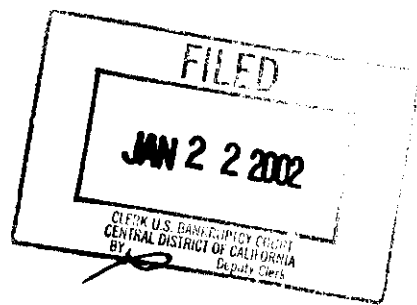


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1 JOHN P. REITMAN (Bar No. 80579)
SUSAN I. MONTGOMERY (Bar. No. 120667)
2 PETER J. MASTAN (Bar No. 190250)
GUMPORT, REITMAN & MONTGOMERY
3 550 South Hope Street, Suite 825
Los Angeles, California 90071-2627
4 Telephone: (213) 452-4900
Facsimile: (213) 623-3302
5



6 Attorneys for R. Todd Neilson, Chapter 11 Trustee of
the Bankruptcy Estate of Reed E. Slatkin

7
8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **NORTHERN DIVISION**

11 In re)
12 REED E. SLATKIN,)
13)
14 Debtor.)
15)
16)
17)
18)
19)
20)

Bk. No. ND 01-11549-RR
CHAPTER 11
DECLARATION OF R. TODD
NEILSON, TRUSTEE, RE SALE OF
WINE AND REQUEST FOR ENTRY
OF ORDER CONFIRMING SALES;
EXHIBITS
DATE: [No Hearing Required]
TIME:
PLACE: 1415 State Street
Courtroom 201
Santa Barbara, CA 93101
[Judge Riblet]

21 In accordance with the Court's order of October 24, 2001, R. Todd Neilson, the
22 chapter 11 trustee of the bankruptcy estate ("Estate") Reed E. Slatkin, submits the attached
23 declaration and exhibit setting forth the prices obtained for the wine sold by the Estate, the
24 commission paid to the Estate's agent David Russell, and the amount of out-of-pocket
25 expenses reimbursed by the Estate to David Russell.

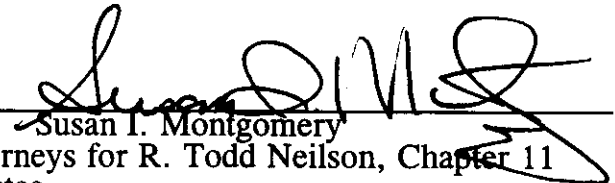
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1 As set forth in the attached Neilson declaration, the sales were made in good faith
2 for fair market value. Accordingly, the Trustee hereby requests that the Court enter an
3 order confirming the sales in the form lodged concurrently herewith.

4 Dated: January 17, 2002

5 GUMPORT, REITMAN & MONTGOMERY

6
7 By 
8 Susan I. Montgomery
9 Attorneys for R. Todd Neilson, Chapter 11
10 Trustee
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DECLARATION OF R. TODD NEILSON

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I, R. TODD NEILSON, declare:

1. I am the duly appointed chapter 11 trustee of the bankruptcy estate ("Estate") of Reed E. Slatkin. As such I have personal knowledge of the facts set forth in this declaration and would competently testify thereto if requested to do so.

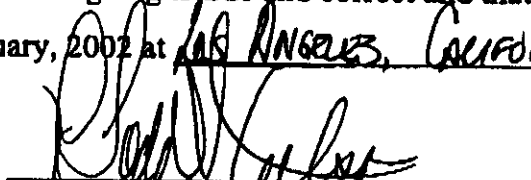
2. On October 24, 2001, the Court entered the order (the "Wine Order") attached as Exhibit 1 authorizing me to sell and/or abandon wine owned by the Estate. The Wine Order specifically authorized me to employ David Russell as the Estate's agent to sell wine through private sales or through auction, and to abandon certain wines.

3. All of the Estate's wine has now been disposed of either through sale or abandonment. Exhibit 2 is a chart that identifies the wine sold, the price paid, the commission paid and the out-of-pocket expenses reimbursed to David Russell.

4. In summary, the wine sold for the total price of \$25,563.75. I have paid David Russell a commission on the sales of \$2,556.37, and reimbursed him for his out-of-pocket expenses (including appraisal and inventory fees) in the amount of \$2,659.66. Accordingly, through the sale of wine, the Estate netted \$20,347.72.

