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13 Attorneys for Robb Evans, Receiver

**FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE  
CENTRAL JUSTICE CENTER

AUG. 18, 2006 *CH*

ALAN SLATER, Clerk of the Court

BY: ~~S. M. ...~~ DEPUTY  
C. HENDERSON

9  
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 FOR THE COUNTY OF ORANGE

12 TEST-RITE INTERNATIONAL CO.,  
13 LTD., a Taiwan corporation,

14 Plaintiff,

15 vs.

16 CENDYNE, INC., a California  
17 corporation; EDWARDS MEADOWS,  
18 an individual; MOHAMMAD T.  
19 VAHDATI, an individual; DEAN  
20 VAHDATI, an individual and  
21 DOES 1 through 10, inclusive,

22 Defendant.

Case No. 03CC09399

[Assigned to the Hon. Peter  
Polos, Department C-64]

**ORDER AUTHORIZING INTERIM  
DISTRIBUTION TO CERTAIN  
CREDITORS AND DETERMINING  
DISPUTED CLAIMS**

Date: August 18, 2006  
Time: 9:00 a.m.  
Place: C-64

Action Filed: July 23, 2003  
Trial Date: None

23  
24 The Motion of Robb Evans, Receiver of Cendyne, Inc.  
25 (the "Receiver") for approval to make an interim distribution to  
26 certain creditors holding approved claims, pursuant to the Court  
27 approved claims procedure, in the amounts set forth therein, and  
28

1 to determine certain disputed claims filed by American Capital  
2 Enterprises, Inc., as collection agent for the City of Santa Ana,  
3 and the Orange County Treasurer-Tax Collector came on regularly  
4 for hearing before the undersigned on August 18, 2006. The  
5 Receiver appeared by his counsel, Manatt, Phelps & Phillips, LLP  
6 by Carl Grumer, and by his deputy, Kenton Johnson. There were no  
7 other appearances.

8 Due notice of the Motion having been given and no  
9 opposition to the Motion having been received by the Court, and  
10 good cause appearing,

11 IT IS HEREBY ORDERED AS FOLLOWS:

12 1. The Motion is granted.

13 2. The Receiver is authorized to make an interim  
14 distribution to certain creditors holding approved claims,  
15 pursuant to the Court-approved claims procedure, in the amounts  
16 set forth in the Motion.

17 3. The claim of American Capital Enterprises, Inc.,  
18 as collection agent for the City of Santa Ana, shall be allowed  
19 as a Trade Creditor in the amount of \$50.00.

20 4. The claim of the Orange County Treasurer-Tax  
21 Collector shall be allowed as a Trade Creditor in the amount of  
22 \$1,280.96.

23 5. The claim of Staples, The Office Superstore, LLC  
24 ("Staples") will not be paid at this time. The Receiver shall  
25 set aside the percentage distribution for the claim for Staples,  
26 net of the amount owed by Staples to Cendyne as set forth in the  
27 Motion. For the purposes of this Order only, the net amount of  
28 that claim will be \$198,460.42, and the Receiver shall set aside

1 18.48% of that amount. Nothing contained in this Order shall  
2 constitute a determination of the merits of the Receiver's claims  
3 against Staples or Staples' claims against the receivership  
4 estate.

5  
6 Dated: August 18, 2006

PETER J. POLDS  
JUDGE OF THE SUPERIOR COURT OF THE  
COUNTY OF ORANGE

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7 Attorneys for Robb Evans, Receiver

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 FOR THE COUNTY OF ORANGE

10  
11 TEST-RITE INTERNATIONAL CO.,  
12 LTD., a Taiwan corporation,

13 Plaintiff,

14 vs.

