

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**Jointly Administered under
Case No. 08-45257**

Petters Company, Inc., et al.,

Court File No. 08-45257

Debtors.

Court Files No.'s:

(includes:

Petters Group Worldwide, LLC;

08-45258 (GFK)

PC Funding, LLC;

08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd., Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, Inc.;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

**NOTICE OF HEARING AND MOTION FOR AUTHORIZATION TO SELL ASSETS
FREE AND CLEAR OF LIENS AND OUTSIDE THE ORDINARY COURSE OF
BUSINESS UNDER 11 U.S.C. § 363**

TO: The entities specified in Local Rule 9013-3

1. Petters Group Worldwide, LLC ("PGW" or "Debtor"), through its undersigned attorneys, moves the Court for the relief requested below and gives notice of a hearing.

2. The Court will hold a hearing on this Motion at 1:30 p.m. on December 9, 2008, before the Honorable Gregory F. Kishel, United States Bankruptcy Judge, in Courtroom 2A, United States Courthouse, 316 North Robert Street, St. Paul, Minnesota.

3. Any response to this motion must be filed and served by delivery not later than Tuesday December 2, 2008, which is five days before the time set for the hearing (excluding Saturdays, Sundays, and holidays), or filed and served by mail not later than Friday November

28, 2008, which is seven days before the time set for the hearing (excluding Saturdays, Sundays and holidays). **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.**

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 5005 and Local Rule 1070-1. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The petition commencing the Chapter 11 case of PGW was filed on October 11, 2008. Venue of this case and motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This case is pending before this Court.

5. This Motion arises under § 363 of Title 11 of the United States Code (the “Bankruptcy Code”), as well as Bankruptcy Rules 2002 and 6004. This Motion is filed under Fed. R. Bankr. P. 9014 and Local Rules 9013-1 through 3. Debtor seeks authority to sell certain property free and clear of any interest in the property and outside of the ordinary course of business pursuant to Bankruptcy Code § 363, and for other relief as set forth herein.

BACKGROUND

6. Debtor filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). Debtor continues to operate its businesses as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No bankruptcy trustee or examiner has been appointed in the Debtor’s Case; the Debtor is presently under the control of Douglas A. Kelley, a court-appointed receiver. To date, no creditor or other official committee has been appointed pursuant to § 1102 of the Bankruptcy Code.

7. Petters Company, Inc. (“PCI”), founded in 1987, is a privately held Minnesota limited liability company. It is owned 100% by Thomas J. Petters. PCI, in turn, is the sole member and owns 100% of the membership interests of PC Funding, LLC, Thousand Lakes, LLC, SPF Funding, LLC, PL Ltd., Inc., Edge One, LLC, MGC Finance, Inc. and PAC Funding,

LLC. Each of these entities has also filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The operations and management decisions of PCI and its subsidiary entities were all conducted at the company's headquarters, located at 4400 Baker Road, Minnetonka, Minnesota. PCI served as a venture capital arm of the Petters enterprises, utilizing single purpose entities to obtain billions of dollars of funding, and purportedly to acquire merchandise for sale to wholesalers and retailers nationwide, which purchase and sale business may have not ever existed.

8. Petters Group Worldwide, LLC, founded in 1988, is a privately held Delaware limited liability company. It is owned 100% by Thomas J. Petters. The management decisions of PGW and its subsidiary entities were conducted at the company's headquarters, located at 4400 Baker Road, Minnetonka, Minnesota. PGW has investments in companies worldwide, which include 100% ownership of Polaroid (products include cameras, PoGo printers, LCD TVs, portable DVD players), among others. PGW also owns and controls 50% of the membership interest of Business Impact Group, LLC ("BIG"). PGW obtained funding from investors/lenders and from PCI.

9. On or about September 24, 2008, the Federal Bureau of Investigation ("FBI"), together with the Internal Revenue Service – Criminal Investigation Division ("IRS") and the United States Postal Inspection Service ("USPI"), based on claims made of fraud or other wrongdoing on the part of PCI, publicly announced an investigation of, and took actions, including seizure of records, against PCI, its sole owner, Thomas J. Petters, and other employees allegedly involved in a fraudulent Ponzi scheme. On October 3, 2008, Thomas J. Petters was arrested on charges of mail and wire fraud, money laundering, and conspiracy. Other Petters executives implicated in this scheme have also been arrested on various charges and have plead

guilty to certain crimes. The United States alleges that more than 20 lenders and lending groups may have been bilked out of more than \$3 billion.

10. As a result of the investigation and arrests, numerous other employees voluntarily terminated their employment with the Debtors, including the main law firm providing overall corporate counsel, the two senior in-house counsel, the CEO, the CFO, and others with knowledge of the financial transactions among the Debtors and with outside lenders.

11. In addition, several lenders have commenced actions against the Debtors in several courts, both in Minnesota as well as in other states. On October 6, 2008, the Honorable Ann D. Montgomery, United States District Court, District of Minnesota, issued an Order for Entry of Preliminary Injunction, Order Appointing Receiver and Other Equitable Relief. Judge Montgomery appointed Douglas A. Kelley as receiver for the Debtors. In addition, Judge Montgomery's Order specifically granted Mr. Kelley authority to file "any bankruptcy petitions for any of the [Debtors] to protect and preserve the assets of any of the [Debtors] and acting as management or Debtor in Possession of any of the [Debtors] so filed by the Receiver, and to appear and be heard in any bankruptcy of any of the [Debtors] not filed by the Receiver." See Order Appointing Receiver, Sect. IV, paragraph (b)(4), a copy of which was attached as Exhibit A to the Motion for Joint Administration filed in the case of PCI, BKY 08-45257, Docket # 10.

12. As a result of the investigation, subsequent arrests and litigation by numerous creditors, Debtors sought relief under Chapter 11 of the Bankruptcy Code in order to reorganize and/or preserve operations, sell assets and preserve potential avoidance and claims. Debtors continue to operate their businesses as debtors-in-possession. Except for PGW, PCI and the remaining Debtors' operations will be, for the most part, limited to reconstructing accounting records and analyzing and pursuing potential claims. PGW will conduct these activities as well,

but will also be involved in the ongoing management, operations and sales (as the case may be) of its subsidiaries and their respective assets.

RELIEF REQUESTED

13. As part of the reorganization of its operations, and in an effort to increase cash flow, Debtor intends to sell its membership interest in a subsidiary entity, Business Impact Group, LLC ("BIG"), a Minnesota Corporation, for an immediate cash payment as well as a contingent payment based on the net recovery, if any, for damage to inventory as the result of a fire at an off-site storage facility on July 3, 2008.

14. Upon information and belief, BIG was formed in 2003 and is a marketing and brand design firm located in Chanhassen, Minnesota owned by two members: Business Impact Group, Inc. ("Buyer"), and PGW. Each member owns and controls 2,933,333 membership units; therefore each member owns fifty percent (50%) of the issued and outstanding membership units.

15. Upon information and belief, Buyer is owned one hundred percent (100%) by Paul Taunton ("Taunton"), who is also the President and CEO of BIG. Upon information and belief, Taunton is also a member of Taunton Ventures, LP, which is a creditor of PCI and is owed approximately \$6.5 million.