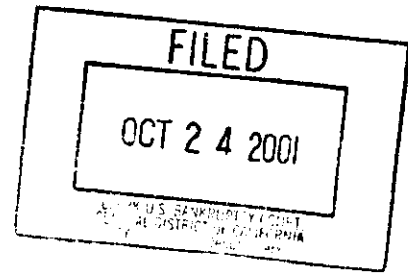
5. The wine was sold at fair market value to good faith purchasers, and there were no undisclosed side deals. Accordingly, I hereby request that the Court enter an order determining that the sales were for fair value and in good faith.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 17th day of January, 2002 at LOS ANGELES, CALIFORNIA



R. TODD NEILSON

1 JOHN P. REITMAN (Bar No. 80579)
2 SUSAN I. MONTGOMERY (Bar. No. 120667)
3 PETER J. MASTAN (Bar No. 190250)
4 GUMPORT, REITMAN & MONTGOMERY
5 550 South Hope Street, Suite 825
6 Los Angeles, California 90071-2627
7 Telephone: (213) 452-4900
8 Facsimile: (213) 623-3302



9 Attorneys for R. Todd Neilson, Chapter 11 Trustee of
10 the Bankruptcy Estate of Reed E. Slatkin

OCT 24 2001

11 UNITED STATES BANKRUPTCY COURT
12 CENTRAL DISTRICT OF CALIFORNIA
13 NORTHERN DIVISION

14 In re

15 REED E. SLATKIN,

16 Debtor.

) Bk. No. ND 01-11549-RR

) CHAPTER 11

) ORDER AUTHORIZING TRUSTEE
) (1) TO EMPLOY DAVID J. RUSSELL
) AS THE ESTATE'S WINE BROKER,
) AND (2) TO SELL THE ESTATE'S
) WINE WITHOUT OVERBID OR
) FURTHER COURT ORDER

) DATE: October 24, 2001
) TIME: 10:00 a.m.
) PLACE: 1415 State Street
) Courtroom 201
) Santa Barbara, CA 93101
) [Judge Riblet]

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21 On October 24, 2001, on the 10:00 a.m. calendar, in Courtroom 201 of the United
22 States Bankruptcy Court, 1415 State Street, Santa Barbara, California 93101, the
23 Honorable Robin Riblet, United States Bankruptcy Judge, conducted a hearing on the
24 motion (the "Motion") filed by R. Todd Neilson, the chapter 11 trustee (the "Trustee") of
25 the bankruptcy estate ("Estate") of Reed E. Slatkin ("Slatkin"), to (1) Employ David J.
26 Russell as the Estate's Wine Broker, and (2) Sell the Estate's Wine Without Overbid or
27 Further Court Order. Susan I. Montgomery of Gumport, Reitman & Montgomery
28 appeared on behalf of the Trustee. Any other appearances were stated on the record. The

1 Court, having considered the Motion, all pleadings filed in support thereof, the argument of
2 counsel, and good cause appearing, finds and directs as follows:

3 1. The Motion is granted.

4 2. The Trustee is authorized to retain and pay David J. Russell ("Russell") at the
5 rate of \$75 per hour to prepare a complete inventory and appraisal of the Wine (as defined
6 in the Motion).

7 3. The Trustee is authorized to pay Russell a 10% commission on the sale price
8 of all Wine sold in accordance with ¶¶ 4 and 5 below and all out-of-pocket expenses
9 incurred by Russell.

10 4. The Trustee is authorized, at his discretion, to sell the Wine listed on Exhibit
11 2 to the Motion at auction through WineCommune.com or by private sale without reserve
12 or overbid and without further Court order. If sold by private sale, the sale price shall be
13 not less than 75% of the suggested sale price set by Russell as reflected on Exhibit 2 to the
14 Motion. If a proposed private sale is for less than 75% of the appraised value listed on that
15 Exhibit 2, the Trustee shall notify counsel for the Official Committee of Unsecured
16 Creditors of the proposed sale price, and if no objection to the proposed sale is received by
17 the Trustee within 24 hours, the Trustee shall be authorized to sell the Wine at the proposed
18 price without further Court order.

19 5. The Trustee is authorized to sell the Wine listed on Exhibit 3 to the Motion
20 by private sale or in any other manner in which the Trustee deems appropriate, based on
21 the advice of Russell, without overbid. If the proposed sale price is less than 75% of the
22 appraised value listed on that Exhibit 3, the Trustee shall notify counsel for the Official
23 Committee of Unsecured Creditors of the proposed sale price, and if no objection to the
24 proposed sale is received within 24 hours, the Trustee shall be authorized to sell the Wine
25 at the proposed price without further Court order;

26 6. The Trustee is authorized to abandon to Slatkin the Wine listed on Exhibit 4
27 to the Motion and such Wine is hereby deemed abandoned.

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1 7. The Trustee shall deposit any net Wine sale proceeds (i.e., the total sale price
2 less commissions paid pursuant to ¶ 3) into the Estate's general account.

