

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

Debtor Name Free Speech Systems LLC

United States Bankruptcy Court for the: Southern District of Texas

Case number: 22-60043

Check if this is an amended filing

Official Form 425C

**Monthly Operating Report for Small Business Under Chapter 11**

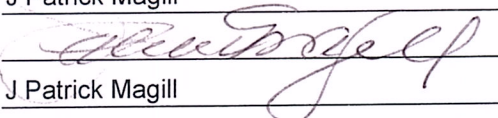
12/17

Month: November Date report filed: 12/19/2022  
MM / DD / YYYY

Line of business: Dietary Supplement Sales NAISC code: 325411

In accordance with title 28, section 1746, of the United States Code, I declare under penalty of perjury that I have examined the following small business monthly operating report and the accompanying attachments and, to the best of my knowledge, these documents are true, correct, and complete.

Responsible party: J Patrick Magill

Original signature of responsible party: 

Printed name of responsible party: J Patrick Magill

**1. Questionnaire**

Answer all questions on behalf of the debtor for the period covered by this report, unless otherwise indicated.

Yes No N/A

**If you answer No to any of the questions in lines 1-9, attach an explanation and label it Exhibit A.**

- 1. Did the business operate during the entire reporting period?  Yes  No  N/A
- 2. Do you plan to continue to operate the business next month?  Yes  No  N/A
- 3. Have you paid all of your bills on time?  Yes  No  N/A
- 4. Did you pay your employees on time?  Yes  No  N/A
- 5. Have you deposited all the receipts for your business into debtor in possession (DIP) accounts?  Yes  No  N/A
- 6. Have you timely filed your tax returns and paid all of your taxes?  Yes  No  N/A
- 7. Have you timely filed all other required government filings?  Yes  No  N/A
- 8. Are you current on your quarterly fee payments to the U.S. Trustee or Bankruptcy Administrator?  Yes  No  N/A
- 9. Have you timely paid all of your insurance premiums?  Yes  No  N/A

**If you answer Yes to any of the questions in lines 10-18, attach an explanation and label it Exhibit B.**

- 10. Do you have any bank accounts open other than the DIP accounts?  Yes  No  N/A
- 11. Have you sold any assets other than inventory?  Yes  No  N/A
- 12. Have you sold or transferred any assets or provided services to anyone related to the DIP in any way?\*\*\* NOTE 1 \*\*\*  Yes  No  N/A
- 13. Did any insurance company cancel your policy?  Yes  No  N/A
- 14. Did you have any unusual or significant unanticipated expenses?  Yes  No  N/A
- 15. Have you borrowed money from anyone or has anyone made any payments on your behalf?  Yes  No  N/A
- 16. Has anyone made an investment in your business?  Yes  No  N/A

Debtor Name \_\_\_\_\_

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17. Have you paid any bills you owed before you filed bankruptcy?
18. Have you allowed any checks to clear the bank that were issued before you filed bankruptcy?

\*\*\* NOTE 1 \*\*\* We provide consignment sales services to PQPR

## 2. Summary of Cash Activity for All Accounts

**19. Total opening balance of all accounts**

This amount must equal what you reported as the cash on hand at the end of the month in the previous month. If this is your first report, report the total cash on hand as of the date of the filing of this case. \$ \_\_\_\_\_

**20. Total cash receipts**

Attach a listing of all cash received for the month and label it *Exhibit C*. Include all cash received even if you have not deposited it at the bank, collections on receivables, credit card deposits, cash received from other parties, or loans, gifts, or payments made by other parties on your behalf. Do not attach bank statements in lieu of *Exhibit C*.

Report the total from *Exhibit C* here. \$ \_\_\_\_\_

**21. Total cash disbursements**

Attach a listing of all payments you made in the month and label it *Exhibit D*. List the date paid, payee, purpose, and amount. Include all cash payments, debit card transactions, checks issued even if they have not cleared the bank, outstanding checks issued before the bankruptcy was filed that were allowed to clear this month, and payments made by other parties on your behalf. Do not attach bank statements in lieu of *Exhibit D*.

Report the total from *Exhibit D* here. - \$ \_\_\_\_\_

**22. Net cash flow**

Subtract line 21 from line 20 and report the result here. + \$ \_\_\_\_\_  
 This amount may be different from what you may have calculated as *net profit*.

**23. Cash on hand at the end of the month**

Add line 22 + line 19. Report the result here. = \$ \_\_\_\_\_  
 Report this figure as the *cash on hand at the beginning of the month* on your next operating report.  
 This amount may not match your bank account balance because you may have outstanding checks that have not cleared the bank or deposits in transit.

## 3. Unpaid Bills

Attach a list of all debts (including taxes) which you have incurred since the date you filed bankruptcy but have not paid. Label it *Exhibit E*. Include the date the debt was incurred, who is owed the money, the purpose of the debt, and when the debt is due. Report the total from *Exhibit E* here.