16. Upon information and belief, on or after September 1, 2008, Taunton has loaned \$1.4 million to BIG to keep its operations afloat. The cash infusion was primarily utilized to replace approximately \$1.2 million of inventory lost in the warehouse fire. Taunton has indicated an unwillingness to lend additional funds to continue BIG's operations. As a result, the company cannot continue operating, does not have sufficient assets to pay its line of credit obligations to Crown Bank, and has no other credit or cash resources to continue operations.

17. Following news of the federal investigation, one of BIG's creditors, Crown Bank

froze its line of credit, to which Thomas J. Petters and Taunton had also executed personal guarantees, and issued a notice of default letter to the company. Such actions by Crown Bank have hindered BIG's ability to conduct business as usual.

18. In early October, 2008, Taunton approached PGW and offered to buy PGW's interest in BIG, with the purchase price to be paid to PGW over time under a promissory note. Debtor negotiated directly with Business Impact Group, Inc. regarding the terms of sale, which now include an immediate cash payment rather than a note upon closing and the parties' acceptance of a Membership Unit Purchase Agreement ("Agreement"), a true and correct copy of which is attached hereto as Exhibit 1.

19. It is the Debtor's belief that the value of BIG is integrally tied to Taunton and his continued involvement in the company-- without Taunton, there would be no value in BIG. As a result, Debtor believes no third-party would be interested in purchasing BIG unless Taunton agreed to stay as a key employee and sign a non-compete agreement. Because Taunton is not bound by any such non-compete agreement, and has indicated an unwillingness to enter into such an agreement, it is unlikely any third-party buyer could be found for this asset of the estate. Therefore, sale of PGW's membership interest to Taunton is in the best interest of the estate -- without this sale, it is likely the estate would receive no value for its membership interest as BIG would likely cease operations.

20. Under the Agreement, Buyer will purchase PGW's 50% membership in BIG for \$274,033 in cash. The cash figure represents PGW's share, or 50%, of the net book value of the company (assets -- liabilities) as of September 30, 2008.

21. BIG's accountant, Schechter Dokken Kantor, has provided updated financial statements, as of September 30, 2008, that reflect the net book value of BIG at \$548,066 (Total

Assets of \$5,807,781 less Total Liabilities of \$5,259,715), a true and correct copy of which is attached hereto as Exhibit 2. In addition, BIG has provided the balance sheets and income statements for the years 2006 and 2007, copies of which are attached hereto as Exhibit 3.

22. In addition to receiving the liquidation value of BIG, PGW will also receive 45% of the net recovery, if any, for the loss of inventory in a fire at an off-site storage facility. BIG is pursuing a claim against the warehouse operations company and the property owners for losses resulting from the fire. BIG is one of many claimants in the loss, and, with limited coverage and litigation expenses that will be incurred, will likely share pro rata with other loss payees. At this time, it is not possible to estimate the likely recovery that will inure to BIG. The Agreement provides that PGW is entitled to 45% of that recovery, whatever that amount is, and whenever funds are recovered.

23. Crown Bank has indicated support for a purchase of PGW's interest in BIG and has expressed a willingness to work out a refinancing package with BIG and Buyer. in the event that PGW no longer holds an ownership interest in BIG.

24. Debtor, in the exercise of its business judgment, believes the sale of its membership interest in BIG to Buyer is for the best price that could be obtained for its membership interest.

25. Debtor believes that the sale of its membership interest in BIG, on the terms and conditions outlined herein, is in the best interest of the estate and creditors and that sound business justification exists for the sale as proposed herein.

26. The Debtor seeks authority to sell its membership interest in BIG free and clear of all liens, claims, and encumbrances under 11 U.S.C. § 363(f). Debtor does not believe that there are currently any liens or other security interests attached to the membership interests of BIG,

other than potentially security interests granted by PGW to affiliated entities Petters Company, Inc. and Petters Capital, LLC. Such liens, if effective, would not preclude approval of this sale.

27. Debtor may offer the testimony of Douglas A. Kelley, Court Appointed Receiver, Paul Taunton, President and CEO of BIG, or representatives of FTI or PricewaterhouseCoopers, financial advisors to the Receiver, if necessary.

WHEREFORE, Debtor respectfully requests the court enter an order authorizing the sale of its membership interest in Business Impact Group, LLC to Business Impact Group, Inc., free and clear of all liens, claims and encumbrances and under the terms outlined herein, as well as granting such other relief as may be just and equitable.

DATED: November 18, 2008

LINDQUIST & VENNUM P.L.L.P.

By e/ James A. Lodoen
James A. Lodoen (#173605)
George H. Singer (#262043)
William P. Wassweiler (# 232348)

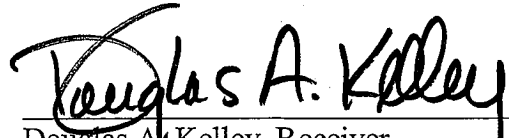
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80 South Eighth Street
Minneapolis, MN 55402-2274
(612) 371-3211
(612) 371-3207 (facsimile)

ATTORNEYS FOR DEBTOR

VERIFICATION

I, Douglas A. Kelley, Court Appointed Receiver of these Debtors, declare under penalty of perjury that the facts set forth in the preceding motion are true and correct according to the best of my knowledge, information and belief.

Executed on: NOV 18, 2008



Douglas A. Kelley, Receiver

MEMBERSHIP UNIT PURCHASE AGREEMENT

THIS MEMBERSHIP UNIT PURCHASE AGREEMENT ("Agreement") is made and entered into as of the day and year set forth below, by and between Business Impact Group, Inc., a Minnesota corporation (referred to herein as the "Buyer"), and Petters Group Worldwide, LLC, a Minnesota limited liability company (referred to herein as "Seller"). Buyer and Seller are sometimes individually referred to as a "Party" and collectively as the "Parties."

WHEREAS, Buyer owns 2,933,333 issued and outstanding member units of Business Impact Group, LLC, a Delaware limited liability company ("Company"), which represent fifty percent (50%) of the issued and outstanding Company member units; and

WHEREAS, Seller also owns 2,933,333 issued and outstanding Company member units, which represent the remaining fifty percent (50%) of the issued and outstanding Company member units; and

WHEREAS, Buyer and Seller, as members of the Company, signed that certain Unanimous Resolutions In Lieu Of Business Impact Group, LLC Member Meeting ("Resolutions") on October 1, 2008; and

WHEREAS, as set forth in the Resolutions, Company Members determined that it was in the best interests of Company to immediately offer Company assets, subject to Company liabilities, for sale to a third party in order to maximize Company value, or in the alternative, to require Seller to sell its 2,933,000 member units to Company or Buyer for a sum equal to fifty percent (50%) of Company's net value (Company assets minus Company liabilities) as of September 30, 2008; and

WHEREAS, after consultation with Company's accountant, Schechter Dokken Kantor, Company determined that its best interests are served by requiring Seller to sell 2,933,333 member units to Company or Buyer for a sum equal to fifty percent (50%) of Company's net value (Company assets minus Company liabilities) as of September 30, 2008; and

WHEREAS, Buyer desires and agrees to purchase Seller's 2,933,333 member units to Company or Buyer for a sum equal to fifty percent (50%) of Company's net value (Company assets minus Company liabilities) as of September 30, 2008; and

