

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19934**

<p><b>In the Matter of</b></p> <p><b>Spindle, Inc.,</b></p> <p><b>Respondent.</b></p>
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**NOTICE REGARDING DEVELOPMENTS IN A BANKRUPTCY CASE**

The Securities and Exchange Commission (“Commission”) issued an Order Instituting Proceedings (“OIP”) on August 26, 2020, pursuant to Section 12(j) of the Securities Exchange Act of 1934, against respondent Spindle, Inc. (“Spindle” or “Respondent”). The OIP alleged that Spindle had not filed any periodic reports since filing its Form 10-Q for the period ending September 30, 2018. Following service of the OIP, Spindle failed to file an Answer or otherwise respond to the OIP. The Commission issued an Order to Show Cause on April 21, 2021, directing Spindle to show cause by May 5, 2021 why the registration of its securities should not be revoked. As of today’s date, Spindle still has not filed an Answer or otherwise responded to the OIP or Order to Show Cause, and remains delinquent in its filings with the Commission.

The Division of Enforcement (“Division”) is filing this Notice to alert the Commission of certain concerning developments in the bankruptcy case *In re: Spindle, Inc.*, 2:19-bk-02549-FMD (S.D. Fla.). Previously, Spindle was in the process of being liquidated by a Chapter 7 bankruptcy trustee. But on June 11, 2021, Spindle, through its bankruptcy trustee, filed a motion to convert the Chapter 7 bankruptcy into a Chapter 11 bankruptcy for the purpose of allowing

Spindle's largest creditor to acquire Spindle's status as a publicly-traded company whose securities are registered with the Commission. *See* Motion to Convert, attached as Exhibit 1.<sup>1</sup>

The Motion to Convert is presently scheduled to be heard on August 16, 2021.

The trustee and creditor have made clear that the purpose of the Motion to Convert is to allow the creditor to obtain Spindle's status as a publicly-trading company, writing in the Motion to Convert that: "The Debtor's largest creditor has expressed interest to the Trustee in funding a chapter 11 plan of reorganization, retaining the Debtor's status as a public company for the benefit of creditors." *Id.* at 1. Additionally, the report filed by Spindle's bankruptcy trustee on April 30, 2021 states that between August 2020 and February 2021, the trustee had discussions about a "potential sale of [the] corporate shell" and also states that the trustee estimated the value of the public shell at between \$150,000 and \$300,000. *See* April 30, 2021 Report, attached as Exhibit 2 at 1.

Based on prior filings in the bankruptcy case it appears that Spindle is a dormant company,<sup>2</sup> and there is nothing to reorganize if its bankruptcy is converted to a Chapter 11 proceeding – other than transferring the publicly traded shell to the creditor. Attempts to acquire publicly traded companies that are dormant and delinquent in their filings constitutes shell

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<sup>1</sup> The creditor joined this motion on July 21, 2021.

<sup>2</sup> According to the Statement of Financial Affairs that Spindle filed as part of the bankruptcy case on April 19, 2019, Spindle only had \$5,276 in revenue for the three months preceding its bankruptcy. *See* Statement of Financial Affairs dated April 19, 2019 attached as Exhibit 3. Also, the April 30, 2021 report by Spindle's bankruptcy trustee reflected no business activity by Spindle, merely the transfer of less than \$5,000 in bank balances, and payment of certain *de minimis* bank account fees. *See* Exhibit 2.

trafficking, is against the public interest, contrary to the purpose of the bankruptcy code,<sup>3</sup> and creates risk for investors.

Additionally, such shell companies are often misused for pump-and-dumps or other nefarious purposes. See *SEC Investor Alert: Dormant Shell Companies – How to Protect Your Portfolio from Fraud*, available at <https://www.sec.gov/oiea/investor-alerts-bulletins/dormantshell.html> (Noting that “Fraudsters have been known to use dormant shell companies in pump-and-dump schemes”).

If the bankruptcy case is successfully converted and the trustee is able to obtain approval for a plan of reorganization, absent the revocation of Spindle’s securities, the reorganized debtor could issue shares that are resold to the public even though the issuer is defunct and there is no current publicly-available information about the company. Although the Motion to Convert is pending before the Bankruptcy Court, and not the Commission, this proceeding to revoke the registration of Spindle’s securities is pending before the Commission.

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<sup>3</sup> The Bankruptcy Code contains antidischarge provisions that prevent the discharge of corporate debtors and are designed to prevent shell trafficking. See 11 U.S.C. §727(a)(1) and §1141(d)(3). These provisions were “specifically aimed at avoiding trafficking in corporate shells.” *In re Maxim Industries, Inc.*, 22 B.R. 611, 613 (Bankr. D. Mass. 1982); see also *Jackson v. CorporateGear, LLC*, 2005 U.S. Dist. LEXIS 35579, at \*12 (S.D.N.Y. Dec. 21, 2005) (noting that “a corporate debtor cannot be discharged . . . As the Second Circuit has observed, ‘Congress deliberately excluded corporations from eligibility for discharge under Chapter 7 to avoid trafficking in corporate shells and in bankrupt partnerships.’”) (cleaned up).

This proceeding is ripe for determination, and the public policy considerations outlined above suggest that a final determination of this proceeding at this time is in the best interests of the investing public.