3 8. Upon the completion of all sales, the Trustee shall file with the Court and
4 serve on the Office of the United States Trustee, Slatkin, and the Official Committee of
5 Unsecured Creditors (through their respective attorneys of record) a declaration setting
6 forth (a) the gross sale price, (b) the commission paid to Russell, and (c) the amount of out-
7 of-pocket expenses, if any, reimbursed to Russell, and requesting a finding and
8 determination that each of the respective Wine sales was made for fair market value and
9 that each respective buyer is a buyer in "good faith" as that term is used in 11 U.S.C.
10 § 363(m);

11 9. The proposed sales and abandonment are in the best interests of the Estate.

12 10. Adequate notice of the Motion was given.

13 **IT IS SO ORDERED.**


14
15 DATED: OCT 24 2001 , 2001

ROBIN L. RIBLET

THE HONORABLE ROBIN RIBLET
UNITED STATES BANKRUPTCY JUDGE

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19 Proposed by:

20 GUMPORT, REITMAN & MONTGOMERY

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22 By: 
23 Susan I. Montgomery
24 Attorneys for R. Todd Neilson,
 Chapter 11 Trustee of the Bankruptcy Estate of
 Reed E. Slatkin

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NOTE TO USERS OF THIS FORM:
Physically attach this form as the last page of the proposed Order or Judgment.
Do not file this form as a separate document.

In re REED E. SLATKIN Debtor.	(STREET TITLE)	CHAPTER 11 CASE NUMBER: ND 01-11549-RR
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NOTICE OF ENTRY OF JUDGMENT ON ORDER
AND CERTIFICATE OF MAILING

OCT 24 2001

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

1. You are hereby notified, pursuant to Local Bankruptcy Rule 118(f)(1)(a)(iv), that a judgment or order entitled (specify):
ORDER AUTHORIZING TRUSTEE (1) TO EMPLOY DAVID J. RUSSELL AS THE
ESTATE'S WINE BROKER, AND (2) TO SELL THE ESTATE'S WINE WITHOUT
OVERBID OR FURTHER COURT ORDER

was entered on (specify date): OCT 24 2001


2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and entities on the
attached service list on (specify date):

OCT 24 2001

Dated:

OCT 24 2001

JOHN D. CERETTO
Clerk of the Bankruptcy Court

By: 
Deputy Clerk

4.

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SERVICE LIST

UNITED STATES TRUSTEE

Brian Fittipaldi, Esq.
Office of the U.S. Trustee
128 East Carrillo Street
Santa Barbara, CA 93101

CHAPTER 11 TRUSTEE

R. Todd Neilson
Neilson Elggren LLP
10100 Santa Monica Boulevard
Suite 410
Los Angeles, CA 90067

COUNSEL TO DEBTOR

Richard Pachulski, Esq.
Pachulski, Stang, Ziehl, Young & Jones PC
10100 Santa Monica Boulevard
Suite 1100
Los Angeles, CA 90067

**COUNSEL TO DEBTOR
AND MARY JO SLATKIN**

Jay L. Michaelson, Esq.
Michaelson, Susi, Michaelson
Seven W. Figueroa Street
Second Floor
Santa Barbara, CA 93101-3191

**COUNSEL TO
CREDITORS COMMITTEE**

Richard L. Wynne, Esq.
Kirkland & Ellis
777 S. Figueroa, 34th Floor
Los Angeles, CA 90017

WINE BROKER

David J. Russell
2263 Las Canoas Road
Santa Barbara, CA 93105

COUNSEL TO CHAPTER 11 TRUSTEE

Susan I. Montgomery, Esq.
Gumport, Reitman & Montgomery
550 South Hope Street, Suite 825
Los Angeles, CA 90071

David J. Russell
Wine Consultant

Acquisitions • Portfolio management
Appraisals • Liquidation • Restaurant wine list consulting

2263 Las Canoas Road
Santa Barbara, CA 93105
Phone: 805.687.7319
Cell phone: 805.680.9900
Fax: 209.885.9232
E-mail: druss2263@aol.com

TO: R. Todd Neilson, Trustee
CC: Victoria Doran
CC: Sue Montgomery

FROM: David J. Russell
Wine Consultant

DATE: 15 January 2002

RE: Final report and summary of Slatkin wine sales, expenses, etc.

Dear Todd,

Following please find a summary of the sales of wines belonging to the bankruptcy estate of Reed Slatkin, expenses involved in those sales etc.:

As you will recall, I broke out the Slatkin wine inventory into four segments, the highly collectible "Blue Chips," the only slightly less desirable "Solid 2nd-Tier Wines," the rather ordinary wines that would only sell at "Fire Sale" prices, and a small number of bottles having essentially no value that were to be simply abandoned.

