CARTWHEEL ROBOTICS INC. 26-50278-RE-6-12-26 341 MOC

[Speaker 1]

Alright, we're on record. This will be track one. Calling case number 26-50278, NRA Cartwheel Robotics, Inc.

This is the time and place for the continued 341 of Cartwheel Robotics, Inc. Let's go ahead and do a brief roll call. Who do I have appearing for the debtor?

Myself, Scott. Scott to Scott. Mr. Lavallee. There you go. Alright. Mr. Lavallee, will you go ahead and raise your right hand?

Yeah, hold on. Sorry. God, shoot.

Sorry. Pardon my hand. Okay.

Do you solemnly swear or affirm to tell the truth, the whole truth, and nothing but the truth? Yes. That'll do.

Go ahead and put your hand down. Alright, and go ahead and state your name one more time in full for the record. Scott Lavallee.

Alright. And we've got somebody else joining. Looks like Ms. Hale. I think that's from your office. Mr. Dehu. Yes, sir.

Alright. Okay, I don't know if Ms. Hale is planning on appearing or not, but she's certainly welcome to listen. As is anyone else who wants to listen.

Alright. Let's take appearances from creditors. Who do we have here?

[Speaker 2]

Good afternoon. Jimmy Daha on behalf of Petitioning Creditors. And Ms. Hale is from my office. She's just going to be listening and observing.

[Speaker 1]

Alright, she's certainly welcome to do that. When you say Petitioning Creditors, just for the record, what are those creditors?

[Speaker 2]

Let me pull up our petition. I apologize.

[Speaker 1]

That's okay. I just like to have names on the record. Of course.

[Speaker 2]

Sorry for the delay. RSF Robotics 1. Okay.

RSF Master LLC. Wong Family Revocable Trust. Nevada Battle Born Growth Escalator, Inc.

[Speaker 1]

Okay. Alright, and then Mr. Haltman, if you'll make your appearance.

[Speaker 2]

Jacob Haltman, appearing on behalf of the Justice Cemetery.

[Speaker 1]

Alright. So remind everyone at this time that this meeting is being recorded for the record. The only allowable recording is the recording which I'm making.

If there's any other parties recording this proceeding, they should stop. Also remind everyone that testimony today is under penalty of perjury. I'm going to remind everyone again that anyone questioning the debtor needs to state who they represent for the record.

So that it's very clear. I'm going to ask that no one talk over anyone. So we don't have a muddled recording.

So that everything is clear. Alright. Alright, so procedurally where we're at is there was a motion to designate and compel filing of the schedules that's entered.

So there will likely be schedules filed sometime in the future. And that is going to eliminate about 30 to 40 pages of my questions. So I'm going to hold off on those questions until the schedules are filed.

And we'll see if we can't eliminate a bunch of those questions just by having those schedules filed. I do want to ask a few questions today of the debtor. And Mr. LaValle is here. He's good enough to be present answering questions on behalf of the debtor. I wanted to ask because we have a few documents that have been produced. And I have some holes in my understanding.

And I'd like to try and plug a few of those holes. I'd like to talk a little bit about the October 21st. Well, let's call it the October offer from Engineered Arts.

And so, Mr. LaValle, let me see if I can find anything. Let me see if I can find this thing here. Let me see if I can figure out how to flash it up on the screen.

That thing. Alright. Okay, I think I did it.

Is everyone able to see this thing here? Yes. Yes, but without glasses, not well.

Without glasses, not well. Alone in mine. Alright.

I don't think that helps. Okay. I can fiddle with the size a little bit.

Do you recognize this document at all? I do. There were multiple documents over a long period of time from Engineered Arts.

I'm sure that is one of them. That's one of them. Alright.

How is it that you recognize this document? I think I was involved in some of the discussions. Alright.

And what does this document appear to be to you? I believe it says it right there. Nonbinding Acquisition Proposal.

Alright. So, I guess this goes to my next question. So, there was a Nonbinding Acquisition Proposal received by the debtor in or around October 21st, 2025.

Is that right? Yep, and there were ones received prior to that. Okay.

And were those also from Engineered Arts? Yes. Alright.

What was the first... Hold on. We've got someone who might wish to join us.

Let me see if I can figure out how to do that. There we go. Alright.

I think we might have someone joining us by phone. We'll pause for a second so that if there's someone joining us by phone, he may make his appearance if he so desires. Mr. Wong, are you out there?

Yes, I'm here. Eugene Wong. Alright.

And would you just state your appearance one more time for the record? Eugene Wong. Alright.

And in what capacity are you appearing in, sir? Petitioning creditor for the Reno Seed Fund. Okay.