15 CENDYNE, INC., a California  
16 corporation; EDWARDS MEADOWS,  
17 an individual; MOHAMMAD T.  
18 VAHDATI, an individual; DEAN  
19 VAHDATI, an individual and DOES 1  
20 through 10, inclusive,

21 Defendant.

Case No. 03CC09399

[Assigned to the Hon. Peter Polos,  
Department C64]

**NOTICE OF MOTION AND  
RECEIVER'S MOTION FOR  
APPROVAL OF INTERIM  
DISTRIBUTION TO CERTAIN  
CREDITORS AND TO DETERMINE  
DISPUTED CLAIMS; MEMORANDUM  
OF POINTS & AUTHORITIES;  
DECLARATION OF KENTON  
JOHNSON**

Date: August 11, 2006  
Time: 9:00 a.m.  
Dept: C-64

Action Filed: July 23, 2003  
Trial Date: None

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25 AND RELATED CROSS-ACTION  
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NOTICE OF MOTION AND MOTION FOR APPROVAL OF INTERIM DISTRIBUTION TO CERTAIN CREDITORS

1  
2 TO ALL PARTIES AND THEIR RESPECTIVE ATTORNEYS OF  
3 RECORD:

4 PLEASE TAKE NOTICE on August 11, 2006, at 9:00 a.m. in Department  
5 C-64 of the Orange County Superior Court, located at 700 Civic Center Drive West, Santa  
6 Ana, California 92701, Robb Evans, Receiver of Cendyne, Inc. in the above-entitled  
7 action (the "Receiver"), will, and hereby does, move the Court for approval to make an  
8 interim distribution to certain creditors holding approved claims, pursuant to the Court  
9 approved claims procedure, in the amounts set forth herein, and to determine certain  
10 disputed claims filed by American Capital Enterprises, Inc. as collection agent for the City  
11 of Santa Ana, and the Orange County Treasurer – Tax Collector. Said motion will be  
12 based on the grounds that such distribution is in the best interests of the creditors and the  
13 parties.

14 The Receiver's Motion is based on this Notice of Motion and Motion,  
15 Memorandum of Points and Authorities, Declaration of Robb Evans, and the Distribution  
16 Plan annexed hereto, all the pleadings and papers on file in this action, and such other  
17 evidence and argument as may be presented to the Court at the hearing of this matter.

18 Any person or entity opposing this Motion must timely file with the Court  
19 and serve upon the Receiver and his counsel, a written opposition which complies in all  
20 respects with the rules of this Court. Failure to timely file an opposition may be deemed  
21 by the Court to be consent to the granting of the Receiver's Motion.

22  
23 MANATT, PHELPS & PHILLIPS, LLP  
24 Carl L. Grumer

25  
26 By: Carl Grumer  
27 Carl L. Grumer  
28 *Attorneys for Robb Evans,*  
RECEIVER

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Robb Evans, the appointed Receiver of CenDyne, Inc. (the "Receiver"), hereby  
4 submits this Motion for Approval of Interim Distribution to Certain Creditors (the  
5 "Motion"). Through this Motion, the Receiver seeks leave of Court to promptly begin  
6 distribution of substantial funds of the Receivership Estate pursuant to the attached  
7 Distribution Plan. The Receiver respectfully submits that such proposed interim  
8 distribution is proper and complies with the Court approved claims procedure.

9 In a nutshell, the Receiver proposes to make a pro rata interim distribution to all  
10 creditors except Rebate Claimants (as discussed below) at this time, with a final  
11 distribution of the balance of funds on hand to be made at the conclusion of the case. The  
12 Rebate Claimants, who number in excess of 50,000, are each owed very small amounts,  
13 and the administrative expense that would be incurred in writing two sets of checks to  
14 these claimants would be prohibitive. Instead, the Receiver proposes the hold the interim  
15 distribution to Rebate Claimants aside, and combine it with the final distribution, to save  
16 costs.

17 This action has been settled as to all defendants except Cendyne, and those  
18 defendants have been dismissed with prejudice, as has their cross-complaint. Cendyne  
19 was served, but has not appeared in the action.

20 **II. RELEVANT BACKGROUND**

21 **A. Claims of CenDyne, Inc.'s Creditors**

22 On August 14, 2003, Robb Evans was appointed as Receiver in this action pursuant  
23 to an "Order for Appointment of Receiver; Preliminary Injunction" ("Appointing Order").  
24 Pursuant to terms of the Appointing Order, Robb Evans was appointed Receiver over all  
25 aspects of CenDyne, Inc.'s ("CenDyne") business operations, including all assets of  
26 CenDyne and all property used or associated with CenDyne, at the behest of the Plaintiff,  
27 the largest unsecured creditor. (There are no secured creditors.) Among other things, the  
28 Appointing Order directed the Receiver to take possession of CenDyne, evaluate the

1 claims of its creditors, collect and liquidate corporate assets and distribute the proceeds  
2 thereof. Attached hereto as Exhibit A is a true and correct copy of the Appointing Order.