1. The buyer of the "Blue Chips," a private collector in Chicago named Scott S. Manlin, with my full knowledge and cooperation, edited and "reshuffled" *very slightly* some of the wines I had originally assigned to the Blue Chips category in such a way that they became Solid 2nd-Tier wines, and vice versa. In no way did this edit compromise or dilute either of these two lots. Here is the lot of Blue Chips purchased by Mr. Manlin:

WINE	# of btls.	Btl. Price	Extension
89 Roederer Cristal	2	115	\$230.00
90 Dom Pérignon	7	75	\$525.00
85 Dom Pérignon Rosé	1	150	\$150.00
49 Ch. Talbot	1	200	\$200.00
28 Ch. D'Yquem	1	690	\$690.00
95 Caymus "Special Selection" Cabernet	3	120	\$360.00
96 Harlan Estate Red Table Wine	2	350	\$700.00
94 Caymus "Special Selection" Cabernet	7	110	\$770.00
95 Chateau d'Yquem 3-Litre (wood box w/o top)	1	750	\$750.00
94 Bryant Family Vnyd. Cabernet	8	375	\$3,000.00
82 Chateau Haut Brion	2	200	\$400.00
92 Harlan Estate Red Table Wine	3	275	\$825.00

93 Harlan Estate Red Table Wine	1	275	\$275.00
94 Harlan Estate Red Table Wine	9	450	\$4,050.00
90 Chateau Clinet (Pomerol)	1	120	\$120.00
89 Chateau Latour (Pauillac)	2	150	\$300.00
89 Chateau Mouton-Rothschild (Pauillac)	2	175	\$350.00
95 Chateau Pichon-Lalande (Pauillac)	1	80	\$80.00
86 Chateau Léoville-Las-Cases (St.-Julien)	1	110	\$110.00
82 Chateau Cheval Blanc (St.-Emilion)	2	350	\$700.00
86 Chateau Mouton-Rothschild (Pauillac)	1	275	\$275.00
48 Ch. Cheval Blanc (St.-Emilion) - mid-shoulder	1	250	\$250.00
90 Chateau Grand-Puy-Lacoste (Pauillac)	1	90	\$90.00
89 Chateau Léoville-Barton (St.-Julien)	1	50	\$50.00
89 Chateau Pichon-Baron (Pauillac)	2	100	\$200.00
88 Chateau Latour (Pauillac)	1	120	\$120.00
88 Chateau Margaux (Margaux)	1	120	\$120.00
89 Chateau Lafite-Rothschild (Pauillac)	1	165	\$165.00
66 Ch. Mouton-Rothschild (Pauillac) - top-shoulder	1	180	\$180.00
86 Chateau Latour (Pauillac)	1	150	\$150.00
70 Chateau Lafite-Rothschild (Pauillac)	1	125	\$125.00
75 Chateau Latour (Pauillac)	1	145	\$145.00
83 Chateau Gruaud-Larose (St.-Julien)	1	65	\$65.00
79 Chateau Palmer (Margaux)	1	75	\$75.00
85 Chateau Margaux (Margaux)	3	175	\$525.00
86 Chateau Margaux (Margaux)	1	190	\$190.00
90 Chateau Margaux (Margaux)	2	300	\$600.00
83 Chateau Margaux (Margaux)	1	245	\$245.00
82 Chateau Latour (Pauillac)	1	380	\$380.00
89 Chateau Pichon-Lalande (Pauillac)	1	100	\$100.00
87 Caymus "Special Selection" Cabernet	1	115	\$115.00
85 Chateau Pichon-Lalande (Pauillac)	3	90	\$270.00
93 Bryant Family Vnyd. Cabernet	4	300	\$1,200.00
95 Araujo Estate "Eisele Vnyd." Cabernet	13	175	\$2,275.00
94 Dalla Valle "Maya" Red Table Wine	1	350	\$350.00
91 Caymus "Special Selection" Cabernet	1	120	\$120.00
94 Groth "Reserve" Cabernet	1	100	\$100.00
89 Chateau d'Yquem	1	195	\$195.00
49 Lafite-Rothschild	1	400	\$400.00
95 Vineyard 29 Cabernet	13	50	\$650.00
94 Beringer "Reserve" Cabernet	3	70	\$210.00
94 Hartwell "Sunshine Vnyd." Cabernet	2	45	\$90.00
95 Hartwell "Sunshine Vnyd." Cabernet	10	45	\$450.00
77 Dow's Vintage Port	1	50	\$50.00
86 La Tâche, Dom. de la ROMANÉE-CONTI	3	180	\$540.00
86 Romanée-St.-Vivant, DRC	1	150	\$150.00
90 Romanée-St.-Vivant, DRC	1	275	\$275.00
86 Richebourg, Dom. de la ROMANÉE-CONTI	1	165	\$165.00
90 Gvry-Chbbtn, Combe aux Moines, FAIVELEY	1	40	\$40.00
96 Chmblle-Msgny, Hauts-Doix, R. GROFFIER	1	40	\$40.00
96 Pahlmeyer Merlot	10	55	\$550.00
95 Solaia, ANTINORI	1	75	\$75.00
93 Masseto, Tenuta dell'ORNELLAIA	1	100	\$100.00

