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October 24, 2017

Julianne E.
Steinbacher, CELA*

VIA E-MAIL

H. Amos
Goodall, Jr., CELA*
LL.M. in Elder Law

Scott English, Executive Director
American Philatelic Society
100 Match Factory Place
Bellefonte, PA 16823-1367

Kathleen V.
Yurchak

Re: Regency-Superior Auctions/Daniel Kols

Samantha K.
Wolfe
LL.M. in Taxation

Dear Scott:

Brittany O.
Smith
Also admitted in VA

I understand that there are members of the American Philatelic Society who delivered stamp and other postal material to Regency-Superior Auctions on a consignment basis and that material was neither sold nor returned to them. David Kols, operator of Regency, was expelled on August 31, 2017 from the American Philatelic Society for "conduct unbecoming a member for failure to fulfill contracts and settle philatelic indebtedness to the Society and numerous cosigners (violation of APS Code of Ethics #8).

Brittany L.
Moore

Jenna L.
Franks

I recently contacted the attorney for Regency - Dave Dare - to find out how to get this material back to members. Dave Dare represents both Regency and David Kols personally. Dare's contact information is (314) 965-3373 or ddare@hdsstl.com.

*Certified Elder Law Attorney,
by the National Elder Law
Foundation, an organization
approved by the Supreme Court
of Pennsylvania as a certifying
organization.

As the members likely already know, Dare verified that Regency has ceased doing business and has no intention of resuming operations. This has been announced on Regency's website at www.regencystamps.com/default.aspx and in the May article in Linn's Stamp News at <http://www.linns.com/news/auctions/2017/may/regency-superior-closes-doors.html#>. Dare also shared that Kols has serious health issues.

Dare advised that upon the closing of Regency's doors, Kols initially considered abandoning the company and immediately filing for personal bankruptcy without assisting in any transition/liquidation of the business. However, Kols decided that the best approach would be to work with Regency's secured lender and assist in the liquidation of his business assets.

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By way of background on Regency's financial situation, as of August, 2017, Regency owed the Central Bank of St. Louis \$4 million dollars, which loan is secured by "company owned assets." Central Bank is represented by Nancy Martin of Jenkins and Cling. Nancy Martin's contact information is (314) 721-2525.

I recently spoke with Nancy Martin about consigned items in the possession of Regency. Central Bank of St. Louis claims no security interest or other interest in consigned goods or proceeds from the sale of consigned goods. Nancy Martin advised that she is not aware of Central Bank ever trying to exercise control over consigned goods. To the contrary, Nancy Martin reports that Central Bank requested that Regency segregate the proceeds of consigned inventory from any sale and segregate all consigned goods. Regency apparently agreed to do this but the Bank has not received any reports confirming or identifying segregated goods or proceeds.

When Regency defaulted on Central Bank's loan – at the end of December, 2016 – Regency's bank account only had a few hundred dollars in it. As a result, in order to insure an efficient liquidation of inventory, Central Bank lent money to Regency to allow Regency to conduct a final auction. On January 21, 2017, Regency held this auction, which may have included consigned goods. Central Bank was not involved in the auction and has not yet received an itemization of what was sold. Nancy Martin said some merchants have received money from that auction or set off funds due. However, we are not aware of a single person who received money from either the January auction or the previous auction held in Chicago in November, 2016.

According to Kol's attorney, Kol is working on completion of the inventory of sold consigned items and items remaining in storage to return.

The good news is that Central Bank is not asserting any interest in any consigned goods or proceeds of those goods. The bad news is that the identification of what consigned items remain or what proceeds of the sale of consigned items remain is not readily available. Apparently Central Bank has been asking for this information from Regency for some time. Frankly, based upon Regency's failure to provide a timely inventory to Central Bank, I have concerns that a proper accounting will ever be completed.

I advise all members who have items on consignment or have not yet received proceeds of sale of consigned items to notify David Dare at ddare@hdsstl.com with a copy to me at yurchak@centrelaw.com.

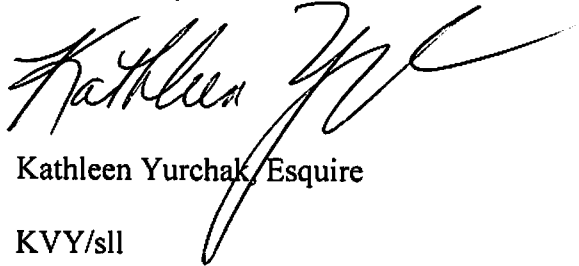
David Kols plans to eventually file a personal bankruptcy as Central Bank's security interest includes his home. At the present time, Regency has no plans to file bankruptcy but intends to continue liquidating the company out of court.

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If any of our members have questions or additional information, they can contact me at yurchak@centrelaw.com.

Very truly yours,

Steinbacher, Goodall & Yurchak

A handwritten signature in black ink, appearing to read "Kathleen Yurchak". The signature is fluid and cursive, with a large, sweeping flourish extending from the end of the name.

Kathleen Yurchak, Esquire

KVY/sll