3 The Receiver continues to administer the receivership estate and to collect its  
4 accounts receivable. To date, the Receiver has collected, from liquidation of Cendyne's  
5 assets and collection of its receivables, the net amount of \$4,644,331.98, which the  
6 Receiver has on hand. One receivable, in the amount of almost \$900,000 owing by  
7 Staples, The Office Superstore LLC, is in litigation, and trial is scheduled for October,  
8 2006. The Receiver proposes to make an interim distribution from the cash on hand now,  
9 with the balance to be distributed when all funds have been collected.

10 Pursuant to the Appointing Order, the Receiver analyzed the financial records of  
11 CenDyne and obtained the names, addresses and purported account balances of  
12 CenDyne's trade creditors, creditors with claims for royalties, and consumer creditors  
13 with rebate claims, and the names and addresses of all former employees of CenDyne.  
14 As a result of the potential claims the Receiver discovered, on or about September 28,  
15 2005, the Receiver filed a motion to approve the Receiver's accounting and to approve a  
16 proposed claims procedure ("Claims Procedure Motion"). Attached hereto as Exhibit B is  
17 a true and correct copy of that motion.

18 The Claims Procedure Motion sets forth certain procedures for the filing and  
19 allowance of claims in the receivership estate in anticipation of making initial  
20 distributions to certain Claimants. The Claimants in this case were divided into four  
21 different categories: (1) Trade creditors; (2) Employees; (3) Royalties; and (4) Rebates.  
22 On October 28, 2005, the Court granted the Claims Procedure Motion.

23 **B. Approved Claim Filing and Allowance Procedure**

24 Generally, the Receiver advised all of CenDyne's Claimants to provide information  
25 evidencing their claims, and any supporting documentation for the amount of their claims.  
26 The amount of the Claimant's claim was based on the amount which was supported by  
27 acceptable documentation provided by the Claimant to the Receiver. If the Claimant  
28 either did not respond, or failed to provide acceptable documentation supporting the

1 claim, then the claim was fixed at \$0.

2 After the Court approved the Receiver's proposed claims procedure in October  
3 2005, the Receiver provided written notice to each Claimant of the amount the Receiver  
4 had determined to be the Claimant's claim. The Receiver established a Claims Bar Date  
5 of thirty days after written notice from the Receiver. If the Claimant objected to the  
6 proposed claim amount, the Claimant was required to submit to the Receiver's office a  
7 written objection to the proposed claim amount before the Claims Bar Date. If he  
8 received a timely objection to any proposed claim amount, the Receiver made every  
9 attempt to resolve the claim dispute through negotiation. If the Claimant failed to timely  
10 object to the proposed claim amount, then the proposed claim amount as set forth in the  
11 notice became the approved claim upon which the Receiver proposes to make a  
12 distribution as proposed in this Motion.

13 The following describes the Receiver's Distribution Plan for each of the categories  
14 of Claimants, which has been designed pursuant to the terms of the Court approved claims  
15 procedure.

16 **III. DISTRIBUTION OF CLAIMS**

17 At this time, the Receiver estimates that for the first distribution of payments, he is  
18 in a position to designate for distribution a total of \$3,900,000, after reserves for legal fees  
19 and other accrued and contingent liabilities.

20 **A. Distribution of Trade Creditors Claims**

21 The Receiver proposes to make an interim distribution of 18.48% on approved  
22 Trade Creditor Claims. The specific amount of distribution for each Trade Creditor Claim  
23 is set forth in the Schedule attached hereto as Exhibit C.

24 The Receiver will make an additional, final distribution for approved Trade Claims  
25 when his final account and report is approved by the Court.

26 **B. Distribution of Employee Claims**

27 The Receiver proposes to make an interim distribution of 18.48% on approved  
28 Employee Claims. These claims are for severance pay, and not for unpaid wages. The

1 specific amount of distribution for each Employee Claim is set forth in the Schedule  
2 attached hereto as Exhibit D.