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94 Tignanello, ANTINORI	1	40	\$40.00
95 Tignanello, ANTINORI	1	50	\$50.00
95 Ornellaia, Tenuta dell'ORNELLAIA	1	60	\$60.00
95 Sassicaia, Tenuta SAN GUIDO	1	100	\$100.00
93 Brnlio di Mntlcno, Case Basse, G. SOLDERA	1	95	\$95.00
84 Heitz "Martha's Vnyd." Cabernet	1	80	\$80.00
85 Heitz "Martha's Vnyd." Cabernet	1	200	\$200.00
86 Stag's Leap Wine Cellars "Cask 23" Cabernet	1	95	\$95.00

Total bottles	164		\$27,765.00
Less 25% per the stipulation that a buyer taking an entire lot is entitled to such a discount:			<u>- 6,941.25</u>
TOTAL PAID BY SCOTT MANLIN FOR ABOVE WINES			\$20,823.75

Later it was discovered that two bottles originally intended for Mr. Manlin had "slipped through the cracks," and so we billed him, and he paid separately, for the following:

97 Hartwell "Sunshine Vnyd." Cabernet	2	60	\$120.00
Less 25% discount as above			<u>- 30.00</u>
TOTAL PAID BY SCOTT MANLIN FOR THESE "STRAYS"			\$90.00

2. The buyer of the "Solid 2nd-Tier Wines was a private party here in Santa Barbara named Mark Mattingly. His purchased lot broke out as follows:

95 Altamura Cabernet	3	35	\$105.00
95 Anderson's Conn Valley "Estate Reserve" Cabernet	3	20	\$60.00
96 Staglin Cabernet	4	30	\$120.00
97 B.R. Cohn "Olive Hill Est. Vnyds." Cabernet - THEFT?	0	25	0
97 Flora Springs Trilogy - THEFT?	0	40	0
94 Hartwell "Stag's Leap Dist." Cabernet	3	75	\$225.00
77 Dow's Vintage Port	1	50	\$50.00
96 Kistler "Sonoma County" Chardonnay	2	25	\$50.00
95 Batard-Montrachet, Pierre MOREY	1	25	\$25.00
98 Landmark "Overlook" Chardonnay	1	15	\$15.00
97 Lewis Cellars "Reserve" Napa Valley Chardonnay	1	15	\$15.00
97 Patz & Hall "Hyde Vnyd." Chardonnay	1	25	\$25.00
90 Nuits-St.-Georges, Les St.-Georges, HOSPICES de NUITS (bottled by FAIVELEY)	1	40	\$40.00
95 Mondavi Napa Valley Cabernet "Unfiltered"	1	25	\$25.00
94 Mt. Langi Ghiran "Langi" (57% C.S./43% Merlot)	1	20	\$20.00
96 Leonetti "American" Merlot	1	50	\$50.00
95 Rosemount "Balmoral" Syrah	1	25	\$25.00
87 Chateau Margaux (Margaux)	1	75	\$75.00
87 Stag's Leap Wine Cellars "Cask 23" Cabernet	3	75	\$225.00
87 Jordan Cabernet	1	35	\$35.00
82 Beaulieu Vnyds. "Private Reserve" Cabernet	1	40	\$40.00
94 La Jota "13th Anniversary" Cabernet	1	50	\$50.00
87 Etude Cabernet	1	40	\$40.00
95 Dominus Red Table Wine	6	55	\$330.00
97 Swanson Vnyds. "Alexis"	1	30	\$30.00
90 Jordan Cabernet	1	30	\$30.00

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77 Jordan Cabernet MAGNUM	1	120	\$120.00
97 Opus One	1	120	\$120.00
87 Opus One	5	145	\$725.00
95 Opus One	1	115	\$115.00
94 Silver Oak "Napa Valley" Cabernet	3	80	\$240.00
96 Chateau St. Jean "Les Cinq Cépages"	5	65	\$325.00
94 Dunn "Howell Mountain" Cabernet	1	90	\$90.00
85 Dunn "Napa Valley" Cabernet	1	50	\$50.00
94 Musigny <i>Vieilles Vignes</i> , Comte de VOGÜÉ	1	75	\$75.00
88 Opus One	2	105	\$210.00
91 Opus One	1	150	\$150.00
92 Opus One	1	135	\$135.00
Total bottles	64		\$4060.00
Less 25% per previously referenced discount provision			<u>- 1015.00</u>
TOTAL BILLED TO MARK MATTINGLY			\$3045.00