WHEREAS, Company's net value as of September 30, 2008 is \$548,066.00, and a true and correct copy of Company's Balance Sheet as of September 30, 2008 is attached hereto as Exhibit A.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, conditions, representations and warranties set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

Exhibit 1

ARTICLE I
PURCHASE AND SALE OF MEMBERSHIP UNITS

- 1.1 Purchase and Sale of Units. Upon and subject to the terms and conditions of this Agreement, at the Closing (as defined in paragraph 2.1 herein), Seller shall convey transfer and assign to Buyer, and Buyer shall purchase and accept from Seller, all right, title and interest in and to one hundred percent (100%) of Seller's membership interests in the Company, consisting of 2,933,333 membership units (the "Units").
- 1.2 Monetary Consideration.
- 1.2.1 Cash at Closing. Buyer shall pay the sum of \$274,033.00 to Seller by check or via wire transfer to an account designated by Seller (the "Closing Cash").
- 1.2.2 Contingent Amount from Litigation Matter. Buyer agrees to pay an additional, contingent amount to Seller arising out of any net recovery on Company's fire loss claim. Specifically, Company suffered a loss equal to \$1,239,715.06 when a fire at an off-site storage facility destroyed Company inventory. Company did not maintain any insurance on the off-site inventory. Company initiated a lawsuit against Steven S. Cummings, Vicki K. Cummings, and Shamrock Storage, LLC, a Minnesota limited liability company (collectively, the "Defendants"), and Company is seeking to recover on its inventory loss from the Defendants and their insurance companies. In the event that Company recovers any amount on the above described inventory loss claim against the Defendants and/or their insurance companies, Buyer shall pay additional consideration to Seller as described herein. Any amount recovered by Company on the above described inventory loss claim shall be the "Gross Recovery." From the Gross Recovery, Company shall deduct reasonable attorneys' fees, costs and expenses incurred to collect the Gross Recovery, and the remaining amount shall be the "Net Recovery." Buyer or the Company shall pay to Seller an amount equal to forty-five percent (45%) of the Net Recovery ("Seller's Share"). Buyer will pay Seller's Share via wire transfer to an account designated by Seller within five (5) days after receipt by the Company of the Gross Recovery.
- 1.3 Seller's General Release. Seller, on behalf of Seller and Seller's successors and assigns, and all other related persons or entities (whether by ownership or control, both *de jure* and *de facto*), releases, acquits, and discharges Buyer and Company, including its officers, governors, attorneys, owners, agents and employees from any and all claims, demands, actions, suits, and damages, including attorneys' fees, whether direct or indirect, fixed or contingent, known or unknown, which Seller ever had resulting from or relating to the operation of Company, or alleged member disputes and any other matters relating to issues and occurrences happening prior to the date of Closing. Notwithstanding the foregoing, this release shall not apply to any rights of Seller to enforce this Agreement.

- 1.4 Buyer's General Release. Buyer, on behalf of Buyer and Buyer's successors and assigns, and all other related persons or entities (whether by ownership or control, both *de jure* and *de facto*), releases, acquits, and discharges Seller, including its officers, governors, attorneys, owners, agents and employees from any and all claims, demands, actions, suits, and damages, including attorneys' fees, whether direct or indirect, fixed or contingent, known or unknown, which Buyer ever had resulting from or relating to the operation of Company, or alleged member disputes and any other matters relating to issues and occurrences happening prior to the date of Closing. Notwithstanding the foregoing, this release shall not apply to any rights of Buyer to enforce this Agreement.

ARTICLE II THE CLOSING

- 2.1 Time and Place of the Closing. Upon the terms and subject to the conditions contained in this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall occur on such date as agreed by the parties at the offices of Seller at 4400 Baker Road, Minnetonka, Minnesota, or such other location as may be mutually determined by the parties hereto.
- 2.2 Deliveries by Seller. Upon the terms and subject to the conditions contained in this Agreement, Seller shall make, or cause to be made, the following deliveries to Buyer at Closing:
- 2.2.1 Membership Unit Powers Agreement permitting Buyer to formally terminate Seller's interest in Company, in the form attached hereto as Exhibit B (the "MUPA"), executed by Seller;
- 2.2.2 All books, records, papers, and files of Company regardless of form in Seller's possession, including but not limited to stock record books, evidence of intellectual property rights, minute books, corporate seals, files, client lists, books, records and correspondence of Company in the possession of Seller; and
- 2.2.3 Such other documents as may be required under this Agreement or reasonably requested by Buyer.
- 2.3 Deliveries by Buyer. Upon the terms and subject to the conditions contained in this Agreement, Buyer shall make, or cause to be made, the following deliveries to Seller at Closing:
- 2.3.1 The Closing Cash;
- 2.3.2 The MUPA for Seller to execute; and
- 2.3.3 Such other documents as may be required under this Agreement or reasonably requested by Seller.

ARTICLE III COVENANTS

- 3.1 General. In case at any time after the Closing, if any further action is necessary or desirable to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as the other Party reasonably may request. Seller acknowledges and agrees that from and after the Closing, Buyer and/or Company shall be entitled to sole possession of all assets, documents, books, records, agreements, and financial data of any sort relating to Company, provided Seller shall have access to such documents, books, records, agreements and financial data after the Closing for any proper purpose (e.g., tax reporting and audits).

ARTICLE IV REMEDIES

- 4.1 Specific Performance and Injunctive Relief. In addition to any other relief afforded by law, each Party shall have the right to enforce the obligations contained above by specific performance and by preliminary, temporary and permanent injunctive relief against the other Party it being understood that both damages and specific performance or injunctive relief shall be proper modes of relief and are not to be considered as alternative remedies.

ARTICLE V EQUITY AGREEMENT

- 5.1 Compliance with Equity Agreement. Each Party represents that the consideration paid for Seller's interest in Company is in compliance with the Equity Agreement, dated March 9, 2004 between the Parties (the "Equity Agreement"). A true and correct copy of the Equity Agreement is attached hereto as Exhibit C. Each Party warrants and represents that such Party will not seek any additional remuneration rights or remedies under the Equity Agreement from the other Party except as is expressly provided for in this Agreement.
- 5.2 Termination of Seller's Rights Under and Amendment to Equity Agreement. Each Party agrees that upon Closing, Seller shall no longer be a party to the Equity Agreement and that Seller shall no longer have any rights or obligations under the Equity Agreement, except as expressly set forth in this Agreement. This Agreement shall amend the Equity Agreement, pursuant to Section 4.3 thereof, to affirmatively state that Seller is no longer a party to the Equity Agreement and that Buyer shall own all issued and outstanding Company membership interests as evidenced by its signature below.