3 The Receiver will make an additional, final distribution for approved Employee  
4 Claims when his final account and report is approved by the Court.

5 **C. Distribution of Royalty Claims**

6 The Receiver proposes to make an interim distribution of 18.48% on approved  
7 Royalty Claims. The specific amount of distribution for each royalty claim is set forth in  
8 the Schedule attached hereto as Exhibit E.

9 The Receiver will make an additional, final distribution for approved Royalty  
10 Claims when his final account and report is approved by the Court.

11 **D. Distribution of Rebate Claims**

12 As discussed in detail in the Claims Procedure Motion, the Receiver does not  
13 propose to make an interim distribution to Rebate Claimants at this time. These claims  
14 represent consumers who purchased products from CenDyne and were entitled to a rebate  
15 payment but did not receive it. Because of the relatively small amount of each Rebate  
16 Claim (approximately \$ 27.00 on the average), it would be unduly burdensome and  
17 expensive to make an interim distribution of 18.48% of that amount (about \$5.00 per  
18 claim) to each of the 58,464 Rebate Claimants and a final distribution to each at a later  
19 date. The Receiver estimates that he will incur expenses of approximately \$75,000 to  
20 make each distribution to Rebate Claimants, which includes the costs of printing checks,  
21 postage, returned mail, address verification, re-issuing checks, and preparation of reports.  
22 Accordingly, the Receiver proposes to hold the calculated initial distribution amount of  
23 \$296,260.07 and combine it with the final distribution to Rebate Claimants, thereby  
24 saving tens of thousands of dollars in unnecessary expense. The total percentage  
25 distribution to Rebate Claimants will be the same percent established for other creditors.

26 Three potential creditors will either not be paid at this time under this proposal or  
27 will be paid a reduced amount. All three are disputed. The first is American Capital  
28 Enterprises, Inc. as collection agent for the City of Santa Ana, which claims \$121.67 as a

1 Trade Creditor. The Receiver believes that such claim should be allowed for \$50.00. The  
2 balance is for alarm permit fees for the years 2004 and 2005, when CenDyne was no  
3 longer in business, had vacated its premises, and was not using an alarm system. Attached  
4 hereto as Exhibit F are true and correct copies of the invoices underlying the City's claim.  
5 The second disputed creditor is the Orange County Treasurer – Tax Collector, who claims  
6 \$6,056.64 as a Trade Creditor. The Receiver believes that such claim should be allowed  
7 for \$1,280.96. The balance is for unsecured property tax bills for the year 2004, after the  
8 Receiver's liquidation of the assets, when CenDyne no longer had any unsecured personal  
9 property. Attached hereto as Exhibit G are true and correct copies of the county's tax bills  
10 underlying its claim. The third is Staples, The Office Superstore, LLC, which claims  
11 approximately \$934,189.42 for rebates that it claims to have paid its customers on account  
12 of CenDyne merchandise. The Receiver disputes Staples' right to payment. In addition,  
13 Staples is indebted to CenDyne for \$884,924, for unpaid merchandise, which would be an  
14 offset against its claim. The Receiver will set aside the percentage distribution for the  
15 claim of Staples net of the amount owed by Staples to CenDyne.

16 **IV. CONCLUSION**

17 The Receiver respectfully requests that this Court approve his proposed interim  
18 distribution to approved Trade, Employee, and Royalty Claimants and determine the  
19 disputed claims.

20  
21 MANATT, PHELPS & PHILLIPS, LLP  
Carl L. Grumer

22  
23 By: Carl Grumer  
24 Carl L. Grumer  
Attorneys for Robb Evans,  
25 RECEIVER  
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1 On October 28, 2005, the Court granted the Claims Procedure Motion.

2 5. Generally, my office informed all of CenDyne's Claimants to provide  
3 information evidencing their claims, and any supporting documentation for the amount of  
4 their claims. The amount of the Claimant's claim was based on the amount which was  
5 supported by acceptable documentation provided by the Claimant to the Receiver. If the  
6 Claimant either did not respond, or failed to provide acceptable documentation supporting  
7 its claim, then the claim was fixed at \$0.