TOTAL PAID BY MARK MATTINGLY (he wanted to be sure his was the "winning bid") **\$3050.00**

3. The buyer of the "Fire Sale" items was Thousand Oaks resident Larry Dutra. The detail of the sale to him is as follows:

NV Clicquot Brut	1	20	20.00
91 Sequoia Grove Cabernet MAGNUM	1	30	30.00
90 Sequoia Grove Cabernet "Est. Btl'd." Etched Bottle MAGNUM	1	30	30.00
85 Sequoia Grove "Estate Bottled" Cabernet	1	12	12.00
98 Gainey "Limited Selection" Chardonnay	1	13	13.00
98 Gainey Merlot	1	8	8.00
98 Gainey Cabernet Franc	1	5	5.00
97 Fox Brook "Ceāga Vnyd." Merlot	1	10	10.00
97 J. Lohr "Hilltop Vnyd." Cabernet	1	12	12.00
98 Laetitia "Estate" Pinot Blanc	1	5	5.00
97 Grgich Hills Fumé Blanc	1	6	6.00
99 Steele "Steele Cuvée" Chardonnay	1	8	8.00
97 Byron "Sierra Madre Vnyd." Pinot Noir	1	15	15.00
99 Langtry White Table Wine	1	9	9.00
98 Munari "Lady's Creek Vnyd." Chardonnay	1	5	5.00
97 Stonestreet "Sonoma County" Chardonnay	1	8	8.00
97 Dry Creek Vnyd. "Reserve" Merlot	1	15	15.00
96 Gainey "Limited Selection" Pinot Noir	13	12	156.00
99 Gainey Sauvignon Blanc	1	5	5.00
97 Gainey "Limited Selection" Merlot	1	10	10.00
98 Gainey "Limited Selection" Sauvignon Blanc	3	8	24.00
99 Gainey Reisling	1	5	5.00
98 Gainey "Limited Selection" Pinot Noir	1	14	14.00
98 Gainey "Triada" Red Table Wine	1	5	5.00
94 Chateau Malmaison (Moulis)	11	5	55.00
86 Chateau Villars (Fronsac)	1	5	5.00
97 Gainey "Limited Selection" Sauvignon Blanc	2	9	18.00
97 Gainey "Santa Maria Valley" Pinot Noir	1	6	6.00
97 Gainey "Limited Selection" Chardonnay	2	12	24.00

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97 Gainey "Triada" Red Table Wine	1	5	5.00
97 Gainey Cabernet	3	5	15.00
94 Santa Barbara Winery "Reserve" Pinot Noir	24	10	240.00
97 Gainey "Limited Selection" Pinot Noir	1	8	8.00
98 Gainey Riesling	1	5	5.00
98 Gainey Sauvignon Blanc	1	5	5.00
99 Gainey Chardonnay	2	6	12.00
98 Gainey Cabernet	1	5	5.00
83 Ockfener Bockstein Reisling Spätlese, ZILLIKEN	1	10	10.00
97 Caymus Conundrum	1	10	10.00
97 Mer Soleil Chardonnay	1	16	16.00
97 Ferrari-Carano "Vnyds. of Tre Monte" Chardonnay	5	15	75.00
95 Mer Soleil Chardonnay	1	16	16.00
96 Byron Estate "Byron Vnyd." Chardonnay	1	14	14.00
97 ZD "Reserve" Chardonnay	1	18	18.00
97 Bernardus Sauvignon Blanc	1	6	6.00
96 Bourgogne Chardonnay, Domaine Guy ROULOT	1	8	8.00
97 Gainey Chardonnay	1	5	5.00
'96 Paul Hobbs "Dinner Vnyd." Chardonnay	1	15	15.00
97 Chablis "Tête de Cuvée," Jean-Paul DROIN	1	10	10.00
96 Zaca Mesa "Zaca Vnyd." Syrah	1	7	7.00
95 Ici/Là-Bas "Duke's 30th Anniversary" Pinot Noir	1	10	10.00
96 Gainey "Limited Selection" Pinot Noir	2	10	20.00
74 Recioto della Valpolicella Amarone, BERTANI	1	18	18.00
96 Sanford Pinot Noir	1	8	8.00
95 Landmark "Grand Detour" Pinot Noir	1	14	14.00
97 David Bruce "Russian River Valley" Pinot Noir	1	15	15.00
95 Fess Parker "American Tradition" Pinot Noir	1	12	12.00
97 William Hill Winery Napa Valley Merlot	1	5	5.00
93 Acacia Carneros "Reserve" Pinot Noir	1	9	9.00
95 Nichols "Sierra Madre Vnyd." Pinot Noir	1	10	10.00
95 Domaine Carneros Pinot Noir	1	9	9.00
81 Gevrey-Chambertin, Cazetiers, Philippe LECLERC	1	12	12.00
92 Joseph Phelps Vnyd. Merlot	1	5	5.00
95 Norman Vnyds. Zinfandel "The Classic"	1	8	8.00
86 Clos des Jacobins (St. Emilion)	1	18	18.00
94 Chateau Gazin (Pomerol)	1	20	20.00
95 Simi Cabernet	1	9	9.00
95 Cinnabar Cabernet	4	11	44.00
94 Howard Park Cabernet 70%/Merlot 30% (W Australia)	1	15	15.00
84 Shafer "Hillside Select" Cabernet	2	25	50.00
94 Cinnabar Cabernet	2	15	30.00
93 Cinnabar Cabernet	2	12	24.00
74 Simi "Reserve Vintage" Cabernet	1	45	45.00
93 Merryvale "Profile" Red Table Wine	2	25	50.00
94 Sequoia Grove "Estate Reserve" Cabernet	1	25	25.00
89 Etude Cabernet	1	20	20.00
96 Joseph Phelps Vnyd. Cabernet	1	16	16.00
82 Coppola Estate "Rubicon" Red Table Wine	1	25	25.00
95 Stonestreet "Alexander Valley" Cabernet	1	28	28.00
96 Harrison Cabernet	2	25	50.00