Dated: July 29, 2021

Respectfully submitted,

/s/ Christopher Bruckmann

Christopher Bruckmann 202-551-5986

Sandhya Harris 202-551-4882

Securities and Exchange Commission

100 F Street, N.E., Room 5120

Washington, D.C. 20549-5010

bruckmannc@sec.gov

harrissan@sec.gov

COUNSEL FOR  
DIVISION OF ENFORCEMENT

**CERTIFICATE OF SERVICE**

I hereby certify that I caused true copies of this Notice, to be served on the following on July 29, 2021, in the manner indicated below:

BY EMAIL

Luis Rivera, Bankruptcy Trustee  
Spindle, Inc.  
1404 Dean Street, Suite 300  
Fort Myers, Florida 33901  
luis.rivera@gray-robinson.com

*/s/ Christopher Bruckmann*  
Christopher Bruckmann

# Exhibit 1

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
FORT MYERS DIVISION  
[www.flmb.uscourts.gov](http://www.flmb.uscourts.gov)

In re:

SPINDLE, INC.,

Case No. 2:19-bk-02549-FMD  
Chapter 7

Debtor.

\_\_\_\_\_ /

**MOTION TO CONVERT FROM CHAPTER 7 TO CHAPTER 11 AND  
APPOINT CHAPTER 7 TRUSTEE AS CHAPTER 11 TRUSTEE**

Luis E. Rivera, II, chapter 7 trustee (the “Trustee”) for the bankruptcy estate of Spindle, Inc. (the “Debtor”), by and through the undersigned counsel and pursuant to 11 U.S.C. §§ 706(b) and 1104(a)(2), respectfully moves this Court to convert the Debtor’s bankruptcy from Chapter 7 to Chapter 11 and appoint a chapter 11 Trustee in the Debtor’s converted Chapter 11 case (the “Motion”). In support of the Motion, the Trustee states as follows:

**Summary of Relief Requested**

The Debtor is a publicly-traded company, with its shares listed on the over-the-counter market under the name “SPDL.” The Debtor’s primary assets are intellectual property, primarily in the on-line consumer transactional multi-media, point of sale, payment processing, digital discount and e-commerce solutions. The Debtor also scheduled certain tax attributes (consisting of unused net operating losses). Creditors currently will be receiving next to nothing in chapter 7, with the Trustee only having funds on hand totaling \$4,292.03. Conversion of the Debtor’s bankruptcy to chapter 11 is in the best interests of the parties. The Debtor’s largest creditor has expressed interest to the Trustee in funding a chapter 11 plan of reorganization, retaining the Debtor’s status as a public company for the benefit of creditors, subject to certain conditions being met at confirmation. Thus, conversion from chapter 7 to chapter 11 is necessary. If conversion

occurs, subject to court approval and definitive documentation, Creditor agrees to provide the financing expected to be necessary to confirm a chapter 11 plan of reorganization. Appointment of a chapter 11 trustee is also in the best interests of the creditors to efficiently administer the Debtor's estate and propose a chapter 11 plan as Debtor's former officer and director does not object to the appointment of a trustee and the Trustee has negotiated the general framework of a potential chapter 11 plan with the Debtor's largest creditor.<sup>1</sup>

### **Factual Background**

1. Debtor is a publicly traded company that developed software product and services, provided financial technical ("fintech") applications and other software solutions in the e-commerce and transactional on-line payment processing category to merchants and on-line users.

2. On March 22, 2019, the Debtor filed bankruptcy under chapter 7 of the Bankruptcy Code. (Doc. No. 1).

3. On March 25, 2019, the Trustee was appointed the chapter 7 trustee of the Debtor's bankruptcy estate. (Doc. No. 2).

4. Debtor's bankruptcy schedules show its primary assets are its intellectual property, software, its furniture and fixtures, and certain federal tax attributes (e.x. unused net operating losses) (the "Assets"). See Doc. No. 10. The Debtor scheduled total liabilities of approximately \$2.4 million.

5. On May 19, 2019, the Court issued its Notice of Deadline to File Proofs of Claim. (Doc. 19). In response, 11 claims totaling \$2,132,863.38 were filed in the Debtor's bankruptcy.<sup>2</sup>

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<sup>1</sup> The Creditor has proposed that the Trustee serve as the chapter 11 Trustee and the Trustee is open to serving as the chapter 11 Trustee if the Motion is granted and the US Trustee determines the Trustee is the appropriate person to appoint as chapter 11 trustee.

<sup>2</sup> The Claims Register shows 13 filed claims totaling \$2,339,336.52 but Claim 9 is duplicative of Claim 8 and Claim 11 is duplicative of Claim 10.



6. Debtor's largest creditor is IoT Broadband, LLC ("**Creditor**") who provided unsecured financing to the Debtor pre-petition. See Claim No. 13 [\$1,244,897.78]. As part of a separate settlement, Creditor also owns and controls Claim No. 12 (\$393,025.73) filed by Dr. Jack A. Scott (the Debtor's former officer and director). Thus, of the \$2.1 million in filed claims, Creditor owns \$1.6 million, or approximately 77%.

7. Creditor is interested in sponsoring a plan of reorganization that provides for the continued operation of the Debtor as a going-concern and publicly-traded company, a recovery for unsecured creditors at a premium over liquidation value, and a dilution or cancellation of existing equity.