**ARTICLE VI
GENERAL PROVISIONS**

- 6.1 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person or entity other than the Parties and their respective heirs, legal representatives, successors and permitted assigns.
- 6.2 Entire Agreement. This Agreement (including any exhibits and other documents referred to herein) constitutes the entire agreement between the Parties with respect to matters coming within the scope of the provisions of this Agreement and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof.
- 6.3 Due Diligence. Each Party warrants and represents to the other Party that there has been every opportunity to investigate and an investigation has occurred or that such Party waives the right to investigate the books, records and financial information of Company and, if appropriate, has made verification of such data to such Party's complete satisfaction. Each Party is entering into this transaction voluntarily based upon such Party's own judgment and evaluation and does not rely upon any verbal or written representation of the other Party. Each Party acknowledges and agrees that it has been given an opportunity to obtain independent legal and accounting advice with respect to the subject matter of this Agreement or has waived the opportunity to do so.
- 6.4 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and permitted assigns.
- 6.5 Counterparts and Facsimile Delivery. This Agreement may be executed in one or more counterparts, and by different Parties on different counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. This Agreement shall be effective once one or more counterparts hereof have been executed by each Party hereto, whether or not all such signatures are on the same counterpart. Each Party may deliver an executed counterpart of this Agreement by facsimile transmission or via PDF or similar electronic communications, provided that the original executed counterpart is thereafter promptly delivered to the other Party.
- 6.6 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.
- 6.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without giving effect to any choice or conflict of law provision or rule (whether of the State of Minnesota or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Minnesota.


- 6.8 Jurisdiction. The Parties agree that Hennepin County District Court in Hennepin County, Minnesota is the proper forum for any dispute related to this Agreement and will voluntarily submit to personal jurisdiction of said court.
- 6.9 Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.
- 6.10 Expenses. Each Party will bear its own costs and expenses (including legal fees and expenses and filing or processing fees imposed by governmental authorities) incurred in connection with this Agreement and the transactions contemplated hereby.
- 6.11 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

IN WITNESS WHEREOF, the Parties have agreed to this Membership Unit Purchase Agreement as of the day and year recorded below.

Dated: 11-18-, 2008.

BUYER:

BUSINESS IMPACT GROUP, INC., a
Minnesota corporation

By: 
Paul J. Taunton
Its: President

Dated: _____, 2008.

SELLER:

PETTERS GROUP WORLDWIDE, LLC, a
Minnesota limited liability company

By: _____
Douglas A. Kelley
Title: Receiver

EXHIBIT A

(Company Balance Sheet as of September 30, 2008)

See attached.

Business Impact Group

Balance Sheet September 30, 2008

Assets	Current Period	Dec, 2007
Cash	(18,617)	125,891
Accounts Receivable	2,642,070	1,819,977
AR - Allowance for Doubtful Accounts	(288,697)	(30,693)
Other Current Asset	214,266	424,488
Inventory - Net	2,982,205	2,873,105
Total Current Assets	5,531,227	5,212,768
Property and Equipment		
Investment Property	77,800	77,800
Furniture & Fixtures	136,184	136,184
Leasehold Improvements	6,415	6,415
Computers and Office Equip	350,889	324,913
Warehouse Equipment	108,095	33,149
Total Fixed Assets	679,383	578,461
Less: Accum Depreciation	(402,829)	(350,797)
Net Fixed Assets	276,554	227,664
Total Assets	5,807,781	5,440,432
Liabilities & Member Equity		
Liabilities		
Accounts Payable	809,821	1,177,349
Sales Commission Payable	96,300	170,675
Line of Credit	2,802,088	1,850,000
Loan from Shareholder(s)	1,400,000	0
Other Current Liability	144,148	179,777
Short Term Liability	7,358	29,861
Total Liabilities	5,259,715	3,407,662
Member Equity		
Member Capital (6,399,998 shares outstanding)	1,879,728	1,879,728
Member Draw	(728,744)	(373,441)
Retained Earnings - Prior	526,484	47,953
Retained Earnings - Current	(1,129,402)	478,531
Total Member Equity	548,066	2,032,770
Total Liabilities and Equity	5,807,781	5,440,432

EXHIBIT B

Membership Unit Powers Agreement

See attached.

Membership Unit Powers Agreement

FOR VALUE RECEIVED Petters Group Worldwide, LLC, a Minnesota limited liability company, hereby sells, assigns and transfers unto Business Impact Group, Inc., a Minnesota corporation, 2,933,333 membership units of Business Impact Group, LLC, a Delaware limited liability company (“Company”), whether or not such membership units are certificated and any and all instruments or evidences of ownership of the membership units in the Company, which may exist in any form whatsoever, and does hereby irrevocably constitute and appoint any officer of the within named Corporation as attorney to transfer the said shares on the Company books with full power of substitution in the premises.

PETTERS GROUP WORLDWIDE, LLC, a
Minnesota limited liability company

Dated: _____, 2008.

By: _____
Douglas A. Kelley
Title: Receiver

EXHIBIT C

Equity Agreement

See attached.

Execution Version

EQUITY AGREEMENT

THIS AGREEMENT is made as of March 9, 2004, by and among Business Impact Group, LLC, a Delaware limited liability company (the "*Company*"), Business Impact Group, Inc., a Minnesota corporation (the "*BIG*") and Thomas J. Petters ("*Petters*").

Article 1 CERTAIN DEFINITIONS

As used in this Agreement, the following terms shall have the following respective meanings. Capitalized terms not defined in this Article below are as defined elsewhere in this Agreement.

1.1. "*Bona Fide Offer*" shall mean a writing delivered by Bona Fide Offeror setting forth a bona fide, good faith arms-length offer to purchase Units stating the consideration to be paid, the method of payment, and all other material terms and conditions of the offer.

1.2. "*Bona Fide Offeror*" shall mean a person who has made a Bona Fide Offer to purchase Units of the Company.

1.3. "*Members*" shall mean all Members executing this Agreement, and all future Members of the Company. Any reference in this Agreement to a Member which is a Grantor Trust shall also refer to the Person who, as a grantor, created that Grantor Trust.

1.4. "*Permitted Transferee*" shall mean:

(a) With respect to BIG, (i) Paul Taunton, (ii) a member of the immediate family of Paul Taunton or (iii) a grantor trust established for the benefit of Paul Taunton with Paul Taunton acting as sole trustee.

(b) With respect to Petters, (i) a member of the immediate family of Thomas J. Petters, (ii) a trust established for the benefit of Thomas J. Petters, (iii) a transferee of Thomas J. Petters by will or the laws of intestate succession, or (iv) any entity owned or controlled by, or under common control with, Thomas J. Petters.

(c) With respect to any Member other than BIG or Petters, a grantor trust established for the benefit of such Member with the Member acting as sole trustee.

1.5. "*Remaining Members*" shall mean all Members other than the Transferring Member.

1.6. "*Sale of the Company*" shall mean (i) any merger or consolidation of the Company into or with another entity (except one in which the holders of Units of the Company or their affiliates immediately prior to such merger or consolidation continue to hold at least a majority of the voting power of the surviving entity); (ii) any sale of all or substantially all of the assets of the Company, or (iii) a transaction or series of related transactions in which all or substantially all of the then outstanding Units of the Company are sold by the then owners

thereof to a single buyer (or a group acting collectively and in concert) which is (or are) not affiliated with such owner or owners, provided, however, that this clause (iii) in no event applies to the issuance of Units by the Company or any other transaction or series of transaction which constitutes a financing of the Company.