95 Elderton Barossa Valley Shiraz	1	12	12.00
92 "Gran Reserva," VALLFORMOSA (Penedès, Spain)	1	8	8.00
96 Condado de Haza (Ribera del Duero, Spain)	1	12	12.00
93 <i>Campaccio, TERRABIANCA (Toscana, Italy)-THEFT?</i>	0	15	0
94 Barolo, Elio ALTARE	1	15	15.00
97 Gainey Chardonnay	2	5	10.00
96 Gainey Cabernet	3	5	15.00
92 Joseph Phelps Vnyd. "Insignia"	1	45	45.00
90 Sequoia Grove "Estate Reserve" Cabernet	1	25	25.00
95 Lucente, MONDAVI/FRESCOBALDI	1	12	12.00
92 Heitz "Napa Valley" Cabernet	1	16	16.00
97 Laurel Glen Counterpoint	1	10	10.00
83 Chapellet Cabernet	1	9	9.00
86 Mondavi "Napa Valley" Cabernet	1	18	18.00
97 Gainey Chardonnay	2	5	10.00
97 Gainey Pinot Blanc	1	5	5.00
80 Keenen Cabernet	1	9	9.00
95 Arrowood "Sonoma" Cabernet	1	25	25.00
96 Gevrey-Chambertin <i> Vieilles Vignes, Alain</i> BURGUET	1	40	40.00
Total bottles	168		\$1963.00

Less 25% per previously referenced discount provision - 490.75
TOTAL BILLED TO LARRY DUTRA **\$1472.25**

TOTAL PAID BY LARRY DUTRA (like Mark Mattingly above, he elected to pay a bit over the billed amount to be assured of not being outbid by someone else) **\$1600.00**

4. Anomalies vis-à-vis the original inventory. As invariably happens when performing an inventory of many small, different (sometimes subtly so) items, such as bottles of wine, small discrepancies surface as one continues to work with those items. Here are the ones that occurred in the case of the Slatkin wines:

- a. There were, in fact, two (2) bottles of '89 Roederer Cristal (sold to Manlin), and only one (1) of the Veuve Clicquot Brut (sold to Dutra), rather than two Clicquot and one Cristal. This is because the extra bottle of Cristal was found to be inside a Clicquot gift box, that had been initially assumed--logically enough--to have contained a bottle of Clicquot. This anomaly worked in the creditors' favor.
- b. There appears to have been some theft, or "inventory shrinkage" (to put it more delicately) between the time I first performed the initial physical inventory in June and my taking physical possession of the wines in late October or early November: these bottles are noted in *italics*, along with the notation "THEFT?," in the Mattingly and Dutra sales above. They are 1) a '97 B.R. Cohn "Olive Hill" Cabernet valued at \$25, 2) a '97 Flora Springs "Trilogy" valued at \$40, and 3) a '93 Terrabianca "Campaccio" valued at \$15. Obviously, this worked against the creditors, in the amount of \$80.00.
- c. When I picked up the wines, I found a full case of '96 Gainey "Limited Selection" Pinot Noir (sold to Dutra) which I had apparently missed in my June 2001 inventory, so this was in the creditors' favor.
- d. One of the two Sequoia Grove Cabernets sold to Dutra had been initially noted as a 750 ml bottle, when it was actually a magnum (1500 ml), so its value doubled by the time it was sold, i.e., again, to the benefit of the creditors.
- e. Slatkin's caretaker Mark Lowden (spelling?) found a few extra bottles in an office away from the wine cellar itself, all but one of which were of no value, but the one that did have value was a decent "find": the magnum of '77 Jordan Cabernet sold to Mattingly for \$120 (less discount).