Alright. I believe you're appearing by phone, so you are not able to see the document that I have, but we're talking about a Nonbinding Acquisition Proposal that was received by Cartwheel Robotics, and I was about to ask Mr. Livali, who indicated that there had been other offers received previously. So how many offers did Cartwheel Robotics receive for an acquisition from Engineered Arts prior to October 21st?

I don't recall the exact number, but I believe there were three attempts to acquire us. Alright. Do you recall roughly the time the first attempt was received?

I don't. I believe maybe it was middle of 2025. And then you said there might have been up to two other attempts before that, or rather subsequent to that, but before this one?

Yeah, I don't. I don't recall exactly the dates or the order. Alright.

Did they result in formal offers? I believe the first one was mainly verbal and through email. Okay, verbal and through email.

And then the second one? I believe the second one is maybe what we're looking at here. Okay.

Or this might be the third one. I don't recall. Okay.

So there was at least one prior to October 21st, and then there may have been more prior to October 21st? I believe there were three. There were three total, or three before October 21st?

Three total. Three total. Okay.

So this would have been one of them. There may have been one previous, and there may have been one after? I don't recall the order.

Okay. But you're pretty sure there were three total offers? I'm not sure.

But I believe there were three. Really? Three?

I don't know if all were formalized. The first was, I believe, was not. Okay.

So the first one was probably not. Alright. So let's talk about this one.

When did discussions begin with Engineered Arts relative to this offer? Probably a week before. Okay.

Alright. Maybe two weeks before. Okay.

But mind you, Engineered Arts had been trying to acquire us for some time. Alright. And so it wasn't unusual that they made an attempt to acquire you?

That's correct. Alright. And who initiated the discussions that led to this offer?

I believe they reached out to me. I think I may have posted something about the company. I don't know.

Alright. And when you say they reached out to you, who on their side would have reached out? I believe it was Joe.

And for the record, who's Joe? Joe is Chief of Staff to Nick. Joe is Chief of Staff to Nick.

Does Joe have a last name by any chance? I think it's in one of my documents that I filed. I don't have it in front of me.

Alright. And then who on the side of Cartwheel would have participated in the discussions about this acquisition proposal? This one particularly?

[Speaker 3]

Yeah, this one in particular.

[Speaker 1]

It would have been probably me, primarily. Alright, you primarily. Would anyone else have participated?

I don't believe so. Alright. Maybe Samantha.

Maybe Samantha and one call. Maybe Samantha and one or two calls. Okay.

Alright. And when was this offer received? I believe the date's right there, October 21st, 2025.

I know that it's dated. My question is, was it received? I'm assuming that was the date it was received.

I do not have any better understanding. Okay. Alright.

And was the board informed of this offer? The board was informed, yes. 100%.

Along with corporate counsel. Alright. So set the stage for me.

When you say the board was informed, who was on the board of directors for the company on October 21st, 2025? I don't recall. You don't recall?

The board changed. You don't recall any of them? I do not recall.

You don't recall anybody who was on the board? It may have been Samantha at the time. It may have been Modar.

It may have been myself. Was Gene Wong on the board at this time? I don't believe so.

[Speaker 3]

Alright.

[Speaker 1]

Were there any other independent officers or directors who were on the board, or independent board members, I should say? Independent directors? I think we may have had an observer at one point.

And who would that have been? It would have been Trey Roski. I'm sorry.

Say that again? Edward Roski. Edward Roski.

And who is Edward Roski in relation to the company? He's the founder, in relation to the company. In relation to Capital Robotics.

We had no relationship with the company, other than being an observer. Okay. Alright.

And I preference that with that I believe he ended up officially becoming an observer. I know there were some concerns about becoming an observer or participating in any sort of board related activities, knowing that there were threats of litigation made against the company on multiple occasions. Okay.

Put a pin in the threats of litigation because I want to come back to that. Yep. Alright.

And then you said corporate counsel was also involved. Who was corporate counsel at this point? I believe it was at a transition point between Fenwick and West and Eric.

And who's Eric? Eric is the last counsel to Cartwheel. I forget the name of his firm.

Does Eric have a last name? He does. I don't have it in front of me.

Okay. But I think I spelled that out in the first 341. Okay.

Alright. So this was presented to the board. And did the board vote on this proposal?

Yes. And how did that vote go? I don't have the meeting minutes in front of me, so I cannot say.

You don't know if they accepted the proposal or rejected it? I believe it was accepted if it was signed. Okay.

It's accepted. It's signed. Alright.

And were shareholders informed of the deal? I think this was a non-binding acquisition proposal, not a deal. Were shareholders informed of the proposal?

The shareholders were not informed, to my understanding, unless corporate counsel informed them. Okay. Alright.