1.7. “*Transfer*” shall mean any proposed, claimed or asserted voluntary or involuntary disposition of any Units, other than a Permitted Transfer, by a Member or by his agent, executor, administrator, trustee, receiver, or other legal representative in any manner whatsoever, including but not limited to the following: disposition by gift, sale, exchange or devise, pledge, mortgage, assignment, grant of a security interest or other encumbrance, attachment, levy of execution or seizure by creditor whether or not by judicial process, assignment for the benefit of creditors; distribution by executor, administrator or trustee, and passage under any judicial order or legal process in law or in equity, including passage by reason of descent and distribution, dissolution of marriage, bankruptcy, legal incapacity or insanity and Transfer to a receiver for the administration of the Units for the benefit of creditors of such Member.

1.8. “*Transferring Member*” shall mean a Member whose Units are being Transferred.

1.9. “*Units*” means Units of membership interests in the Company now owned or hereafter acquired by the parties hereto.

Article 2 TRANSFER RESTRICTIONS

2.1. Prohibition on Transfer.

(a) No Member shall Transfer such Member’s Units other than in compliance with this Article 2. No Member shall consummate any Transfer (other than a Transfer to a Permitted Transferee pursuant to Section 2.5) until the expiration of a 30-day period (the “*Election Period*”) following delivery by a Transferring Member to the Remaining Members of a Sale Notice (as defined below).

(b) If at any time a Member receives a Bona Fide Offer from a Bona Fide Offeror to purchase all or any portion of such Member’s Units, the Transferring Member shall cause such Bona Fide Offer to be reduced to writing and shall notify the Remaining Members in writing if the Transferring Member desires to accept the Bona Fide Offer (the “*Sale Notice*”). The Sale Notice shall contain a description of the terms and conditions of such Bona Fide Offer and shall identify the Bona Fide Offeror.

2.2. Right of First Refusal. With respect to a proposed Transfer by the Transferring Member, at any time within 30 days after the date of receipt by the Remaining Members of a Sale Notice, the Remaining Members shall have the right, exercisable by delivery of written notice to the Transferring Member, to purchase their proportionate share of all (but not less than all) of the Units covered by such Sale Notice at the same price and on the same terms and conditions as specified in the Sale Notice. If any Remaining Member elects not to purchase

their proportionate share, then the other Remaining Members shall be given such options until either all Units have been purchased or no Remaining Members desire to purchase any additional Units. The Remaining Members may pay cash to the Selling Party equal in amount to the fair market value of any non-cash consideration offered in the Bona Fide Offer. If the Remaining Members have not notified the Transferring Member in writing of their election to purchase all Units subject to Transfer as set forth herein prior to the expiration of the Election Period, the Transferring Member may, within 60 days thereafter, sell such Units not purchased by the Remaining Members on the terms set forth in the original Bona Fide Offer, subject to Section 2.3, below. Any Units covered by the Bona Fide Offer that are not so transferred during such 60-day period shall again be subject to this Section 2.2.

2.3. Co-Sale Rights. With respect to a proposed Transfer by the Transferring Member, if the Remaining Members have not fully exercised their rights pursuant to Section 2.2, the Remaining Members may elect to participate in the contemplated Transfer to the Bona Fide Offeror at the same price per Unit and on the same terms as contained in the Bona Fide Offer by delivering written notice to the Transferring Member within 30 days after delivery of the Sale Notice. If the Remaining Members have elected to participate in such Transfer, such Remaining Members and the Transferring Member shall be entitled to sell in the contemplated Transfer, at the same price and on the same terms, a number of Units equal to the product, calculated on an as-converted, fully diluted basis, of (a) the quotient determined by dividing the percentage of Units (on a fully diluted basis) owned by the Transferring Member by the aggregate percentage of Units (on a fully diluted basis) owned by the Transferring Member and all of the Remaining Members and (b) the number of Units (on a fully diluted basis) to be sold in the contemplated Transfer. The rights under this Section 2.3 do not apply to the extent that the Remaining Members have exercised their rights under Section 2.2. *For example*, if the Sale Notice contemplated a sale of 100 Units by the Transferring Member, and if the Transferring Member at such time owns 30% of all Units (on a fully diluted basis) and if the Remaining Members elect to participate and own 20% of all Units (on a fully diluted basis), the Transferring Member would be entitled to sell 60 Units ($30\% \div 50\% \times 100$ Units) and the Remaining Members would be entitled to sell 40 Units ($20\% \div 50\% \times 100$ Units).

2.4. Prohibited Transfers. In the event any party should sell, transfer or otherwise dispose of any Units in contravention of Article 2, such sale, transfer or other disposition shall be void, and the Company will not effect such sale, transfer or other disposition nor will it treat any transferee as the owner of such shares.

2.5. Exempt Transactions. The restrictions set forth in this Article shall not apply to Transfers to a Permitted Transferee; provided, however, that such Permitted Transferee shall agree in writing to be bound by the restrictions set forth in this Agreement (and in the Limited Liability Company Agreement of the Company) in connection with subsequent Transfers pursuant to a written agreement in form and content reasonably satisfactory to the Company. Notwithstanding the foregoing, no party hereto shall avoid the provisions of this Agreement by making one or more transfers to one or more Permitted Transferees and then disposing of all or any portion of such party's interest in any such Permitted Transferee.

2.6. **Termination.** The rights and obligations under this Article terminate as to a party at such time as such party and its Permitted Transferees no longer hold any Units or, if earlier, upon a Sale of the Company.

Article 3 CERTAIN OTHER TERMS

3.1. **Board Representation.** The Company, Petters and BIG agree that each of them shall take all action necessary from time to time (including, without limitation, the voting of Units, the waiving of notice and attendance at meetings and the like) to assure that the Board of Governors of the Company consists of three Governors, of which (a) one shall be designated by BIG, (b) one shall be designated by Petters, and (c) one shall be designated by BIG and Petters jointly. The initial Governor designated by BIG shall be Paul Taunton. The initial Governor designated by Petters shall be Thomas J. Petters. The initial Governor jointly designated by BIG and Petters shall be Timothy Busby. Each Governor shall hold office until the earlier of such Governor's death, resignation, expulsion or removal. All Governors designated or proposed for appointment by BIG must be approved by Petters, who shall not unreasonably withhold such approval. All Governors designated or proposed for appointment by Petters must be approved by BIG, who shall not unreasonably withhold such approval. Upon the termination of the employment with the Company of any Governor for any reason, unless waived in writing by all remaining Governors, such Governor shall be deemed to have automatically resigned as an officer, manager, director and/or governor of the Company and its affiliates, if applicable, and such person's rights to serve on the Company's Board of Governors shall immediately terminate. The Company, BIG and Petters agree that each of them shall take all action necessary from time to time (including, without limitation, the voting of Units, the waiving of notice and attendance at meetings and the like) necessary to assure that such person is so removed as an officer and/or officer, manager, director and/or governor.

3.2. **Preemptive Rights.**

(a) Each Member shall have the right (the "*Participation Right*") to purchase such Member's Pro Rata Amount (as defined below) of any New Securities (as defined below) that the Company may from time to time propose to sell and issue after the date hereof, at the price and upon the general terms specified in the New Issue Notice (as defined below) regarding such New Securities and otherwise on the terms of this Section 3.2. "*Pro Rata Amount*" means the percentage equal to (i) the number of Units held by such Member as of that date (as determined on a fully diluted basis), divided by (ii) the total number of Units issued and outstanding on that date (as determined on such fully diluted basis). "*New Securities*" means all Units issued by the Company after the date hereof, except (1) issuances of securities or rights to acquire securities to employees, officers, directors, consultants, contractors or advisors of the Company pursuant to equity purchase plans or employment or consultant agreements approved by the Board of Governors, (2) issuances of securities or rights to acquire securities to lenders or equipment lessors providing financing to the Company approved by the Board of Governors, (3) distributions payable in securities or rights to acquire securities to the holders of Units, and (4) issuances of securities or rights to acquire securities issuable

upon the conversion or exercise of securities or rights to acquire securities which have previously been subject to this Section 3.2.