As you can see, these anomalies were of a minor nature, and with the exception of some possible petty theft, worked to the advantage of the creditors.

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5. Accounting of revenues, and expenses charged against those revenues, in the disposition of Slatkin's wines:

REVENUES	Sale of "Blue Chips" to Manlin	20,823.75
	Sale of "Strong 2 nd -Tier Wnes" to Mattingly	3,050.00
	Sale of "Stray Blue Chips" to Manlin	90.00
	Sale of "Fire Sale" wines to Dutra	<u>1,600.00</u>
TOTAL GROSS REVENUES		25,563.75
EXPENSES	My billed work on inventory, appraisal, etc.	(1593.75)
	FedEx charges reimbursed to me for shipping Manlin's wine to him in Chicago	(1065.91)
	My commission on Manlin sale	(2082.37)
	My commission Mattingly sale	(305.00)
	My commission on Manlin "strays"	(9.00)
	My commission on Dutra sale	<u>(160.00)</u>
TOTAL NET REVENUES FROM SALE OF SLATKIN WINES		\$20,347.72

6. FINAL COMMENTS: As is it turns out, all these wines may not have realized significantly more at auction that they did having been sold in lots to individuals: the tragic events of 11 September caused the fine wine auction market to grind to a near-halt. Many auction lots that would have been regarded as "glamour issues" went unsold through the last quarter of 2001 (both for lack of bidding *and* for failure to meet reserves); and those wines that *did* sell at auction did so, in general, at prices substantially off from their previous highs. Therefore, under the circumstances, I feel that it is a laudable achievement that we were able to sell every last bottle at all, and that given the market's overall reaction to world events, the prices realized were more than acceptable.

The foregoing is a true and accurate representation of all aspects of the liquidation of the wine cellar portion of the Reed Slatkin bankruptcy estate, and it conforms in every way, to the best of my knowledge, to the provisions enumerated by the Court in those documents appointing me as its agent in this matter.

If you have any questions concerning the sale(s) of the Slatkin wines, please do not hesitate to contact me.

Best regards,

David J. Russell

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PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is Gumport, Reitman & Montgomery, 550 South Hope Street, Suite 825, Los Angeles, CA 90071-2627.

On **January 18, 2002**, in the manner indicated below, the foregoing document described as: **DECLARATION OF R. TODD NEILSON, TRUSTEE, RE SALE OF WINE AND REQUEST FOR ENTRY OF ORDER CONFIRMING SALES; EXHIBITS** was served on the interested parties in this action by placing true copies thereof enclosed in sealed envelopes addressed as follows:

[SEE ATTACHED SERVICE LIST]

 X **(FIRST CLASS MAIL)** I caused such envelope(s) to be mailed by first class mail by depositing them in an "OUT" box in the office of my employer, following this business's ordinary practice, with which I am readily familiar. On the same day correspondence is placed for collection and mailing in that "OUT" box, such correspondence is deposited in the ordinary course of business with the United States Postal Service by Desmond Mail Delivery Service pursuant to its contract with Gumport, Reitman & Montgomery. (C.C.P. § 1013(a)(3)).

_____ **(BY PERSONAL SERVICE)** (As noted on attached) I caused to be delivered such envelope(s) by hand to the offices of counsel for the interested parties.

* * * * *

_____ **(STATE)** I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

 X **(FEDERAL)** I declare that I am employed in the office of a member of the bar of this Court, at whose direction the service was made.

EXECUTED **January 18, 2002**, at Los Angeles, California.


KATHLEEN SARVIAN

SERVICE LIST

UNITED STATES TRUSTEE

Brian Fittipaldi, Esq.
Office of the U.S. Trustee
128 East Carrillo Street
Santa Barbara, CA 93101

CHAPTER 11 TRUSTEE

R. Todd Neilson
Neilson Elggren LLP
10100 Santa Monica Boulevard
Suite 410
Los Angeles, CA 90067

**COUNSEL TO
CREDITORS COMMITTEE**

Richard L. Wynne, Esq.
Kirkland & Ellis
777 S. Figueroa, 34th Floor
Los Angeles, CA 90017

**COUNSEL TO DEBTOR
AND MARY JO SLATKIN**

Joseph M. Sholder, Esq.
Michaelson, Susi & Michaelson
Seven West Figueroa Street, 2nd Floor
Santa Barbara, CA 93101