8 6. After the Court approved the claims procedure in October 2005, my office  
9 provided written notice to each Claimant of the amount that had been determined to be the  
10 Claimant's claim. The notice set forth a Claims Bar Date of thirty days after notice. If the  
11 Claimant objected to the proposed claim amount, the Claimant was required to submit to  
12 my office a written objection to the proposed claim amount before the Claims Bar Date.  
13 If my office received a timely objection to any proposed claim amount, we made every  
14 attempt to resolve the claim dispute through negotiation. If the Claimant failed to timely  
15 object to the proposed claim amount, then the proposed claim amount as set forth in the  
16 notice became the approved claim upon which the Receiver proposes to make a  
17 distribution as proposed in the attached Distribution Plan.

18 7. The Receiver presently has on hand the sum of \$4,644,331.98. For this first  
19 distribution, the Receiver is in a position to designate for distribution a total of  
20 \$3,900,000.

21 8. The Receiver proposes to make an interim distribution of 18.48% on  
22 approved Trade Creditor Claims. The specific amount of distribution for each Trade  
23 Creditor Claim is set forth in the Schedule attached hereto as Exhibit C. The Receiver  
24 will make an additional, final distribution for approved Trade Claims when the Receiver's  
25 final account and report is approved by the Court.

26 9. The Receiver proposes to make an interim distribution of 18.48% on  
27 approved Employee Claims. The specific amount of distribution for each Employee  
28 Claim is set forth in the Schedule attached hereto as Exhibit D. The Receiver will make

1 an additional, final distribution for approved employee claims when the Receiver's final  
2 account and report is approved by the Court.

3 10. The Receiver proposes to make an interim distribution of 18.48% on  
4 approved Royalty Claims. The specific amount of distribution for each royalty claim is  
5 set forth in the Schedule attached hereto as Exhibit E. The Receiver will make an  
6 additional, final distribution for approved Royalty Claims when the Receiver's final  
7 account and report is approved by the Court.

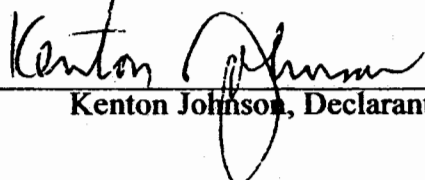
8 11. As discussed in detail in the Claims Procedure Motion, the Receiver does  
9 not propose to make an interim distribution to Rebate Claimants at this time. Because of  
10 the relatively small amount of each Rebate Claim (approximately \$27.00 on the average),  
11 it would be unduly burdensome and expensive to make an interim distribution of 18.48%  
12 of that amount (about \$5.00 per claim) to each of the 58,464 Rebate Claimants and a final  
13 distribution to each at a later date. Further, my office estimates that it will incur expenses  
14 of approximately \$75,000 to make each distribution to Rebate Claimants, which includes  
15 the costs of printing checks, postage, returned mail, address verification, re-issuing  
16 checks, and preparation of reports. Accordingly, the Receiver proposes to hold the  
17 calculated initial distribution amount and combine it with the final distribution to Rebate  
18 Claimants. The total percentage distribution will be the same percent established for other  
19 creditors.

20 12. Three potential creditors will either not be paid at this time under this  
21 proposal or will be paid a reduced amount. All three are disputed. The first is American  
22 Capital Enterprises, Inc. as collection agent for the City of Santa Ana, which claims  
23 \$121.67 as a Trade Creditor. The Receiver believes that such claim should be allowed for  
24 \$50.00. The balance is for alarm permit fees for the years 2004 and 2005, when CenDyne  
25 was no longer in business, had vacated its premises, and was not using an alarm system.  
26 Attached hereto as Exhibit F are true and correct copies of the invoices underlying the  
27 City's claim. The second disputed creditor is the Orange County Treasurer – Tax  
28 Collector, who claims \$6,056.64 as a Trade Creditor. The Receiver believes that such

1 claim should be allowed for \$1,280.96. The balance is for unsecured property tax bills for  
2 the year 2004, after the Receiver's liquidation of the assets, when CenDyne no longer had  
3 any unsecured personal property. Attached hereto as Exhibit G are true and correct copies  
4 of the county's tax bills underlying its claim. The third is Staples, The Office Superstore,  
5 LLC, which claims approximately \$934,189.42 for rebates that it claims to have paid its  
6 customers on account of CenDyne merchandise. The Receiver disputes Staples' right to  
7 payment. In addition, Staples is indebted to CenDyne for \$884,924, for unpaid  
8 merchandise, which would be an offset against its claim. The Receiver will set aside the  
9 percentage distribution for the claim of Staples net of the amount owed by Staples to  
10 CenDyne.