(b) Whenever the Company proposes to issue or sell any New Securities, the Company shall give written notice to the Members (a "*New Issue Notice*") describing the type and amount of New Securities proposed to be issued and the price and general terms upon which the Company proposes to issue such New Securities.

(c) The Members may exercise their Participation Right with respect to any proposed New Securities by notice to the Company given within 10 days after the New Issue Notice describing the New Securities.

(d) The Company may sell the New Securities not otherwise committed to the Members at a price and upon general terms no more favorable to the purchasers than those specified in the New Issue Notice with regard to such New Securities, at any time during the 90 days following the date of the New Issue Notice.

(e) The sale of any New Securities to the Members pursuant to this Section 3.2 shall be closed on the same terms, at the same place as, and simultaneously with, the sale of any such New Securities to any other purchasers.

(f) Notwithstanding anything to the contrary set forth above, the Company may consummate a sale of New Securities without providing such New Issue Notice prior to the sale thereof if within ten days thereafter the Company shall provide the New Issue Notice and provide the Members with the opportunity to purchase their Pro Rata Amount of New Securities issued. Any such purchase of New Securities by the Members shall date back to the date of consummation of the initial sale of New Securities by the Company for all purposes.

3.3. **Non-Disclosure Agreement.** The Company may, as a condition to registration of any permitted Transfer hereunder, require the Transferee to execute a reasonable non-disclosure agreement reasonably acceptable in form and substance to the Company.

Article 4 MISCELLANEOUS

4.1. **Governing Law.** Except to the extent that the provisions of the Delaware Limited Liability Company Act, as amended, apply to this Agreement, this Agreement shall be governed in all respects by the laws of the State of Minnesota as such laws are applied to agreements between Minnesota residents entered into and performed entirely in Minnesota. Each of the parties agrees to submit to the jurisdiction and venue of the courts located in the State of Minnesota in any action commenced hereunder.

4.2. **Successors and Assigns.** The provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto, provided, however, that either party's rights hereunder may not be assigned without the other party's prior written consent, which consent shall not be unreasonably withheld or delayed.

4.3. **Entire Agreement; Conflict; Amendment and Waiver.** This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and terminates all prior agreements, arrangements and understandings among the parties with respect to the subject matter hereof. In the event of any conflict between the terms of this Agreement and the terms of the Company's Limited Liability Company Agreement, the terms of this Agreement shall govern and supercede the terms of the Company's Limited Liability Company Agreement. Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Company and the Members.

4.4. **Notices, etc.** All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by telex, facsimile or electronic mail if sent during normal business hours of the recipient, if not, then on the next business day, (iii) three days after deposit in the United States mail, or (iv) one day after deposit with a nationally recognized overnight courier, special next day delivery. All such notices and other communications shall be sent (a) if to BIG, 18760 Lake Drive East, Chanhassen, MN 55317, (b) if to Petters, 4400 Baker Road, Minnetonka MN 55343, or (c) if to the Company, 18760 Lake Drive East, Chanhassen, MN 55317; or at such other address as any of the parties furnish to the other parties in writing.

4.5. **Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement or any waiver on the part of any party of any provisions or conditions of this Agreement must be made in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

4.6. **Severability.** Unless otherwise expressly provided herein, a party's rights hereunder are several rights, not rights jointly held with any of the other party. If any provision of this Agreement or the application thereof to any person or circumstances is held invalid or unenforceable in any jurisdiction, the remainder hereof, and the application of such provision to such person or circumstances in any other jurisdiction, shall not be affected thereby, and to this end the provisions of this Agreement shall be severable. In the event that any provision of this Agreement is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable to the maximum extent permitted.

4.7. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

4.8. **Specific Enforcement.** Any party to this Agreement shall be entitled to specific enforcement of its rights under this Agreement without the necessity of posting bond. The parties acknowledge that money damages would be an inadequate remedy for a breach of this Agreement and consent to an action for specific performance or other injunctive relief in the event of any such breach.

4.9. **Further Assurances.** Subject to the terms and conditions herein provided, each party hereto agrees to use its reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement. If at any time before or after the date of this Agreement any further action is reasonably necessary, proper or advisable to carry out the purposes of this Agreement, as soon as reasonably practicable, each party hereto shall, at the expense of the requesting party, take all such reasonably necessary, proper or advisable actions to effectuate such purposes.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Equity Agreement as of the date set forth in the first paragraph hereof.

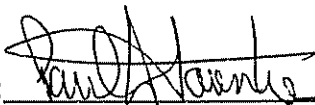
BUSINESS IMPACT GROUP, INC.

By: 
Paul Taunton, Chief Executive Officer

THOMAS J. PETTERS



BUSINESS IMPACT GROUP, LLC

By: 
Paul Taunton, Chief Executive Officer

SCHECHTER
DOKKEN
KANTER
CERTIFIED PUBLIC ACCOUNTANTS • ADVISORS

Schechter Dokken Kanter
Andrews & Selcer Ltd

November 6, 2008

Suite 1600

Paul Taunton
Business Impact Group, LLC
18760 Lake Drive East
Chanhassen, MN 55317

100 Washington Avenue South

Minneapolis, MN

As of September 30, 2008, the net book value of the Business Impact Group, LLC is \$548,066. We obtained the information from internally prepared financial statements of the Company.

55401-2192

We did not audit, review or compile this information or the related financial statements from which it was derived and accordingly, express no opinion on it.

Sincerely,

Phone 612-332-5500

*Schechter Dokken Kanter
Andrews & Selcer Ltd.*

Fax 612-332-1525

E-mail info@sdkcpa.com

www.sdkcpa.com

Business Impact Group

Income Statement

For the Period Ending September 30, 2008

	Current Period	%	Year to Date	%
Revenue	2,027,637.15	100.0%	12,819,046.36	100.0%
Cost of Goods Sold	1,421,715.63	70.1%	8,824,792.26	68.8%
Gross Profit	605,921.52	29.9%	3,994,254.10	31.2%
<u>Operating Expenses</u>				
Salaries and Related	233,482.57	11.5%	2,328,660.67	18.2%
General and Administrative	31,079.30	1.5%	580,982.20	4.5%
Sales and Marketing	53,401.87	2.6%	604,076.63	4.7%
Equipment and Occupancy	22,366.13	1.1%	186,307.04	1.5%
Depreciation	6,038.89	0.3%	52,032.05	0.4%
Total Operating Expenses	346,368.76	17.1%	3,752,058.59	29.3%
Operating Profit	259,552.76	12.8%	242,195.51	1.9%
<u>Other Income / Expense</u>				
Extraordinary Expense - Loss (Fire)	0.00	0.0%	(1,239,715.06)	-9.7%
Interest Expense	(17,603.14)	-0.9%	(131,882.17)	-1.0%
Final Net Profit	241,949.62	11.9%	(1,129,401.72)	-8.8%