8. Creditor proposes to provide DIP financing (the "**DIP Facility**") to cover the administrative costs incurred by the Trustee to formulate, file and confirm a chapter 11 plan of reorganization that include the following salient terms and conditions:

a. Amount of DIP Facility. The DIP Facility will be in the maximum principal amount of up to \$80,000 (the "**Loan Amount**"), which would be funded in two tranches: an interim funding in the amount of \$20,000.00, and a final funding of the balance of the available Loan Amount on the effective date of a plan.

b. Collateral. The collateral securing the DIP Facility is defined as all of the Debtor's presently owned or hereafter acquired assets, including all Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, Fixtures, General Intangibles, all Intellectual Property Collateral, Goods, Inventory, Instruments, Investment Property, Letter of Credit Rights, Payment Intangible, Supporting Obligations, insurance policies, all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing, and all

Products and Proceeds (including cash collateral, as defined in Section 363 of the Bankruptcy Code and all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral) but excluding all causes of action under Sections 544, 545, 547, 548, 549 or 550 of the Bankruptcy Code and the proceeds thereof (collectively, the “**Collateral**”).

c. Security and Priority. The DIP Facility will be secured by a continuing first priority Lien and security interest (subject only to (i) a carve-out for payment of administrative and professional fees and (ii) any permitted encumbrances), in accordance with Section 364(c)(1) and (2) of the Bankruptcy Code, in the Collateral, and the liens granted to the DIP Lender will be senior to all prepetition and postpetition liens of all other parties and creditors in the assets of the Debtor.

d. Superpriority Administrative Expense Claim. Subject to a carve-out for administrative and professional fees, pursuant to Section 364(c)(1) of the Bankruptcy Code, the Obligations constitute (without the need to file a proof of claim) superpriority claims (the “**DIP Superpriority Claims**”) against the Debtor, with priority over any and all administrative expenses of the Debtor, whether now existing or hereafter arising or incurred, of the kind specified in Sections 503(b) and 507(b) of the Bankruptcy Code.

e. Advances Under the DIP Facility. Immediately upon the entry by the Court of the Interim Financing Order, consistent with the Loan Agreement, the DIP Lender shall be authorized to make Advances to the Debtor in an amount not to exceed the amount authorized by the Court in the Interim Financing Order. Following the entry by the Court

of the Final Financing Order and upon the occurrence of the effective date of the plan, consistent with the Loan Agreement the DIP Lender shall be authorized to make additional advances to the Debtor; provided that, the aggregate amount of all Advances to be made under the DIP Facility by the DIP Lender shall not exceed the Loan Amount.

f. Interest Rate. The principal amount of the Advances shall bear interest at the fixed annual rate of eighteen percent (18%) per annum.

g. Use of Proceeds. The Trustee shall use the proceeds of advances for the purpose of funding certain costs and expenses of the Estate consistent with the Budget.

h. Closing Costs and Expenses. There are no closing costs or expenses in connection with the DIP Facility that the Trustee will be responsible for paying at the Closing. However, the Trustee is responsible for reimbursing the DIP Lender for reasonable expenses, including attorneys' fees. Additionally, in the event that the Trustee accepts a loan from someone other than the Creditor, the Creditor will be entitled to a reasonable break-up fee.

i. Maturity Date. The DIP Facility shall become due and payable on the earlier of (i) December 31, 2021, the Scheduled Maturity Date, (ii) the confirmation of a plan of reorganization under Chapter 11 of the Bankruptcy Code, (iii) sale of any material amount of the Estate Property, and (iv) the termination of the Line of Credit Commitment pursuant to the Loan Agreement.

j. Events of Default. The Events of Default with respect to the DIP Facility will be set forth in the Loan Agreement, and will include standard default provisions, including but not limited to:

- a. Failure of the Trustee to obtain confirmation of a plan acceptable to the Creditor, including obtaining a no-action

letter or similar comfort that the Reorganized Debtor will be, or be deemed to be, current on its SEC reporting requirements, and preserving the Debtor's existing tax attributes.

(the "Offer").<sup>3</sup>

### **Legal Standard**

11 U.S.C. § 706(b) provides "On request of a party in interest and after notice and a hearing, the court may convert a case under this chapter to a case under chapter 11 of this title at any time." Conversion from chapter 7 to chapter 11 is discretionary and is based on what most will inure to the benefit of all parties in interest, with the court considering anything relevant that would further the goals of the Bankruptcy Code. *Proudfoot Consulting Co. v. Gordon (In re Gordon)*, 465 B.R. 683, 692 (N.D. Ga. 2012); *In re Baker*, 503 B.R. 751, 755 (Bankr. M.D. Fla. 2013) (in evaluating a motion to convert a chapter 7 case to a case under chapter 11, courts may consider whether the bankruptcy estate will be enhanced if the case is converted).

11 U.S.C. § 1104(a)(2) provides that "at any time after commencement of the case but before confirmation of a plan, on request of a party in interest ..., and after notice and a hearing, the court shall order the appointment of a trustee ... if such appointment is in the interests of creditors, any equity security holders, and other interests of the estate ...."

### **Argument**

Conversion to chapter 11 under section 706(b) of the Bankruptcy Code is appropriate and warranted here as it is in the best interest of parties in interest. Without conversion, the Debtor's creditors will receive no meaningful distribution in this chapter 7, if the Trustee makes any distribution at all. Conversion to chapter 11 provide creditors with the potential for a larger

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<sup>3</sup> Based on the Trustee's preliminary marketing of the Assets earlier in the chapter 7, and given the Creditor's controlling position as an unsecured creditor, Trustee does not believe marketing is necessary here or will result in a better proposal than the Offer.

recovery. Conversion also is necessary to effectuate the Offer. The Offer is contingent on the case being converted to chapter 11 and a plan of reorganization acceptable to the Creditor being confirmed.

