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7 Attorneys for Michael G. Kasolas, Trustee

8 UNITED STATES BANKRUPTCY COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 OAKLAND DIVISION  
11

12 In re

13 FOX ORTEGA ENTERPRISES, INC.,  
14 dba PREMIER CRU,

15 Debtor.

Case No. 16-40050-WJL

Chapter 7

**DECLARATION OF RICHARD PIEROTTI  
IN SUPPORT OF MOTION AUTHORIZING  
SALE OF WINE PURSUANT TO  
BANKRUPTCY CODE SECTION 363 AND  
TO DETERMINE TITLE TO SEGREGATED  
WINE**

16 Date: May 2, 2016  
17 Time: 1:00 p.m.  
18 Place: Courtroom 220  
1300 Clay Street  
Oakland, CA  
19 Judge: The Hon. William J. Lafferty, III  
20  
21

22 I, Richard Pierotti, declare:

23 1. I am a Certified Public Accountant, experienced in rendering accounting services to  
24 bankruptcy trustees. I am a principal of the accounting firm of Kokjer, Pierotti, Maiocco & Duck  
25 LLP (“KPMD”), with offices at 333 Pine Street, 5th Floor, San Francisco, California. I have  
26 personal knowledge of the facts set forth herein and if called as a witness, I could and would  
27 competently testify thereto, except as to those matters that are alleged upon information and belief  
28 and as to those matters, I believe them to be true.

1           2.       On February 3, 2016, the court entered an Order Authorizing Employment of  
2 Accountant, authorizing the employment of KPMD as the accountants for the Trustee to “prepare  
3 and file tax returns; to prepare tax projections and tax analysis, if necessary; to analyze tax claims  
4 filed in the case; to analyze the tax impact of potential transactions; to review financial records and  
5 prepare forensic accountings, if necessary; to analyze as to avoidance issues, if necessary; to  
6 testify as to avoidance issues, if necessary; to prepare a solvency analysis, if necessary; to prepare  
7 wage claim withholding computations and payroll tax returns, if necessary; to serve as Trustee’s  
8 general accountant and to consult with the Trustee and the Trustee’s counsel as to those matters  
9 for this estate . . . .” (Docket No. 57).

10           3.       In my capacity as the Trustee’s accountant, on January 11, 2016, I took possession  
11 of the Debtor’s records consisting primarily of banking records. Thereafter on February 9, 2016,  
12 in my capacity as the Trustee’s accountant, I took possession of a personal computer belonging to  
13 John Fox, one of the principals of the Debtor, containing some of the Debtor’s records, including  
14 e-mail records. I have also reviewed accounting transactions maintained in the Debtor’s  
15 accounting software Sage Mas 500.

16           4.       In my review of the Debtor’s tax records, I determined that the Debtor did not file  
17 tax returns after the 2014 tax year. Attached hereto as **Exhibit 1** is a true and correct copy of the  
18 Schedule K and Schedule L - Balance Sheet from the Debtor’s Federal Corporate Tax return for  
19 the 2014 tax year. The Balance Sheet shows that at the end of the year the Debtor had inventories  
20 of \$18,417,585. I believe the inventories refer to the Debtor’s wine inventories. The supporting  
21 statements attached to the Balance Sheet contain amounts but not descriptions. They should have  
22 included descriptions also. The Ending Other Current Assets of \$42,739,204 should be the alleged  
23 wine future contracts and the \$53,178,147 of Other Current Liabilities should be the customer  
24 deposits.

25           5.       I obtained and reviewed the Debtor’s bank records for the three years preceding the  
26 commencement of the bankruptcy case. The Debtor maintained its bank accounts at Community  
27 Bank of the Bay, 1809 Grand Avenue, Suite 120, Oakland, California. In the period that I  
28 reviewed, 2013 to 2016, the Debtor maintained three accounts: (i) a checking account (account