Business Impact Group

Balance Sheet September 30, 2008

Assets	Current Period	Dec, 2007
Cash	(18,617)	125,891
Accounts Receivable	2,642,070	1,819,977
AR - Allowance for Doubtful Accounts	(288,697)	(30,693)
Other Current Asset	214,266	424,488
Inventory - Net	2,982,205	2,873,105
Total Current Assets	5,531,227	5,212,768
Property and Equipment		
Investment Property	77,800	77,800
Furniture & Fixtures	136,184	136,184
Leasehold Improvements	6,415	6,415
Computers and Office Equip	350,889	324,913
Warehouse Equipment	108,095	33,149
Total Fixed Assets	679,383	578,461
Less: Accum Depreciation	(402,829)	(350,797)
Net Fixed Assets	276,554	227,664
Total Assets	5,807,781	5,440,432
Liabilities & Member Equity		
Liabilities		
Accounts Payable	809,821	1,177,349
Sales Commission Payable	96,300	170,675
Line of Credit	2,802,088	1,850,000
Loan from Shareholder(s)	1,400,000	0
Other Current Liability	144,148	179,777
Short Term Liability	7,358	29,861
Total Liabilities	5,259,715	3,407,662
Member Equity		
Member Capital (6,399,998 shares outstanding)	1,879,728	1,879,728
Member Draw	(728,744)	(373,441)
Retained Earnings - Prior	526,484	47,953
Retained Earnings - Current	(1,129,402)	478,531
Total Member Equity	548,066	2,032,770
Total Liabilities and Equity	5,807,781	5,440,432

Business Impact Group

Balance Sheet December 31, 2006

Assets	Current Period	Dec, 2005
Cash	226,562	72,980
Accounts Receivable	2,010,094	1,463,892
AR - Allowance for Doubtful Accounts	(30,693)	(17,616)
Other Current Asset	140,611	34,682
Inventory - Net	1,361,544	2,134,206
Total Current Assets	3,708,118	3,688,144
Property and Equipment		
Furniture & Fixtures	135,209	133,211
Leasehold Improvements	6,415	5,023
Computers and Office Equip	311,014	306,287
Warehouse Equipment	31,262	31,262
Total Fixed Assets	483,900	475,783
Less: Accum Depreciation	(278,563)	(208,565)
Net Fixed Assets	205,337	267,218
Total Assets	3,913,454	3,955,362
Liabilities & Member Equity		
Liabilities		
Accounts Payable	654,400	893,087
Sales Commission Payable	(43,714)	(143,141)
Line of Credit	1,030,000	1,335,000
Other Current Liability	285,220	205,793
Long Term Liability	59,866	89,871
Total Liabilities	1,985,772	2,380,610
Member Equity		
Member Capital (6,399,998 shares outstanding)	1,879,728	2,014,728
Paul Taunton - 2,666,666 shares issued		
Thomas Petters - 2,666,666 shares issued		
Retained Earnings - Prior	(439,975)	(499,156)
Retained Earnings - Current	487,929	59,181
Total Member Equity	1,927,681	1,574,752
Total Liabilities and Equity	3,913,454	3,955,362

Business Impact Group

Income Statement

For the Period Ending December 31, 2006

	Current Period		Year to Date	
	This Year	%	This Year	%
Revenue	1,734,461.82	100.0%	12,841,381.11	100.0%
Cost of Goods Sold	1,176,844.19	67.9%	8,651,151.92	67.4%
Gross Profit	557,617.63	32.1%	4,190,229.19	32.6%
<u>Operating Expenses</u>				
Salaries and Related	316,105.10	18.2%	2,456,765.91	19.1%
General and Administrative	22,255.70	1.3%	311,672.33	2.4%
Sales and Marketing	105,479.86	6.1%	676,500.88	5.3%
Equipment and Occupancy	19,729.53	1.1%	230,420.57	1.8%
Depreciation	5,837.59	0.3%	69,998.58	0.5%
Total Operating Expenses	469,407.78	27.1%	3,745,358.27	29.2%
Operating Profit	88,209.85	5.1%	444,870.92	3.5%
<u>Other Income / Expense</u>				
Miscellaneous Income	71,946.78	4.1%	141,268.14	1.1%
Interest Expense	(5,977.54)	-0.3%	(98,210.45)	-0.8%
Net Profit	154,179.09	8.9%	487,928.61	3.8%

Business Impact Group

Balance Sheet December 31, 2007

Assets	Current Period	Dec, 2006
Cash	125,891	226,562
Accounts Receivable	1,819,977	2,010,094
AR - Allowance for Doubtful Accounts	(30,693)	(30,693)
Other Current Asset	424,488	140,611
Inventory - Net	2,873,105	1,361,544
Total Current Assets	5,212,768	3,708,118
Property and Equipment		
Investment Property	77,800	0
Furniture & Fixtures	136,184	135,209
Leasehold Improvements	6,415	6,415
Computers and Office Equip	324,913	311,014
Warehouse Equipment	33,149	31,262
Total Fixed Assets	578,461	483,900
Less: Accum Depreciation	(350,797)	(278,563)
Net Fixed Assets	227,664	205,337
Total Assets	5,440,432	3,913,454
Liabilities & Member Equity		
Liabilities		
Accounts Payable	1,177,349	654,400
Sales Commission Payable	170,675	(43,714)
Line of Credit	1,850,000	1,030,000
Other Current Liability	179,777	285,220
Long Term Liability	29,861	59,866
Total Liabilities	3,407,662	1,985,772
Member Equity		
Member Capital (6,399,998 shares outstanding)	1,879,728	1,879,728
Paul Taunton - 2,666,666 shares issued		
Thomas Petters - 2,666,666 shares issued		
Member Draw	(373,441)	0
Retained Earnings - Prior	47,953	(439,975)
Retained Earnings - Current	478,530	487,929
Total Member Equity	2,032,770	1,927,681
Total Liabilities and Equity	5,440,432	3,913,454

Business Impact Group

Income Statement

For the Period Ending December 31, 2007

	Current Period	%	Year to Date	%
Revenue	1,755,578.57	100.0%	13,941,552.10	100.0%
Cost of Goods Sold	1,129,004.72	64.3%	9,112,820.11	65.4%
Gross Profit	626,573.85	35.7%	4,828,731.99	34.6%
<u>Operating Expenses</u>				
Salaries and Related	395,034.59	22.5%	2,679,374.06	19.2%
General and Administrative	86,213.23	4.9%	435,528.77	3.1%
Sales and Marketing	103,611.31	5.9%	899,378.64	6.5%
Equipment and Occupancy	18,605.28	1.1%	234,822.06	1.7%
Depreciation	6,556.65	0.4%	72,233.80	0.5%
Total Operating Expenses	610,021.06	34.7%	4,321,337.33	31.0%
Operating Profit	16,552.79	0.9%	507,394.66	3.6%
<u>Other Income / Expense</u>				
Miscellaneous Income	80,000.00	4.6%	96,020.39	0.7%
Interest Expense	(15,383.30)	-0.9%	(124,884.37)	-0.9%
Final Net Profit	81,169.49	4.6%	478,530.68	3.4%

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**Jointly Administered under
Case No. 08-45257**

Petters Company, Inc., et al.,

Court File No. 08-45257

Debtors.