Were any major creditors informed of this proposal? I do not believe so. Alright.

And then we already covered counsel was consulted with respect to the proposal. Is that correct? That's 100%.

Alright. Okay. They were involved in all aspects of the company at every point in time.

Okay. Alright. So tell me, you mentioned threats of litigation.

Who was threatening litigation? Well, generally. Was anyone threatening litigation against the company as of October 21st, 2025?

I believe there was a demand letter that was received either around this time or after this. And what was the substance of the demand letter? I believe it was to demand a board seat and protective provisions.

So there was a demand by Mr. Wong. Was that in his individual capacity? It's unclear in what capacity he was bringing that as.

So you don't remember what hat he might have been wearing with respect to that demand? I don't think it was made clear in the demand, but it may have been.

[Speaker 3]

Okay.

[Speaker 1]

I think he was claiming to represent all investors. Okay. But I don't believe he was.

Alright. So he had a demand letter and he wanted a board seat. And then what other demands were in that letter?

His protective provisions. And what provisions were those? I think those were filed with the state of Delaware as part of an amendment to our COI.

And what did those provisions call for? There was a whole list of items. I don't have that in front of me.

Do you have any idea what the major ones were? I don't. Other than veto over all major decisions.

Okay. So he wanted a veto over all major decisions, meaning he wanted to control the board, he wanted to have final say, he wanted to be CEO. How exactly would he have it?

I don't know what he wanted, but I know he wanted to control all outcomes. Okay. So he wanted to control all outcomes.

Alright. What did he assert was the basis for him receiving these concessions? I think he referenced the convertible note and the financing round overall.

Okay. So he had a convertible note and financing round and he said that gave him a right to a board seat and these protective provisions. That's right.

That's correct. Okay. Alright.

And you said, was this the first time that he threatened litigation? He threatened litigation multiple times. The second one was threatening to tank any financing deal if he were not given his protective provisions and veto rights.

Okay. When you say tank any financing deal, what exactly did he say? No idea what he meant by that, but that's what he said.

I'll tank the deal. Alright. Did he say that with respect to this proposal or was it a different proposal?

I think he said it before this proposal. Before this proposal. And then he said the demand letter, which of course had a chilling effect.

Okay. To all discussions. Alright.

So the demand letter you're talking about, was that received before or after October 21st? I believe that it was before. Okay.

So you received a demand letter. Did you disclose this demand letter to Engineered Arts in connection with your negotiations for this proposal? I believe Engineered Arts was aware of it.

Okay. You believe they were aware of it, but did you disclose it? I don't recall if I did or not.

Okay. Alright. So there's this deal.

It looks like, how much money was this deal for or this proposal for? Do you recall? I don't.

It was a bit convoluted. It was a bit convoluted? It was a bit convoluted in the way it was structured.

Explain to me how it was convoluted, what were kind of the broad strokes as you understood them. I think it was structured as an asset purchase. I believe they wanted to provide equity instead of cash.

I believe there were incentives built into it that were not comfortable for me, which led to me withdrawing from the proposal. Alright. We'll get to why everything goes bad.

Alright. We'll relive the happy memories together. I just want to know what are kind of the rough terms of this deal.

So they were offering, they wanted equity, they wanted, what did they want? They wanted equity and they had very little, I think, cash to put into the deal. And I think they were trying to figure out how to make it work.

Especially considering what they knew about the overall makeup of the investor, the note holders. Alright. So they wanted some kind of share of equity.

Do you recall what in terms of equity they were wanting? What was equity they were offering? They were offering, okay.

So they were offering, were they offering Cartwell equity or were they offering you personally equity? No, they were offering, this was all Cartwell. Okay.

So Cartwell would have taken an equity share in Engineered Arts and... Well, that was the confusion. Was it Cartwell or was it the investors, the note holders that were getting equity?

Okay. It was very confusing as to who was getting equity, what amount of equity, what approvals, buy-in were necessary to move the needle. Alright.

So someone was going to get equity and it was unclear if it was going to be Cartwell as a corporation or if that equity was going to be dispersed among shareholders or creditors. There was some kind of confusion? And the other part is, I think they were trying to commingle employment agreements within the acquisition strategy, which again felt very uncomfortable.

[Speaker 3]

Okay.

[Speaker 1]

Alright. And what was the employment agreement? I think it was, we never received one.

Okay. They didn't want to talk about employment other than through this proposal. Okay.

Alright. So I think it was an acquihire, right? It was an asset acquihire.

Okay. So they were... More or less what it was being referred as.

Alright. So buying assets, hiring someone, and giving an equity share in Engineered Arts. Is that roughly the deal?

Yep. I think so, yeah. Alright.