- 24. Total payables** \$ \_\_\_\_\_  
 (*Exhibit E*)

Debtor Name \_\_\_\_\_

Case number \_\_\_\_\_

### 4. Money Owed to You

Attach a list of all amounts owed to you by your customers for work you have done or merchandise you have sold. Include amounts owed to you both before, and after you filed bankruptcy. Label it *Exhibit F*. Identify who owes you money, how much is owed, and when payment is due. Report the total from *Exhibit F* here.

25. **Total receivables** \$ \_\_\_\_\_  
 (Exhibit F)

### 5. Employees

26. What was the number of employees when the case was filed? \_\_\_\_\_  
 27. What is the number of employees as of the date of this monthly report? \_\_\_\_\_

### 6. Professional Fees

28. How much have you paid this month in professional fees related to this bankruptcy case? \$ \_\_\_\_\_  
 29. How much have you paid in professional fees related to this bankruptcy case since the case was filed? \$ \_\_\_\_\_  
 30. How much have you paid this month in other professional fees? \$ \_\_\_\_\_  
 31. How much have you paid in total other professional fees since filing the case? \$ \_\_\_\_\_

### 7. Projections

Compare your actual cash receipts and disbursements to what you projected in the previous month. Projected figures in the first month should match those provided at the initial debtor interview, if any.

	<u>Column A</u>	-	<u>Column B</u>	=	<u>Column C</u>
	<b>Projected</b>		<b>Actual</b>		<b>Difference</b>
	Copy lines 35-37 from the previous month's report.		Copy lines 20-22 of this report.		Subtract Column B from Column A.
32. <b>Cash receipts</b>	\$ _____	-	\$ _____	=	\$ _____
33. <b>Cash disbursements</b>	\$ _____	-	\$ _____	=	\$ _____
34. <b>Net cash flow</b>	\$ _____	-	\$ _____	=	\$ _____
35. Total projected cash receipts for the next month:					\$ _____
36. Total projected cash disbursements for the next month:					- \$ _____
37. Total projected net cash flow for the next month:					= \$ _____

Debtor Name \_\_\_\_\_

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## **8. Additional Information**

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If available, check the box to the left and attach copies of the following documents.

- 38. Bank statements for each open account (redact all but the last 4 digits of account numbers).
- 39. Bank reconciliation reports for each account.
- 40. Financial reports such as an income statement (profit & loss) and/or balance sheet.
- 41. Budget, projection, or forecast reports.
- 42. Project, job costing, or work-in-progress reports.



	<u>AXOS Deposits</u> <u># 78877</u>	<u>AXOS Operating</u> <u># 78919</u>	<u>AXOS Donations</u> <u># 78885</u>	<u>AXOS Payroll</u> <u># 78927</u>	<u>AXOS Infowars</u> <u># 78893</u>	<u>AXOS Legal</u> <u># 78901</u>	<u>SEC BANK</u> <u>Operations #8514</u>	<u>SEC BANK</u> <u>Donations #8746</u>	<u>SEC BANK</u> <u>Payroll #8522</u>	<u>SEC BANK</u> <u>InfoWars #8621</u>	<u>SEC BANK</u> <u>Deposits #8563</u>	<u>TOTAL</u> <u>All Accounts</u>
<u>November 1 to November 30</u>												
<b>Opening Balance</b>	<b>840,915.62</b>	<b>802,613.29</b>	<b>351,229.87</b>	<b>16,616.78</b>	<b>6,125.44</b>	-	-	-	-	-	<b>11.77</b>	<b>2,017,512.77</b>
Cash Receipts	2,464,271.55	9,782.48	4,741.64	3,724.00	-	-	-	-	-	-	-	<b>2,482,519.67</b>
Cash Disbursements	-	(2,447,732.82)	-	(243,504.17)	-	-	-	-	-	-	-	<b>(2,691,236.99)</b>
<b>Net Cash Flow</b>	<b>2,464,271.55</b>	<b>(2,437,950.34)</b>	<b>4,741.64</b>	<b>(239,780.17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(208,717.32)</b>
Transfers In	-	2,000,000.00	-	325,000.00	-	300,000.00	-	-	-	-	-	<i>2,625,000.00</i>
Transfers Out	(2,200,000.00)	(125,000.00)	-	-	-	(300,000.00)	-	-	-	-	-	<i>(2,625,000.00)</i>
<b>Cash on Hand</b>	<b><u>1,105,187.17</u></b>	<b><u>239,662.95</u></b>	<b><u>355,971.51</u></b>	<b><u>101,836.61</u></b>	<b><u>6,125.44</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>11.77</u></b>	<b><u>1,808,795.45</u></b>


**FREE SPEECH SYSTEMS**
**FORM 425C Exhibit E**  
**Total Payables**

*For various reasons, Free Speech Systems LLC has not kept its books on the accrual basis of accounting and as a result there is not a traditional accounts payable list available at this time. Free Speech Systems has kept books on the cash basis and virtually all bills are paid via ACH. We are including the invoices / bills paid / checks cleared from the 1st to the 15th of the following month as a reasonable estimate of our payables at the date of the report.*

