

June 11, 2025

City of Whitewater, Community Development Authority

Re: Open Collection Matters

Dear Emily,

As discussed, this letter provides a status update on all open collection matters Stafford Rosenbaum (“Stafford”) is handling for the City of Whitewater, Community Development Authority (“CDA”) as of the date of this letter.

1. Fine Food Arts LLC/Jay Stinson

Status

We filed a complaint with the circuit court against Fine Food Arts LLC and Jay Stinson on February 13, 2025. After several unsuccessful attempts to effectuate a personal service of the complaint on Jay Stinson who had relocated to Chicago, we were able to serve the complaint via publication and subsequently filed an affidavit of service with the court on April 29, 2025.

Since that time, we learned that the defendants sold the business to K.L.D LLC, which has prompted Stafford to consider amending the complaint to include a claim for conversion.

On June 4, 2025, the circuit court issued a dismissal order requiring us to show cause within 20 days of the order (i.e. June 24) as to why the complaint should not be dismissed for failure to prosecute.

Next Steps

Stafford will amend the complaint to include K.L.D LLC and respond to the court’s show cause order. Stafford will also file a motion for default judgment.

Questions for the Board

Please provide us with background information as to the relationship with K.L.D LLC (e.g. date the CDA found out about the sale, whether the sale has been effectuated, etc.).

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2. Scanalytics Inc.

Status Update

We sent a demand letter to Joseph Scanlin on April 9, 2025, seeking to recover sums owed to CDA under a promissory note, security agreement, and forbearance agreement. The demand letter sent to 10700 W. Research Dr., Suite 350, Wauwatosa, WI 53226 was returned as undeliverable.

Next Steps

We need to determine whether the CDA has an alternative address or contact information for Mr. Scanlin to ensure proper service. If not, we could engage a skip tracing service to find a new address for him.

3. SafePro Technologies Inc.

Status Update

Stafford is currently revising the loan documents based on the latest discussion with Emily McFarland.

Next Steps

This matter remains in progress pending finalization of the loan documents. Stafford plans to have revised documents to the CDA this week.

4. Slipstream LLC

Status Update

We filed the complaint with the circuit court on April 16, 2025, and the defendants filed their answer on May 9, 2025. Stafford met with opposing counsel on May 29, 2025, during which we learned that Slipstream consents to judgment being entered against it in relation to both the Secured Promissory Note dated September 23, 2014 in the original amount of \$42,000, and the Business Credit Agreement dated May 27, 2015 in the original amount of \$32,000. Additionally, the defendant has indicated willingness to surrender all business assets to the CDA. Unfortunately, because Slipstream has not been operating for a few years and has no revenues, the only recovery CDA can expect is to repossess the business assets.

Next Steps

Coordinate entry of consent judgment and surrender of assets.

5. Lemon and Sage Beauty Lounge LLC

Status Update

Stafford prepared and sent draft loan documents to the CDA for review and comment on May 28, 2025. The CDA subsequently provided the draft loan documents to Lemon and Sage Beauty Lounge LLC for review. Upon review, Lemon and Sage Beauty Lounge LLC elected to not proceed with executing the loan documents to receive a loan from the CDA at this time.

6. Inventalator, Inc.

Status Update

In January 2025, Stafford prepared an Amended and Restated Promissory Note for the borrower. Pursuant to the Note, Inventalator was required to submit to the CDA by March 31, 2025:

“a balance sheet and profit and loss statement together with a statement of cash flows and applicable notes to the financial statements of Maker for each prior fiscal period, prepared in accordance with GAAP and reviewed by an independent certified public accountant. Such financial statements shall include: (i) the accountant’s management letter, if any; and (ii) a written certification by Maker's chief financial officer or other executive officer that the financial statements present fairly the financial condition, results of operations, and cash flows of Maker as of the dates and for the periods indicated, in accordance with GAAP.”

Additionally, by June 30, 2025, Inventalator is required to “make a payment in an amount equal to Maker’s total royalties due to Maker based on Maker’s total revenues generated in 2024.”

Our review of the financial statements provided to the CDA by Inventalator show that the statements are for the 1Q of 2025, instead of the financial statements for the 2024 fiscal year. This is concerning because the payment due on June 30, 2025 will be based on the total royalties due to Inventalator based on Inventalator’s total revenues generated in 2024. Without the 2024 financial statements, the CDA would be unable to verify that the payment it receives from the borrower is accurate.

Next Steps

Request the 2024 financial statements “prepared in accordance with GAAP and reviewed by an independent certified public accountant” which shall include “(i) the accountant’s management letter, if any; and (ii) a written certification by Maker's chief financial officer or other executive officer that the financial statements present fairly the financial condition, results of operations, and cash flows of Maker as of the dates and for the periods indicated, in accordance with GAAP.”

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Please let us know if you have any questions or concerns. We are happy to supplement this status update as needed.

Best regards,

STAFFORD ROSENBAUM LLP

Iana A. Vladimirova

CC: ISL