I mean, it's laid out in that document that you have up here. But without going through and rereading it, it's a bit... I've also read it and it's a little confusing.

Exactly. So this is why I'm asking you. My point.

Alright. So you have this thing and it provides, would it have paid off the debts of the debtor? What all would it have done?

I don't know if it would have satisfied them or not. I believe some of the investors probably wanted more and were a bit greedy. Okay.

Alright. Well, I'm sure they probably all wanted more. The question is, what did this deal do?

And did it pay off the creditors and debts of the debtor or not? Yeah, I don't know what it would have done. Okay.

Alright. So you signed this thing. Is that right?

Yep. You communicated it to the board. The board voted to accept it, we think.

So what happened to the deal? Why didn't it go through? Well, I think the company was running out of money around this time.

And Council, which was a combination of Fenwick and West and Eric, both strongly indicated that there was no money to close on this deal. We didn't have the money to close on this deal. And at the same time, we were raising money, and I believe we were approaching a term sheet for a round.

And because Engineered Arts was offering a loan, a secured loan against all assets as part of this, it really started to feel uncomfortable to move forward with it. Also, I believe everything was contingent on extensive due diligence in speaking with the team and getting all the key personnel identified and on board with supporting moving forward. And at the time, I believe most of the employees were looking for new jobs.

So it's really hard to stand behind a team that is all shopping. Okay. So they wanted a security position against the debtor's assets?

I believe that is spelled out here or in a document that may have followed. Okay. And so they wanted to be secured against all of the debtor's assets, is that right?

Yeah, and I believe even toward the end of this conversation, they wanted to become senior to everything. Okay. All right.

So I thought you mentioned that the demand letter from Gene may have chilled this proposal. That didn't come up in the explanation you gave. How would Gene's demand letter have chilled the proposal?

I don't know. You'd have to ask, I think, the Engineered Arts. Okay.

What impact it had, especially with any conversations that took place after this proposal was moving forward with this ended. So ultimately, you're saying you chose to reject this proposal? I chose to reject this proposal to instead pursue a strong financing round with a large CVC.

Okay. And did the board also vote to reject this proposal? You'd have to look at the meeting minutes.

I don't recall. All right. You don't recall if the board said, no, no, let's take this?

I don't. I believe Modar resigned from the board right around this time. Okay.

So, yeah, I don't know. Okay. All right.

So this got rejected because you were uncomfortable with terms. And what happened after this was rejected? We continued the due diligence with the CVC.

Actually, the due diligence was happening prior to the signing of this. But upon signing it, I had to pause on continuing to support that due diligence because I believe this had a clause in it where I couldn't shop or something like that, which was a really awkward period because they wanted to continue doing due diligence, and I was unable to respond to any of their requests, which was putting pressure on, do we move forward with this or not? Okay.

All right. So were you able to attain that other round of financing? No, because that round, the term sheet came in around, I believe, the December time frame after continuing due diligence with them.

And it was contingent on raising a certain amount of money before, I think, the end of the year, which was nearly impossible to do considering we were in a holiday period. Okay. So this deal didn't go through.

Was there another offer for acquisition from Engineered Arts? I believe you'd have to ask Gene Wong about what took place beyond that. I believe there were discussions that I was not involved in that happened after October.

Why were you not involved in them? I believe Nick and Gene were communicating, and that did not involve me. Okay.

So Nick and Gene may have communicated somehow about acquiring Cartwheel Robotics, and they didn't talk to you. I believe Cartwheel Corporate Council was involved in some of those discussions. I don't know to what degree.

All right. And this would have been Eric at this point? Yes.

All right. And was another offer from Engineered Arts ever received? Not to my understanding.

Okay. Do you know why it wasn't received? I don't.

I'd love to know why. Okay. All right.

Let's see. Okay. Let's see.

We talked about that. Okay. I wanted to plug one hole in the insurance questions I asked you last time.

Did Cartwheel maintain directors' and officers' insurance? Yes. And who was the carrier?

I don't have that information. All right. Do you know what the policy limits were?

I don't. All right. Do you know what the policy periods were?

I don't. Do you know if tail coverage was purchased? I believe we had tail coverage.

Okay. All right. Has any claim to your knowledge ever been filed on the D&O policy?

Yes. Who filed that claim? I believe Eric filed it on behalf of the company.

And when did he file that? Probably around the time that Gene sent the demand letter. Okay.

Did anything come of that claim? I don't believe they agreed to support or cover. All right.

So you mentioned that Gene Wong sent you a demand letter sometime around this time. Were subsequent demand letters received? I believe it was only one, but they were being sent to corporate counsel.

So, I mean, I only saw one. Okay. I saw one.