11 I declare under penalty of perjury under the laws of the State of California that the  
12 foregoing is true and correct.

13 Executed on July 5<sup>TH</sup>, 2006.

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17 Kenton Johnson, Declarant  
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Robb Evans  
Receiver of Cendyme, Inc. and Subsidiary  
Proposed First Distribution to Creditors  
EXHIBIT "C"

Report No	Type	Name	Records Claim Amt	Amount Claimed	Proposed Allowed Amount	Proposed Distribution n %	Proposed Distribution \$
1	1. Trade Creditor	American Capital Ent., Inc. Creditors: City of Santa Ana	\$0.00	\$121.67	\$50.00	18.484104%	\$9.24
2	1. Trade Creditor	Army & Air Force Exchange Services	\$0.00	\$100,899.55	\$100,899.55	18.484104%	\$18,650.38
3	1. Trade Creditor	Big East Sales & Marketing	\$6,894.99	\$6,894.99	\$6,894.99	18.484104%	\$1,274.48
4	1. Trade Creditor	Blue Shield of California	\$1,840.00	\$374.20	\$374.20	18.484104%	\$69.17
5	1. Trade Creditor	Callahan & Blaine	\$2,649.44	\$2,649.44	\$2,649.44	18.484104%	\$489.73
6	1. Trade Creditor	Cool Solutions, Inc.	\$115.00	\$115.00	\$115.00	18.484104%	\$21.26
7	1. Trade Creditor	CSA, Inc.	\$10,955.55	\$10,955.55	\$10,955.55	18.484104%	\$2,025.04
8	1. Trade Creditor	Disc Works, Inc.	\$5,357.00	\$5,357.00	\$5,357.00	18.484104%	\$990.19
9	1. Trade Creditor	Fry's Electronics Inc.	\$0.00	\$21,003.00	\$21,003.00	18.484104%	\$3,882.22
10	1. Trade Creditor	G. I. Tech, Inc.	\$10,000.00	\$10,000.00	\$10,000.00	18.484104%	\$1,848.41
11	1. Trade Creditor	Interrideo Inc.	\$5,000.00	\$5,000.00	\$5,000.00	18.484104%	\$924.21
12	1. Trade Creditor	JVC Lite-On It Mfg.	\$3,300.00	\$3,300.00	\$3,300.00	18.484104%	\$609.98
13	1. Trade Creditor	K One Cable	\$2,400.00	\$2,400.00	\$2,400.00	18.484104%	\$443.62
14	1. Trade Creditor	Kuhler & Associates, Inc.	\$42,138.90	\$24,138.90	\$24,138.90	18.484104%	\$4,461.86
15	1. Trade Creditor	Lite-On It Corp.	\$5,000.00	\$5,000.00	\$5,000.00	18.484104%	\$924.21
16	1. Trade Creditor	Nero, Inc./k/a/ Ahead Software	\$21,099.56	\$21,099.56	\$21,099.56	18.484104%	\$3,900.06
17	1. Trade Creditor	Orange County Tax Collector	\$0.00	\$6,056.64	\$1,280.96	18.484104%	\$236.77
18	1. Trade Creditor	PR Newswire	\$0.00	\$225.00	\$225.00	18.484104%	\$41.59
19	1. Trade Creditor	Select Personnel Services	\$19,267.43	\$21,909.94	\$21,909.94	18.484104%	\$4,049.86
20	1. Trade Creditor	Skytours	\$550.00	\$550.00	\$550.00	18.484104%	\$101.66
21	1. Trade Creditor	State Board of Equalization	\$299.56	\$374.56	\$0.00	18.484104%	\$0.00
22	1. Trade Creditor	State Compensation Insurance Fund	\$0.00	\$6,974.77	\$6,974.77	18.484104%	\$1,289.22
23	1. Trade Creditor	Sterling Commerce	\$437.16	\$1,750.47	\$1,750.47	18.484104%	\$323.56
24	1. Trade Creditor	Suntek	\$800.00	\$800.00	\$800.00	18.484104%	\$147.87
25	1. Trade Creditor	Tapes And	\$22,906.42	\$22,906.42	\$22,906.42	18.484104%	\$4,234.05
26	1. Trade Creditor	Technologies International	\$3,343.75	\$3,343.75	\$3,343.75	18.484104%	\$618.06

