paid fair value for the Claims; (e) that the settlement with Blue Orchid is fair and equitable and in the best interests of the Estate Creditors; and (f) that all of the actions by the Trustee and matters concerning the Debtor’s estate provided for or contemplated by the Sale are approved and authorized.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 2818 La Cienega Avenue, Los Angeles, CA 90034

A true and correct copy of the foregoing document **AMENDED NOTICE OF SALE OF ESTATE PROPERTY** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **May 20, 2024** checked the CM/ECF docket for this bankruptcy case and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Teresa K Breman tbreman@bremanlaw.com
- James Ficenec james.ficenec@ndlf.com, alex.reel@ndlf.com
- Michael Jones michael.jones4@usdoj.gov
- Ori Katz okatz@sheppardmullin.com, lsegura@sheppardmullin.com
- Benjamin R Levinson ben@benlevinsonlaw.com, courtney@benlevinsonlaw.com
- Erica T Loftis Pacheco bknotifications@ghidottiberger.com
- Craig G Margulies Craig@MarguliesFaithlaw.com, Vicky@MarguliesFaithlaw.com;Angela@MarguliesFaithlaw.com
- Steven G. Polard steven.polard@ropers.com, calendar-lao@ropers.com;keiko.kakiuchi@ropers.com;tiffany.sterling@ropers.com;anthony.arriola@ropers.com
- Matthew D. Resnik Matt@rhmfirm.com, roksana@rhmfirm.com;rosario@rhmfirm.com;sloan@rhmfirm.com;priscilla@rhmfirm.com;rebeca@rhmfirm.com;david@rhmfirm.com;susie@rhmfirm.com;max@rhmfirm.com;russ@rhmfirm.com
- Daren M Schlecter daren@schlechterlaw.com, assistant@schlechterlaw.com
- Chase Aleksander Stone cstone@ecjlaw.com, aantonio@ecjlaw.com,dperez@ecjlaw.com,cmacan@ecjlaw.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov

2. SERVED BY UNITED STATES MAIL: On **May 20, 2024** served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Honorable Julia W. Brand
United States Bankruptcy Court
255 E. Temple Street, Suite 1382 / Courtroom 1375
Los Angeles, CA 90012

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **May 20, 2024**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

None.

Service information continued on attached page

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

May 20, 2024
Date

D. Woo
Printed Name

/s/ D. Woo
Signature