Multiples may have been sent. But, again, Fenwick was checking out, and we had a real interesting situation on our hand with all the activities that were ongoing and not having corporate counsel. Okay.

All right. Is there anything else that I need to know about this October 21st proposal? I mean, I'd love to read it and get back to you.

I'm sure there is quite a few things that you should know. But without rereading it again, I wouldn't be able to tell you in real time. Okay.

I mean, it's on the court documents. Yeah, yeah, no, I just— You can obtain the court documents. I could read it again, but if you would like me to do so and give you some feedback, I can't.

All right. Well, I mean— But it doesn't matter if that's what you're asking. I'm going to have to set a continued meeting anyway because I need to have statements and schedules and see if I have questions about those.

I've talked a lot. So why don't we go ahead, and if there are creditors who have questions, or Mr. Hallman, if you have questions, we'll go ahead and move through that. The only attorney here for creditors is you, Mr. Dahoo, so I'm going to turn the time over to you. If you have questions you'd like to ask, the debtor's representative at this time.

[Speaker 2]

Thank you, Mr. Sims. Hi, Mr. Rebelli. How are you this afternoon?

Doing great, yourself? Good. So you mentioned that you didn't know what the October 21, 2025 deal entailed.

You said it was confusing. Did you make efforts to understand what the deal would entail?

[Speaker 1]

Oh, 100%. 100%. I believe I spent quite a bit of time with corporate counsel reviewing and going through that.

[Speaker 2]

And that didn't give you clarity on what the deal entailed?

[Speaker 1]

Oh, I'm sure at the time it gave me great clarity. But that was back in October, which is over eight months ago.

[Speaker 2]

Okay, so you don't know how that would have, as the CEO of the company, you don't know how that would have altered the course for Cartwell? I guess, what are you asking? You don't know if that would have benefited Cartwell, that you could have moved forward, paid creditors, continued with operations?

[Speaker 1]

It probably would have benefited, but also raising a large $15, $20 million round would have benefited. And I believe Gene Wong was always looking for that unicorn and had threatened, actually, me litigation if I didn't turn down an offer, the first offer from EA.

[Speaker 2]

Separate from your allegations on Gene Wong, you were the CEO, correct? Yes. You made the decisions, correct?

Well, me and the board made the decisions. And the board was, you said, basically yourself and possibly Samantha and possibly…

[Speaker 1]

The board changed throughout because nobody wanted to be on the board, honestly, because the company was so toxic.

[Speaker 2]

Well, I asked you at your last 341 meeting who approved these secured notes to you, to Samantha and to Bill, and you said you did because you were the board.

[Speaker 1]

At the time of those approvals, I was the board. That's right.

[Speaker 2]

Board, okay. At ECF 63, you have a December 18, 2025 email where you receive… There are emails where you are receiving an offer letter from EA and you thank them for that offer letter.

Do you have a copy of that offer letter? I don't know. Can you share it?

Can you show me what you're referencing? ECF 63. That was what you filed.

[Speaker 1]

Can you put that up on the screen, please?

[Speaker 2]

I don't know that I know how to do that.

[Speaker 1]

Let me see if I can locate it.

[Speaker 2]

So, Mr. Sims, it's ECF 63. All right. Pages 2 and 23.

[Speaker 1]

You have to be patient with me. Yes, sir. Thank you.

Sorry about that. Let's see if I've got ECF 63 floating around in here. All right.

I will pop it up on the ECF 63. There we go. Is there a particular page that you want shown?

Yes, please.

[Speaker 2]

Page 23. 23. Thank you, Mr. Sims. There you go. So, if you see, if you go a little bit down, Mr. Sims, I'm sorry. It says, Good day, Scott.

I've attached an offer letter from Engineered Arts. Nick would appreciate that for 15 minutes. And then in the next email, can you thank him for that offer letter?

Do you have a copy of that offer letter?

[Speaker 1]

If it's from a Cartwheel Robotics domain, I do not. If it ended up in my Gmail account at some point in time, then I do.

[Speaker 2]

It looks like, well, if you scroll up, and I'm sorry, Mr. Sims. If you scroll up, it looks like you responded to him from your Gmail account. So, I don't know how it got from your Cartwheel account to your Gmail account.

But that whole email chain pretty much discusses an offer letter. You continue to reference the secure creditor has all the assets, but you're looking for a global resolution. This was around the time you said that Cartwheel was pretty much insolvent, didn't have money to close on a deal, and didn't have assets anymore.

So, what were you trying to negotiate at this point in time?

[Speaker 1]

I don't think I was. I'm not sure, without rereading this, what was being negotiated. But I believe I was just directing Nick to speak with Gene Wong and secure the creditor.

[Speaker 2]

That is the email. Well, and I'll represent to you. No need to scroll further.