Appointment of a chapter 11 trustee for the Debtor is also appropriate here. First, appointment is necessary as conversion acts to terminate the services of any trustee that is serving in the case prior to conversion. See 11 U.S.C. § 348(e). Second, it is appropriate under section 1104(a)(2) of the Bankruptcy Code as it is in the interests of creditors as a trustee is best situated to administer the Debtor's chapter 11 estate and work with Creditor to formulate, file and confirm a chapter 11 plan. Finally, Debtor's principal does not object to the appointment of a chapter 11 trustee.

WHEREFORE, the Trustee requests the Court enter an order granting the Motion, converting the Debtor's case from chapter 7 to chapter 11 and appointing a chapter 11 trustee of the Debtor's estate.

Dated: June 11, 2021

Respectfully submitted,

/s/ Lara Roeske Fernandez

Lara Roeske Fernandez, Esquire

Florida Bar No. 0088500

[lfernandez@trenam.com](mailto:lfernandez@trenam.com)

TRENAM, KEMKER, SCHARFF, BARKIN,  
FRYE, O'NEILL & MULLIS, P.A.

101 E Kennedy Boulevard, Suite 2700

Tampa, FL 33602

Tele: (813) 223-7474

*Counsel for Luis E. Rivera, II, Chapter 7 Trustee*

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on June 11, 2021, a true and correct copy of the foregoing MOTION TO CONVERT FROM CHAPTER 7 TO CHAPTER 11 AND APPOINT CHAPTER 7 TRUSTEE AS CHAPTER 11 TRUSTEE was forwarded by U.S. Mail or through the Court's CM/ECF Noticing System to Spindle, Inc., 200 Landmark Street, Marco Island, FL 34145; Michael R. Dal Lago, Esq., 999 Vanderbilt Beach Road, Suite 200, Naples, FL 34108, [mike@dallagolaw.com](mailto:mike@dallagolaw.com); Office of the U.S. Trustee – FTM7, 501 E. Polk Street, Suite 1200, Tampa, FL 33602; Internal Revenue Service, PO Box 7346, Philadelphia, PA 19101-7346; US Securities & Exchange Commission, Office of Reorganization, 950 East Paces Ferry Road NE, Suite 900, Atlanta, GA 30326-1382; all registered CM/ECF participants; and those creditors having filed claims in the case (matrix attached).

*/s/ Lara Roeske Fernandez*

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Lara Roeske Fernandez

## Exhibit 2

**FORM 1**  
**INDIVIDUAL ESTATE PROPERTY RECORD AND REPORT**  
**ASSET CASES**

Case Number: 19-02549 CED

Case Name: Spindle, Inc.

Period Ending: 03/31/21

Trustee: LUIS E. RIVERA II

Filed (f) or Converted (c): 03/22/19 (f)

§341(a) Meeting Date: 04/23/19

Claims Bar Date: 08/16/19

Ref #	1 Asset Description (Scheduled And Unscheduled (u) Property)	2 Petition/ Unscheduled Values	3 Estimated Net Value (Value Determined By Trustee, Less Liens, Exemptions, and Other Costs)	4 Property Abandoned OA=\$554(a) Abandon	5 Sale/Funds Received by the Estate	6 Asset Fully Administered (FA)/ Gross Value of Remaining Assets
1	Wells Fargo Acct #9197	2,220.18	2,220.18		2,220.18	FA
2	Wells Fargo Account #7863	108.74	108.74		108.74	FA
3	Wells Fargo Account #9284	148.42	1,509.65		1,509.65	FA
4	Florida Capital Bank Account Checking 3911	553.26	523.67		523.67	FA
5	Internet domain names and websitespindle.com; sportspaymentpros.com;catalystmarketingsystem.com;mycardv ault.com; mymetrorewards.com;mymetroarea.com; and lowmerato.com	Unknown	1.00		0.00	1.00
6	Customer Lists which include customerpersonally identifiable information includingname, address and merchant accountinformation; mailing list of over 10 millionnames \$5,150.00 Recent cost	Unknown	1.00		0.00	1.00
7	NOL, Federal; Not professionally appraised within the last year. Tax year 2011-2018	21,440,825.00	21,440,825.00		0.00	100,000.00
8	Spindle's Public Shell, estimated to be between \$150,000 to \$300,000	225,000.00	225,000.00		0.00	100,000.00
9	Copy of Spindle's Payment Service Provider code	10,000.00	0.00		0.00	FA
10	Copy of Spindle's Payment Service Provider code is subject to lien; Copy of Payment Service Provider code was sold for \$35,000 to Gensource in 2018	175,000.00	0.00		0.00	FA
<b>TOTALS (Excluding Unknown Values)</b>		<b>\$21,853,855.60</b>	<b>\$21,670,189.24</b>		<b>\$4,362.24</b>	<b>\$200,002.00</b>

**Major activities affecting case closing:**

Telephone conference with D. Fogarty, Esq. &lt;2/22/2021, 11:04:39 AM - LR-435&gt;