Robb Evans  
Receiver of Cendyne, Inc. and Subsidiary  
Proposed First Distribution to Creditors

Report No	Type	Name	Records Claim Amt	Amount Claimed	Proposed Allowed Amount	Proposed Distribution n %	Proposed Distribution \$
27	1. Trade Creditor	Rite Rite Int'l Co., LTD	\$18,519,184.72	\$18,519,184.72	\$18,519,184.72	18.484104%	\$3,423,105.33
28	1. Trade Creditor	Test Rite USA	\$139,000.00	\$139,000.00	\$139,000.00	18.484104%	\$25,692.90
29	1. Trade Creditor	TNCl	\$2,227.01	\$3,790.36	\$3,790.36	18.484104%	\$700.61
30	1. Trade Creditor	U.S. Merchants	\$807.50	\$3,319.30	\$3,319.30	18.484104%	\$613.54
31	1. Trade Creditor	Vernco Technology Company LTD	\$2,400.00	\$2,400.00	\$2,400.00	18.484104%	\$443.62
32	1. Trade Creditor	Wallace D. Mersereau, Trustee, Mersereau Harvard Trust	\$0.00	\$130,324.00	\$130,324.00	18.484104%	\$24,089.22
33	1. Trade Creditor	Xerox Corporation	\$1,191.33	\$7,522.70	\$7,522.70	18.484104%	\$1,390.50
34	1. Trade Creditor	State of California Franchise Tax Board	\$0.00	\$579.92	\$330.09	18.484104%	\$61.01
35	1. Trade Creditor	Fortune Miles Trading, Inc. c/o Test Rite Int'l Co., LTD	\$120,000.00	\$120,000.00	\$120,000.00	18.484104%	\$22,180.92
TOTALS			\$18,949,165.32	\$19,210,321.41	\$19,204,849.67	18.484104%	\$3,549,844.35

**Robb Evans**  
**Receiver of Cendyne, Inc. and Subsidiary**  
**Proposed First Distribution to Creditors**

Report No	Type	Name	EXHIBIT "D" Records Claim Amt	Amount Claimed	Proposed Allowed Amount	Proposed Distribution n %	Proposed Distribution \$
1	2. Employees	Andrew Saldana	\$0.00	\$226,980.00	\$142,980.00	18.484104%	\$26,428.57
2	2. Employees	Henry Espina	\$0.00	\$800.00	\$800.00	18.484104%	\$147.87
3	2. Employees	Miguel Avalos	\$0.00	\$6,868.00	\$240.00	18.484104%	\$44.36
4	2. Employees	Steve Thomson	\$0.00	\$36,058.00	\$36,058.00	18.484104%	\$6,665.00
<b>TOTALS</b>			\$0.00	\$270,706.00	\$180,078.00	18.484104%	\$33,285.80
			EXHIBIT "E"				
1	3. Royalties	Verbatim Corporation	\$0.00	\$111,500.00	\$111,500.00	18.484104%	\$20,609.78
<b>TOTALS</b>			\$0.00	\$111,500.00	\$111,500.00	18.484104%	\$20,609.78
<b>TOTAL ALL NON-REBATE CLAIM TYPES</b>			\$18,949,165.32	\$19,592,527.41	\$19,496,427.67	18.484104%	\$3,603,739.93
<b>REBATE CLAIMS: Funds to be held for 2nd payment</b>			\$1,602,783.00	\$1,602,783.00	\$1,602,783.00	18.484104%	\$296,260.07
<b>TOTAL PAID AND HELD DISTRIBUTIONS</b>							<b>\$3,900,000.00</b>