Thank you, Mr. Sims. On December 30th, you respond basically with your responses to various parts of the offer letter. You've compared it to agreements under companies you've worked at previously, Google and Disney.

Oh, this is the employment offer? I'm asking you what this offer was, because it sounds like you were negotiating an acquisition of Cartwheel, along with payment of secured assets.

[Speaker 1]

So, separate of that, they were trying to, I believe, hire the team. The team that you had let go recently? The team that was laid off.

I think they wanted to hire everybody, and they wanted to hire me.

[Speaker 2]

Were you still maintaining contact with your team as you referred to them?

[Speaker 1]

In December, I probably was in contact with one individual.

[Speaker 2]

Okay, so you could speak on their behalf if you were negotiating a deal with EA to acquire the team? I wouldn't speak on their behalf, no. Well, but what were you negotiating, though?

I mean, you just said they were probably trying to acquire the team, so how could you negotiate for their acquisition of a team you didn't have control over?

[Speaker 1]

I wasn't talking about or speaking with them about acquisition of the team. That was their own doing. I was talking to them about employment for myself.

Excuse me, I just want to jump in real fast and just remind everyone, I know we get very caught up in the rapid fire going back and forth. We are making a recording of this. The recording does have to be clear, so I just ask everyone, please don't talk over each other.

Let everyone finish their sentences so the recording is clear.

[Speaker 2]

I'm sorry, Mr. Sims, and I apologize, Mr. Lavalle, if I talked over you.

[Speaker 1]

I'm the worst at it, so it's fine.

[Speaker 2]

Mr. Lavalle, you explained the January emails. You followed some documents today, and I've had a chance to review them, and in those documents you basically said your January emails were nothing more than making an introduction between EA and the secured creditor so that the secured creditor could get paid. That was your goal.

Is that correct?

[Speaker 1]

They were interested in acquiring the company, and I believe they were interested in the assets of the company since the proposal was an asset acquisition.

[Speaker 2]

In January of 2026, the proposal was an acquisition of the assets.

[Speaker 1]

I don't know what it was at that point, other than they wanted to speak with who controlled the assets of the company.

[Speaker 2]

Okay, and at that point, the landlord controlled the assets of the company. Is that correct?

[Speaker 1]

I believe that's correct.

[Speaker 2]

And if I understood everything, you filed in the docket per your prior comments, per the appraisal, the assets were valued at an amount that were insufficient to satisfy the landlord's secured claim. Is that correct?

[Speaker 1]

I believe that's correct, yeah.

[Speaker 2]

Okay. And neither you nor the landlord believed that – well, at least as I understand it, you don't know where the IP or the Yogi robot were in January of 2026. Is that accurate?

[Speaker 1]

The assets were signed, I believe, in December. Is that right? As soon as they were assigned, and since then, I do not know what took place.

[Speaker 2]

That's right. So your testimony is the IP and the Yogi were assigned in December of 2025?

[Speaker 1]

Whenever the eviction assignment happened is when things were transferred. Okay. So I don't have the paper in front of me, but I believe the landlord did file something recently that has that exact date on it.

[Speaker 2]

Okay, so if I recall from your last 341, you basically said you left all assets of Cartwell at the lease premises. You left the keys there, and you basically just left, and the security – the landlord took it over from there. Is that accurate?

[Speaker 3]

Yeah.

[Speaker 2]

Okay, so the IP and the Yogi robot were in the lease premises in December when you left the keys? Everything. Everything was in the premise.

So presumably the landlord has possession of the IP and the Yogi robot.

[Speaker 1]

Well, how many months ago was that?

[Speaker 2]

December of 2025.

[Speaker 1]

That would have been almost over six months ago. They may or may not. I don't know.

You'd have to talk with them.

[Speaker 2]

But they had it when you left – they were in the building when you left the keys to the landlord. Is that accurate?

[Speaker 1]

Yeah, and it was the company. It was everything. Okay.

[Speaker 2]

As I understand your appraisal that you received, the appraiser pretty much said that the IP and the Yogi robot were valueless without the team.

[Speaker 1]

I believe they may have said that, and I believe that also was echoed multiple times by Engineered Arts.

[Speaker 2]

Okay, so I think we just need more clarity. I don't know. I will leave it to the trustee to follow up, and we can follow up as well.

We'll need more clarity on what you were negotiating in January because it sounds like – I didn't think I was negotiating anything but an employment offer. Okay, but it sounds like you were negotiating an acquisition.

[Speaker 1]

They were trying to purchase the – No, I was not negotiating an acquisition.

[Speaker 2]

Well, I mean, what value would the assets in the hands of the landlord have if you have an appraisal saying those assets lack value without – You know what?