Discussions remain ongoing regarding potential sale of corporate shell and NOL. &lt;2/2/2021, 9:53:14 AM - LR-435&gt;

Discussions ongoing regarding potential sale of corporate shell and NOL. &lt;8/26/2020, 12:30:05 PM - LR-435&gt;

Telephone conference with Special Counsel regarding potential sale of NOL. &lt;4/28/2020, 9:43:58 PM - LR-435&gt;

Email to Debtor's counsel regarding status of case. &lt;3/11/2020, 9:33:54 PM - LR-435&gt;

**OS Received 07/29/2021**



**FORM 1  
INDIVIDUAL ESTATE PROPERTY RECORD AND REPORT  
ASSET CASES**

Emails to/from Debtor's counsel and Special Counsel regarding status of matter. Parties still working on potential sale of NOL and/or assets of corporation. <12/18/2019, 10:07:49 AM - LR-435>

Emails to/from Debtor's counsel and Special Counsel regarding status of matter. <7/8/2019, 10:24:03 AM - LR-435>

Filed Change of Address Order. Correspondence to Florida Capital Bank demanding account balance. <6/17/2019, 2:00:22 PM - LR-435>

Recd Order Approving Application to Employ Counsel; Prepare and file Proof of Service. <5/16/2019, 3:10:18 PM - AM-443>

Filed Application to Employ GR and submitted proposed order. <5/14/2019, 5:07:00 PM - LR-435>

Email to L. Fernandez, Esq. requesting review of case. <5/14/2019, 8:36:57 AM - LR-435>

**Initial Projected Date of Final Report (TFR):** March 31, 2021

**Current Projected Date of Final Report (TFR):** October 31, 2021

**Form 2**  
**Cash Receipts and Disbursements Record**

Case Number: 19-02549 CED

Trustee: LUIS E. RIVERA II

Case Name: Spindle, Inc.

Bank Name: Signature Bank

Account: \*\*\*\*\*8864 - Checking

Taxpayer ID#: \*\*\*\*\*1820

Blanket Bond: \$30,832,000.00 (per case limit)

Period: 04/01/20 - 03/31/21

Separate Bond: N/A

1 Trans. Date	2 Check or Ref. #	3 Paid To / Received From	4 Description of Transaction	Uniform Tran. Code	5 Receipts \$	6 Disbursements \$	7 Checking Account Balance
05/10/19		Signature Bank	Account Opening Deposit Adjustment	9999-000	3,838.57		3,838.57
06/28/19	Asset #4	Florida Capital Bank, N.A.	Account closing balance turned over by Florida Capital Bank, N.A.	1129-000	523.67		4,362.24
06/30/20		Signature Bank	Bank and Technology Services Fee	2600-000		6.74	4,355.50
07/31/20		Signature Bank	Bank and Technology Services Fee	2600-000		7.20	4,348.30
08/31/20		Signature Bank	Bank and Technology Services Fee	2600-000		7.18	4,341.12
09/30/20		Signature Bank	Bank and Technology Services Fee	2600-000		6.94	4,334.18
11/02/20		Signature Bank	Bank and Technology Services Fee	2600-000		6.93	4,327.25
11/30/20		Signature Bank	Bank and Technology Services Fee	2600-000		7.15	4,320.10
12/31/20		Signature Bank	Bank and Technology Services Fee	2600-000		7.14	4,312.96
01/29/21		Signature Bank	Bank and Technology Services Fee	2600-000		6.68	4,306.28
02/26/21		Signature Bank	Bank and Technology Services Fee	2600-000		6.44	4,299.84

**Form 2**  
**Cash Receipts and Disbursements Record**

Case Number: 19-02549 CED

Trustee: LUIS E. RIVERA II

Case Name: Spindle, Inc.

Bank Name: Signature Bank

Taxpayer ID#: \*\*\*\*\*1820

Account: \*\*\*\*\*8864 - Checking

Period: 04/01/20 - 03/31/21

Blanket Bond: \$30,832,000.00 (per case limit)

Separate Bond: N/A

1	2	3	4	5	6	7	
Trans. Date	Check or Ref. #	Paid To / Received From	Description of Transaction	Uniform Tran. Code	Receipts \$	Disbursements \$	Checking Account Balance
03/31/21		Signature Bank	Bank and Technology Services Fee	2600-000		7.81	4,292.03

<b>ACCOUNT TOTALS</b>	<b>4,362.24</b>	<b>70.21</b>	<b>\$4,292.03</b>
Less: Bank Transfers	3,838.57	0.00	
<b>Subtotal</b>	<b>523.67</b>	<b>70.21</b>	
Less: Payment to Debtors		0.00	
<b>NET Receipts / Disbursements</b>	<b>\$523.67</b>	<b>\$70.21</b>	