Court Files No.'s:

(includes:

Petters Group Worldwide, LLC;

08-45258 (GFK)

PC Funding, LLC;

08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd., Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, Inc.;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

**MEMORANDUM IN SUPPORT OF MOTION FOR AUTHORIZATION TO SELL
ASSETS FREE AND CLEAR OF LIENS AND OUTSIDE THE ORDINARY COURSE
OF BUSINESS UNDER 11 U.S.C. § 363**

TO: The entities specified in Local Rule 9013-3

Petters Group Worldwide, LLC ("PGW" or "Debtor"), in the above-captioned Chapter 11 case, respectfully submits this Memorandum in support of its motion for an order authorizing the sale of its membership interest in Business Impact Group, LLC under 11 U.S.C. § 363(b).

FACTS

The factual support for this memorandum is set forth in the attached Motion, and is incorporated herein, as if fully set forth herein.

LEGAL ARGUMENT

In pertinent part, Section 363(b) provides that “[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b). In determining whether to authorize the use, sale or lease of property of the estate under this section, courts require the debtor to show that a sound business purpose justifies such actions. *See, e.g., In re Schipper*, 933 F.2d 513, 515 (7th Cir. 1991); *In re Channel One Communications*, 117 B.R. 493 (Bkrcty. E.D. Mo. 1990) (applying the sound business purpose test of *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983).

In evaluating whether a sound business purpose justifies the use, sale or lease of property under Section 363(b), courts consider a variety of factors, which essentially represent a “business judgment test.” *See* Collier on Bankruptcy § 363.02 (15th ed.1997). In *In re Lionel Corp.*, the Court of Appeals for the Second Circuit listed several factors which a bankruptcy court may consider in its Section 363(b) analysis. Specifically confronted with the sale of assets under Section 363(b), the Second Circuit stated:

In fashioning its findings, a bankruptcy judge must not blindly follow the hue and cry of the most vocal special interest groups; rather, he should consider all salient factors pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike. He might, for example, look to such relevant factors as the proportionate value of the asset to the estate as a whole, the amount of elapsed time since the filing, the likelihood that a plan of reorganization will be proposed and confirmed in the near future, the effect of the proposed disposition on future plans of reorganization, the proceeds to be obtained from the disposition vis-a-vis any appraisals of the property, which of the alternatives of use, sale or lease the proposal envisions, and most importantly perhaps, whether the asset is increasing or decreasing in value.

722 F.2d at 1071. In delineating these factors, the Second Circuit cautioned that “this list is not intended to be exclusive, but merely to provide guidance to the bankruptcy judge.” *Id.*

Here, the Debtor believes sound business justification exists to sell the membership interest in BIG as set forth in the Motion. Given the circumstances involving Mr. Petters, the

tenuous business environment at PGW, Crown Bank's decision to call its note immediately due and payable, and the lack of viable credit for the company to continue operations, the offer by Business Impact Group, Inc. to pay \$274,033 for the membership interest of PGW is fair and Debtor believes this is the best value that could be obtained for these shares. As a result, the sale of PGW's membership interest in BIG is in the best interest of the Debtor and its creditors.

SALE FREE AND CLEAR OF LIENS

Section 363 of the Bankruptcy Code provides that:

The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if--

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. 363(f). Any one of the five conditions provides authority to sell free and clear of liens. *In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988). To the extent a secured creditor or lienholder that receives notice of the sale and does not file an objection to the motion, that creditor should be deemed to have consented to the sale. *In re Shary*, 152 B.R. 724, 725-26 (Bkrcty. N.D. Ohio 1993). Here, Debtor has obtained the consent of affiliated entities holding potential security interests in its membership interest in BIG. Additionally, such affiliated entities could be compelled to accept money satisfaction of such interest. Therefore, Debtor has met the conditions required by Section 363(f).

CONCLUSION

Debtor respectfully requests the court enter an order authorizing the sale of its membership interest in BIG to Business Impact Group under terms outlined in the Motion and

granting such further relief as the Court deems just and equitable.

DATED: November 18, 2008

LINDQUIST & VENNUM P.L.L.P.

By e/ James A. Lodoen
James A. Lodoen (#173605)
George H. Singer (#262043)
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ATTORNEYS FOR DEBTOR

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**Jointly Administered under
Case No. 08-45257**

Petters Company, Inc., et al.,

Court File No. 08-45257

Debtors.

Court Files No.'s:

(includes:

Petters Group Worldwide, LLC;

08-45258 (GFK)

PC Funding, LLC;

08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd., Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, Inc.;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

**ORDER AUTHORIZING SALE OF ASSETS FREE AND CLEAR OF LIENS AND
OUTSIDE THE ORDINARY COURSE OF BUSINESS UNDER 11 U.S.C. § 363**

This case came on for hearing before the Court on December 9, 2008 on the Debtor's motion for authorization to sell assets outside the ordinary course of business under § 363(b) of the Bankruptcy Code. James A. Lodoen appeared for the Debtors. Other appearances were noted on the record. Based on the arguments of counsel, moving documents and the record made at the hearing,

IT IS HEREBY ORDERED:

1. Debtor is authorized to sell its 50% membership interest in Business Impact Group, LLC to Business Impact Group, Inc. under the terms and conditions outlined in the

Motion.

2. Debtor and Business Impact Group, Inc. are authorized to take such actions as necessary to sell the membership interest in BIG, or otherwise implement the Membership Unit Purchase Agreement, without the necessity of further order of this Court.

3. Pursuant to Section 363(f) of the Bankruptcy Code, Debtor's membership interest in BIG shall be sold free and clear of any and all liens, claims, interests and encumbrances. Any such liens, encumbrances and other interests in the assets shall attach to the sales proceeds in a manner with the same dignity, priority, validity and effect as existed in the assets prior to the sale.

4. Notwithstanding Fed. R. Bankr. P. 6004(h), this Order shall take effect immediately upon entry.

Dated: _____

Gregory F. Kishel
United States Bankruptcy Judge

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UNITED STATES BANKRUPTCY COURT
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Chapter 11 Cases
Judge Gregory F. Kishel

CERTIFICATE OF SERVICE

Gretchen Luessenheide of the City of New Hope, County of Hennepin, State of Minnesota, being first duly sworn on oath, states that on November 18, 2008 she served the following documents:

1. Notice of Hearing and Motion for Authorization to Sell Assets Free and Clear of Liens and Outside the Ordinary Course of Business Under 11 U.S.C. § 363;
2. Memorandum in Support of Motion for Authorization to Sell Assets Free and Clear of Liens and Outside the Ordinary Course of Business Under 11 U.S.C. § 363; and
3. Proposed Order Authorizing Sale of Assets Free and Clear of Liens and Outside the Ordinary Course of Business Under 11 U.S.C. § 363

upon

Chad A. Johnson
Hellmuth & Johnson, PLLC
1040 Viking Drive, Suite 500
Eden Prairie MN 55344

and electronically by Notice of Electronic Filing, and upon all parties who have requested service in these cases by filing the same via ECF with the Bankruptcy Court in the District of Minnesota.

/e/ Gretchen Luessenheide
Gretchen Luessenheide