[Speaker 1]

You would need to talk to the landlord. You'd need to talk to Eric, corporate counsel, and you'd need to talk to your own client about what was taking place during that time.

[Speaker 2]

Okay, but you're the one that commissioned the appraisal, correct? Yes. And the appraisal says what it says, and we don't need to argue about that, but it says what it says.

When was the last time you saw the Yogi robot? Probably when I vacated the premise. Okay.

Can I ask you? On your LinkedIn page, you have a video of the Yogi robot operating in the San Francisco Bay Area. When was that recorded?

[Speaker 1]

I believe that was recorded when we were in the Bay Area looking for funding.

[Speaker 2]

And what month was that?

[Speaker 1]

It would have been probably early October maybe. Okay.

[Speaker 2]

Can I ask you? So in your filing today, you basically say the UCC-1s that the landlord, Samantha, and yourself filed, there was nothing mysterious about them. They were simply logical to protect your secure position.

Yep. Is that accurate? Yeah.

Okay. Do you know why your father did not take that action before to file a security interest?

[Speaker 1]

We have to ask Craig Macy why nobody at the time of signing of those notes filed UCC.

[Speaker 2]

Do you know why you, Samantha, or the landlord decided to file UCC-1 on October 21 right after receiving the EA non-binding proposal? How did you learn that you had to file it?

[Speaker 1]

I believe at the time we had that proposal from EA, and I was very concerned about the language in it and concerned about my notes and did some research and realized that it wasn't fully perfected.

[Speaker 2]

Okay. So you filed your UCC-1 to perfect your security interest before proceeding further with financing from EA. Is that accurate?

I believe if that's what the timing says, that's what happened. Okay. Do you know why Samantha decided to file her UCC-1 on that same day?

Did you tell her to file it because of that reason?

[Speaker 1]

I believe we sat right next to each other and both understood the same thing.

[Speaker 2]

Okay. Do you know why Bill LaValle decided to file UCC-1 on that same day? Did you inform him to file one to protect his interest?

You'd have to ask him.

[Speaker 1]

Hold on. I'm going to jump in here. He doesn't have to ask him.

The question was put to you. From your personal knowledge, do you know why Bill LaValle filed on that day? Hey, do I know?

I do not know if Bill LaValle filed on that day. Okay. So it's coincidental that you, Bill LaValle, and your sister all filed within the same half hour.

Is it a coincidence? Maybe. All right.

Mr. J. I did not.

[Speaker 2]

Thank you, Mr. Sims. Just a couple more questions, Mr. LaValle. So you said Gene Long allegedly sent a default letter to you, to Clarkwell.

Is that accurate? Yes. If I heard you correctly, correct me if I'm wrong, you testified that you did not make EA aware of that demand letter.

Is that accurate? No, I think they were made aware of it. You said you did not personally make them aware of it.

[Speaker 1]

Is that accurate? I may or may not have. I don't know what was shared.

I'd have to gain access to records and look through emails to know whether that was shared by me or by corporate counsel.

[Speaker 2]

Okay. So as of now, you don't know. You don't know if they were aware of it.

Is that accurate? The demand letter? I believe they were.

I just don't know how they were made aware. Okay. So you believe they were made aware of it.

Okay. And you said that you believe his demand letter chilled the EA proposal. Do you know why?

Can you explain that belief? I'm sure that a demand letter would have a chilling effect. Okay.

Do you believe that the security interests that you, your father, and your sister filed had a chilling effect on the EA proposal? I don't know. You don't know if almost $400,000 or $500,000 of debt that they would have to pay chilled a proposal to finance for corporate?

I doubt it did. Okay. You mentioned, you just, you mentioned a couple of sentences ago.

While Trustee Sims was asking you questions, you said you were confused by the EA offer letter. But just a couple of moments ago, you said you were not happy with certain of the proposals in that EA letter. What were you not happy with?

What gave you concern? I'd have to reread it. Well, you just said you had some concern about the proposal.

Earlier, you said you were confused about the proposal, but you did, you tried to work through that confusion with your attorney. But you can't tell me what the result of those conversations were with your attorney. You can't tell me what was confusing, and you can't tell me what you were concerned about.

Is that right? That's correct. I need to reread it.

You basically know nothing. You are the CEO of the company, and you know nothing about a proposal that would have saved your life's work in Cartlow.

[Speaker 1]

You can say that all you want. That was six plus months ago. So I would need to review that again.

[Speaker 2]

Okay. You say you're unavailable for two weeks in June. May I ask why?

Vacation. Vacation. You aren't available in two weeks in July.

May I ask why? Vacation. Vacation.

I believe Samantha's also unavailable those time periods as well. Do you know why?

[Speaker 1]

I don't.