## Form 2 Cash Receipts and Disbursements Record

**Case Number:** 19-02549 CED

**Trustee:** LUIS E. RIVERA II

**Case Name:** Spindle, Inc.

**Bank Name:** Union Bank

**Taxpayer ID#:** \*\*\*\*\*1820

**Account:** \*\*\*\*\*2257 - Checking

**Period:** 04/01/20 - 03/31/21

**Blanket Bond:** \$30,832,000.00 (per case limit)

**Separate Bond:** N/A

1 Trans. Date	2 Check or Ref. #	3 Paid To / Received From	4 Description of Transaction	Uniform Tran. Code	5 Receipts \$	6 Disbursements \$	7 Checking Account Balance
04/17/19	Asset #2	Wells Fargo Bank	Balance of Wells Fargo Account #7863	1129-000	108.74		108.74
04/17/19	Asset #1	Wells Fargo Bank	Balance of Wells Fargo Account #9197	1129-000	2,220.18		2,328.92
04/19/19	Asset #3	Wells Fargo Bank N.A.	Balance of Wells Fargo Account #9284	1129-000	1,509.65		3,838.57
05/10/19		Union Bank	Account Closeout Transfer Adjustment	9999-000		3,838.57	0.00

<b>ACCOUNT TOTALS</b>	<b>3,838.57</b>	<b>3,838.57</b>	<b>\$0.00</b>
Less: Bank Transfers	0.00	3,838.57	
<b>Subtotal</b>	<b>3,838.57</b>	<b>0.00</b>	
Less: Payment to Debtors		0.00	
<b>NET Receipts / Disbursements</b>	<b>\$3,838.57</b>	<b>\$0.00</b>	

	Net Receipts	Net Disbursements	Account Balances
<b>TOTAL - ALL ACCOUNTS</b>			
Checking # *****2257	3,838.57	0.00	0.00
Checking # *****8864	523.67	70.21	4,292.03
	<b>\$4,362.24</b>	<b>\$70.21</b>	<b>\$4,292.03</b>

# Exhibit 3

**Fill in this information to identify the case:**

Debtor name Spindle, Inc.  
 United States Bankruptcy Court for the: MIDDLE DISTRICT OF FLORIDA  
 Case number (if known) 9:19-bk-02549-FMD

Check if this is an amended filing

**Official Form 207**

**Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy**

04/16

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

**Part 1: Income**

**1. Gross revenue from business**

None.

**Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year**

**Sources of revenue**  
Check all that apply

**Gross revenue**  
(before deductions and exclusions)

**From the beginning of the fiscal year to filing date:**  
From 1/01/2019 to Filing Date

Operating a business  
 Other \_\_\_\_\_

\$5,276.00

**For prior year:**  
From 1/01/2018 to 12/31/2018

Operating a business  
 Other \_\_\_\_\_

\$12,121.00

**For year before that:**  
From 1/01/2017 to 12/31/2017

Operating a business  
 Other \_\_\_\_\_

\$88,247.00

**2. Non-business revenue**

Include revenue regardless of whether that revenue is taxable. *Non-business income* may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

None.

**Description of sources of revenue**

**Gross revenue from each source**  
(before deductions and exclusions)

**For prior year:**  
From 1/01/2018 to 12/31/2018

Services - not general line of business

\$22,800.00

**For year before that:**  
From 1/01/2017 to 12/31/2017

Sale of residuals, PSP - not in usual line of business

\$273,872.00

**Part 2: List Certain Transfers Made Before Filing for Bankruptcy**

**3. Certain payments or transfers to creditors within 90 days before filing this case**

List payments or transfers—including expense reimbursements—to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than \$6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

Debtor **Spindle, Inc.**

Case number (if known) **9:19-bk-02549-FMD**

None.

Creditor's Name and Address	Dates	Total amount of value	Reasons for payment or transfer <i>Check all that apply</i>
3.1. <b>Cobb Martinez Woodward</b> [REDACTED]	<b>February 18, 2019</b>	<b>\$9,154.00</b>	<input type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input checked="" type="checkbox"/> Services <input checked="" type="checkbox"/> Other <u>Legal services</u>
3.2. <b>RBSM</b> <b>805 Third Ave #1430</b> <b>New York, NY 10022</b>	<b>January 21, 2019</b>	<b>\$6,500.00</b>	<input type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input checked="" type="checkbox"/> Services <input checked="" type="checkbox"/> Other <u>Accounting services</u>

**4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider**

List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or cosigned by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than \$6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. *Insiders* include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

None.

Insider's name and address Relationship to debtor	Dates	Total amount of value	Reasons for payment or transfer
4.1. <b>See attached spreadsheet</b>		<b>\$94,332.00</b>	<b>Reimbursement for expenses and directors' fees</b>

**5. Repossessions, foreclosures, and returns**

List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller. Do not include property listed in line 6.

None

Creditor's name and address	Describe of the Property	Date	Value of property
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**6. Setoffs**

List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

None

Creditor's name and address	Description of the action creditor took	Date action was taken	Amount
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**Part 3: Legal Actions or Assignments**


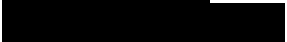
**7. Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits**

List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

None.

Case title Case number	Nature of case	Court or agency's name and address	Status of case
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## Spindle Insider payments from 3.22.18 to 3.22.19

NAME, ADDRESS & RELATIONSHIP	PAYMENT DATES	AMOUNT	REASON FOR PAYMENT
Jack Scott		1,246.01	Reimbursement for October expenses paid by personal CC
		4,119.89	Reimbursement for November expenses paid by personal CC
		1,300.21	Reimbursement for Rick Davis Feb expenses paid by personal CC
Interim CEO and Director		115.21	Reimbursement for February expenses paid by personal CC
		3,218.68	Reimbursement for Rick Davis March expenses paid by personal CC
	4.27.18	<u>10,000.00</u>	
		218.68	Reimbursement for 2.16.18 Santa Ana trip paid by personal CC
Clark Trevethick		3,000.00	Reimbursement for 3.1.18 legal expenses paid by personal CC
Leibson Law		3,920.00	Reimbursement for 3.7.18 legal expenses paid by personal CC
Clark Trevethick		4,000.00	Reimbursement for 3.29.18 legal expenses paid by personal CC
		6,500.00	Reimbursement for 3.29.18 OTC Markets invoice #1 paid by personal CC
	5.15.18	<u>17,638.68</u>	
		10,879.41	Reimbursement for April D&O invoice paid by personal CC
		5,000.00	Reimbursement for R. Davis termination agreement paid by personal CC
		483.83	Reimbursement for 4.11.18 expense report - VyaPay visit paid by personal CC
	5.24.18	<u>16,363.24</u>	
Leibson Law	6.8.18	3,605.00	Reimbursement for 5.10.18 legal expenses paid by personal CC
		1,751.12	Reimbursement for Aug R. Davis expenses paid by personal CC
		1,343.12	Reimbursement for Sept expense report & R. Davis expenses paid by personal CC
		4,905.76	Reimbursement for Oct expense report & R. Davis expenses paid by personal CC
	10.23.18	<u>8,000.00</u>	
		6,500.00	Reimbursement for 3.29.18 OTC Markets invoice #2 paid by personal CC
Cobb Martinez		438.32	Reimbursement for 10.16.18 legal expenses paid by personal CC



Buchalter	1,500.00	Reimbursement for 10.17.18 legal expenses paid by personal CC
	<u>11,423.38</u>	Reimbursement for 11.6.18 D&O insurance paid by personal CC
11.26.18	<u>19,861.70</u>	
12.21.28	11,423.38	11.6.18 Expense report - personal payment of D&O insurance
	<u><b>86,892.00</b></u>	<b>TOTAL - Jack Scott</b>

Ron McIntyre



Director

6.7.18	4,970.00	April, May Director fees, less \$30 wire fee
7.16.18	<u>2,470.00</u>	June Director fees, less \$30 wire fee
	<u><b>7,440.00</b></u>	<b>TOTAL - Ron McIntyre</b>

Debtor **Spindle, Inc.**

Case number (if known) **9:19-bk-02549-FMD**

Case title Case number	Nature of case	Court or agency's name and address	Status of case
7.1. <b>Michael Kelly and IoT Broadband, LLC v. Jack Scott and Spindle Inc. DC-18-06656</b>	<b>Breach of contract</b>	<b>District Court of Dallas Co George Allen Courts Building 600 Commerce Street #103 Dallas, TX 75202</b>	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

**8. Assignments and receivership**

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

None

**Part 4: Certain Gifts and Charitable Contributions**

**9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of the gifts to that recipient is less than \$1,000**

None

Recipient's name and address	Description of the gifts or contributions	Dates given	Value
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**Part 5: Certain Losses**

**10. All losses from fire, theft, or other casualty within 1 year before filing this case.**

None

Description of the property lost and how the loss occurred	Amount of payments received for the loss	Dates of loss	Value of property lost
	If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received.  List unpaid claims on Official Form 106A/B (Schedule A/B: Assets – Real and Personal Property).		

**Part 6: Certain Payments or Transfers**

**11. Payments related to bankruptcy**

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

None.

Who was paid or who received the transfer? Address	If not money, describe any property transferred	Dates	Total amount or value
11.1. <b>Dal Lago Law 999 Vanderbilt Beach Rd. Suite 200 Naples, FL 34108</b>		<b>March 22, 2019</b>	<b>\$6,000.00</b>
<b>Email or website address</b>			
<b>Who made the payment, if not debtor? Jack A. Scott</b>			

Debtor **Spindle, Inc.**

Case number (if known) **9:19-bk-02549-FMD**

	Who was paid or who received the transfer? Address	If not money, describe any property transferred	Dates	Total amount or value
11.2.	<b>Vicki Biggs</b> [REDACTED]		March 21-22, 2019	\$735.00

Email or website address

Who made the payment, if not debtor?  
**Jack A. Scott**

11.3.	<b>Vicki Biggs</b> [REDACTED]		April 2019	\$630.00
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Email or website address

Who made the payment, if not debtor?  
**Jack A. Scott**

11.4.	<b>Dave Wilson</b> [REDACTED]		March 27, 2019	\$300.00
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Email or website address

Who made the payment, if not debtor?  
**Jack A. Scott**

**12. Self-settled trusts of which the debtor is a beneficiary**

List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device.

Do not include transfers already listed on this statement.

None.

Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value
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**13. Transfers not already listed on this statement**

List any transfers of money or other property by sale, trade, or any other means made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs. Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

None.

Who received transfer? Address	Description of property transferred or payments received or debts paid in exchange	Date transfer was made	Total amount or value
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**Part 7: Previous Locations**

**14. Previous addresses**

List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

Does not apply

Debtor **Spindle, Inc.**

Case number (if known) **9:19-bk-02549-FMD**

	Address	Dates of occupancy From-To
14.1.	1201 S. Alma School Rd #12500 Mesa, AZ 85210	January 2017 through December 8, 2018
14.2.	8700 E. Vista Bonita #260 Scottsdale, AZ 85255	January 2014 through December 2016
14.3.	1200 Brickell Avenue Suite 1950 Miami, FL 33131	January 2019 to present (virtual office)
14.4.	200 Landmark Street Marco Island, FL 34145	Dec 2018 to present (operations office)

**Part 8: Health Care Bankruptcies**

**15. Health Care bankruptcies**

Is the debtor primarily engaged in offering services and facilities for:  
 - diagnosing or treating injury, deformity, or disease, or  
 - providing any surgical, psychiatric, drug treatment, or obstetric care?