[Speaker 2]

You don't? Okay. Do you anticipate Samantha will come with you at any continued 341 meeting?

[Speaker 1]

I anticipate that we will support and assist however we can. Okay. Can I ask you, do you have a good relationship with Samantha and your father?

[Speaker 2]

I have a decent relationship with them, yeah. Do you live close to them?

[Speaker 1]

Samantha and I live in Fallon and in Fernley. In Fernley. And how far of a distance are those two locations?

Well, we can pull up Google Maps and give you an exact number of miles. That's all right. Do you see your father often?

[Speaker 2]

I don't. You don't? Do you talk to him often?

Not as much as I should. Okay. But when you talk, do you have a friendly relationship?

Is that accurate? Yeah. He's my dad.

Okay. And you don't talk to him at all about any of the assets he may have from Cartwell to try to answer some of the trust issues?

[Speaker 1]

I don't want to talk to him about it.

[Speaker 2]

That's right. Okay. So you've made no effort to get the information the trustee has requested at now a second 341 meeting from your father.

Is that accurate? That's correct. Okay.

Thank you. I think that's all I have. And Mr. Sims, I would just ask, I don't know if you are considering extending the proof of claim deadline. I would just ask if you wouldn't mind please considering that.

[Speaker 1]

Well, I generally don't address that kind of thing here in 341. However, because it's come up, I'll go ahead and I'll break protocol and address it. I've researched this issue on other cases and extending the 341, not 341, the claims bar date is not a thing.

So what happens when it passes and claims have not been filed is that either parties in interest or I myself or the predators themselves can bring a motion to have their claims deemed timely. And I've done that before when appropriate, but I can't extend a bar date. The bar date is set statutorily.

I just don't have a way to, I don't believe that I have the authority to do that. So if people are going to file proofs of claims, they should do it by the bar date or they run risks.

[Speaker 2]

Thank you, Mr. Sims. Thank you for addressing that. I appreciate it.

[Speaker 1]

All right. Mr. Haman, do you have any questions for the debtor's representative at this time?

[Speaker 2]

I don't have any questions at this time.

[Speaker 1]

All right. I'll note that everyone, I'm not going to prevent anyone from asking questions of the debtor. Debtor's representative, I should say, at a continued 341 once we have schedules.

All right. So, Mr. Lavalle, you've indicated that you are gone from June 15th to June 27th and July 20th through August 1st. All right.

So 14 days will be the 25th of June. I'm not going to make anyone show up on the July 4th week because no one will show up. All right.

I'm looking at July 13th at 1.30 for a continued 341 date. Mr. Haman, is that a workable date and time from your perspective? Yes, that should be fine.

All right. I can do earlier. I can do later.

I can make myself available the whole day. All right. Whatever is convenient for the other parties.

Mr. Dehu, workable date and time July 13th at 1.30? July 13th works. Thank you, sir.

All right. And then, Mr. Lavalle, July 13th, is that a workable date and time for you? If that is outside my two windows that I provided, then it should be.

I believe it is because I believe the two windows provided end June 27th and start again on July 20th. So, July 13th, 1.30, should be outside those windows. That's a Monday?

That is a Monday. I will be in Boston, I believe, that whole week. I believe they have internet in Boston.

Yes, if I'm traveling for work, that's a problem. Well, could we do the following week? No, because you said that you were unavailable.

That's when I'm unavailable. Can we do the week before? We can try the week before.

Let me take a look at the week before. The week before, I can probably... Well, let's see.

Let's see if I can get the calendar to work. I can probably accommodate people on July 10th. Mr. Hammond, is July 10th at 1.30 a workable date and time for you?

[Speaker 2]

Yes.

[Speaker 1]

Mr. Danger, is July 10th a workable date and time for you?

[Speaker 2]

Yes, Mr. Sims, and I just had a follow-up too. Do you anticipate that you'll request that Ms. Conway appear for a 341 or not? Well, the court's entered an order, I believe, compelling her to attend.

[Speaker 1]

So, whatever's in the order is what controls. I don't control what's in the court order. Yes, sir.

Thank you. For clarity, so that would be both Samantha and I in the same call or separate calls? I prefer you both.

Okay. You never have enough. All right.

We'd have to just check with her. I don't know if she's available or not. Well, if she's not here, she doesn't get to complain about setting the time.

So, we're going to go ahead and set the time. And that'll be July 10th at 1.30. And we'll pick back up at that time, everyone. Thank you, everyone, for your attendance here today.

Thank you, Mr. Sims. We'll take a look and see where everything sits on July 10th at 1.30 p.m. via Zoom. All right.

Thank you, everyone. We'll stand and continue. Thank you.

Have a good weekend.