- No. Go to Part 9.
- Yes. Fill in the information below.

Facility name and address	Nature of the business operation, including type of services the debtor provides	If debtor provides meals and housing, number of patients in debtor's care

**Part 9: Personally Identifiable Information**

**16. Does the debtor collect and retain personally identifiable information of customers?**

- No.
- Yes. State the nature of the information collected and retained.

**17. Within 6 years before filing this case, have any employees of the debtor been participants in any ERISA, 401(k), 403(b), or other pension or profit-sharing plan made available by the debtor as an employee benefit?**

- No. Go to Part 10.
- Yes. Does the debtor serve as plan administrator?

**Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units**

**18. Closed financial accounts**

Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred?  
 Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

- None

Financial Institution name and Address	Last 4 digits of account number	Type of account or instrument	Date account was closed, sold, moved, or transferred	Last balance before closing or transfer

**19. Safe deposit boxes**

List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

Debtor **Spindle, Inc.**

Case number (if known) **9:19-bk-02549-FMD**

None

Depository institution name and address	Names of anyone with access to it Address	Description of the contents	Do you still have it?
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**20. Off-premises storage**

List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

None

Facility name and address	Names of anyone with access to it	Description of the contents	Do you still have it?
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**Part 11: Property the Debtor Holds or Controls That the Debtor Does Not Own**

**21. Property held for another**

List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property.

None

**Part 12: Details About Environment Information**

For the purpose of Part 12, the following definitions apply:

*Environmental law* means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium).

*Site* means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.

*Hazardous material* means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

Report all notices, releases, and proceedings known, regardless of when they occurred.

**22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders.**

- No.
- Yes. Provide details below.

Case title Case number	Court or agency name and address	Nature of the case	Status of case
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**23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?**

- No.
- Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
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**24. Has the debtor notified any governmental unit of any release of hazardous material?**

- No.
- Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
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**Part 13: Details About the Debtor's Business or Connections to Any Business**

Debtor **Spindle, Inc.**

Case number (if known) **9:19-bk-02549-FMD**

**25. Other businesses in which the debtor has or has had an interest**

List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case. Include this information even if already listed in the Schedules.

None

Business name address	Describe the nature of the business	Employer Identification number Do not include Social Security number or ITIN.
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25.1. <b>Slalom</b> 7150 East Camelback Road Suite 200 Scottsdale, AZ 85251		<b>Dates business existed</b> EIN: From-To <b>September 2015 to present</b>
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25.2. <b>Vicki Biggs</b> [Redacted]		EIN: From-To <b>September 2015 to present</b>
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**26. Books, records, and financial statements**

26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.

None

Name and address	Date of service From-To
26a.1. <b>RBSM</b> 805 Third Ave, Suite 1430 New York, NY 10022	<b>October 2015 to present</b>

26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case.

None

Name and address	Date of service From-To
26b.1. <b>Vicki Biggs</b> [Redacted]	

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed.

None

Name and address	If any books of account and records are unavailable, explain why
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26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case.

None

Name and address
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**27. Inventories**

Have any inventories of the debtor's property been taken within 2 years before filing this case?

No

Yes. Give the details about the two most recent inventories.

Name of the person who supervised the taking of the inventory	Date of inventory	The dollar amount and basis (cost, market, or other basis) of each inventory
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Debtor **Spindle, Inc.**

Case number (if known) **9:19-bk-02549-FMD**

28. List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.

Name	Address	Position and nature of any interest	% of interest, if any
Jack A. Scott	[REDACTED]	Interim CEO, Interim CFO, Director, restricted stock	less than 2%
Christopher J. Wesser	[REDACTED]	President and Director	

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

- No
- Yes. Identify below.

Name	Address	Position and nature of any interest	Period during which position or interest was held
Habib Yunus	[REDACTED]	CFO, Director, restricted stock	Still holds stock
John Devlin	[REDACTED]	Director (Deceased), restricted stock	Family may still hold stock
Ron McIntyre	[REDACTED]	Director	
Christopher Lank	2 North Central Av [REDACTED]	Director	
Joseph Horowitz	[REDACTED]	Director	

30. Payments, distributions, or withdrawals credited or given to insiders

Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

- No
- Yes. Identify below.

Name and address of recipient	Amount of money or description and value of property	Dates	Reason for providing the value
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31. Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?

Debtor Spindle, Inc.

Case number (if known) 9:19-bk-02549-FMD

- No
- Yes. Identify below.

Name of the parent corporation

Employer Identification number of the parent corporation

32. Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?

- No
- Yes. Identify below.

Name of the pension fund

Employer Identification number of the parent corporation

**Part 14: Signature and Declaration**

**WARNING** -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

I have examined the information in this *Statement of Financial Affairs* and any attachments and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 19, 2019

/s/ Dr. Jack A. Scott  
Signature of individual signing on behalf of the debtor

Dr. Jack A. Scott  
Printed name

Position or relationship to debtor Interim CEO

Are additional pages to *Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy (Official Form 207)* attached?

- No
- Yes