As of November 30, 2022

<u>From</u>	<u>Amount</u>	<u>Due Date</u>	<u>From</u>	<u>Amount</u>	<u>Due Date</u>
Surf Thru	20.00	12/1/2022	RMA Toll Road	475.75	12/8/2022
The Hartford	2,363.10	12/1/2022	Check #99266774	425.66	12/8/2022
Blue Ascension	46,960.01	12/1/2022	Spectrum	180.14	12/9/2022
Blue Ascension	49,999.99	12/1/2022	Waste Connections	2,099.92	12/9/2022
Latham Time Corp	138.64	12/2/2022	Austin Security	4,237.99	12/9/2022
ACH Ops Expense	1,600.00	12/2/2022	Blue Ascension	4,900.00	12/9/2022
ACH Ops Expense	2,700.00	12/2/2022	Contract Production	8,950.00	12/9/2022
ACH Ops Expense	2,837.50	12/2/2022	Alex Jones CC Reimb	22,325.27	12/9/2022
ACH Ops Expense	3,000.00	12/2/2022	Employee Exp Reimb	15.66	12/9/2022
Austin Security	4,692.64	12/2/2022	Blue Ascension	50,000.00	12/9/2022
Austin Security	4,919.96	12/2/2022	B&H Video	238.91	12/9/2022
Authnet Gateway	6,096.00	12/2/2022	Edgecast Inc	5,863.00	12/9/2022
ACH Ops Expense	8,194.05	12/2/2022	Gracernote Media	123.58	12/9/2022
Air Supply of N TX	238.91	12/2/2022	Haivision	49,865.00	12/9/2022
ATX HD	20,671.00	12/2/2022	JIB Equipment	818.82	12/9/2022
Atomial LLC	25,200.00	12/2/2022	Stone Edge	970.00	12/9/2022
E Commerce CDN	27,270.00	12/2/2022	PQPR	5,000.00	12/9/2022
ACH Ops Expense	50,798.26	12/2/2022	PQPR	50,000.00	12/9/2022
Nutrascience	121,752.51	12/2/2022	PQPR	187,012.07	12/9/2022
Stone Edge	970.00	12/2/2022	Nutrascience	121,752.51	12/9/2022
PQPR	50,000.00	12/2/2022	Check # 99093634	216.44	12/9/2022
PQPR	5,000.00	12/2/2022	Hertz Toll Rd	24.45	12/12/2022
PQPR	116,486.01	12/2/2022	Quickbooks Online	213.20	12/12/2022
PQPR	127,518.40	12/2/2022	Verizon	535.06	12/12/2022
ACH Ops Expense	10.00	12/2/2022	Telecomm Grande	1,300.00	12/12/2022
Amazon	103.96	12/2/2022	ACH Ops Expense	3,394.69	12/12/2022
Hertz Austin	873.50	12/5/2022	Check 1007	225.00	12/12/2022
ADT Security	10.28	12/5/2022	Check 1006	475.00	12/12/2022
ADT Security	20.45	12/5/2022	Check 1004	706.25	12/12/2022
ADT Security	64.22	12/5/2022	Check 1002	718.75	12/12/2022
ADT Security	69.18	12/5/2022	Check 1005	1,512.50	12/12/2022
ADT Security	72.02	12/5/2022	WEBFILE Tax Pmt	3,817.56	12/13/2022
ADT Security	81.19	12/5/2022	WEBFILE Tax Pmt	4,915.54	12/13/2022
ADT Security	81.19	12/5/2022	WEBFILE Tax Pmt	10,857.23	12/13/2022
ADT Security	102.06	12/5/2022	WEBFILE Tax Pmt	12,081.77	12/13/2022
ADT Security	126.76	12/5/2022	Name.com	151.90	12/13/2022
DirectTV	208.43	12/5/2022	Check #99512212	18,269.20	12/13/2022
Google Ad Services	280.00	12/5/2022	Check # 99136700	67,521.44	12/13/2022
ADT Security	532.93	12/5/2022	WEBFILE Tax Pmt	2,875.94	12/14/2022
Quickbooks Online	642.27	12/5/2022	WEBFILE Tax Pmt	6,392.62	12/14/2022
ADT Security	830.10	12/5/2022	WEBFILE Tax Pmt	7,225.91	12/14/2022
ADT Security	1,411.18	12/5/2022	WEBFILE Tax Pmt	12,042.22	12/14/2022
Complete Controller	1,835.00	12/5/2022	Amazon - Supplies	267.78	12/14/2022
Check # 99393588	56.00	12/5/2022	Amazon - Supplies	170.70	12/15/2022
Check #99415135	570.00	12/5/2022	Amazon - Supplies	241.52	12/15/2022
Check # 99234248	92.95	12/8/2022	Orkin Pest Control	261.97	12/15/2022
			Amazon - Supplies	405.50	12/15/2022
				<b>1,359,575.07</b>	



**FORM 425C Exhibit F**  
**Total Receivables**

*Free Speech Systems LLC does not have traditional receivables from our customers. Virtually all our transactions happen via our on-line store and aggregated by our third party credit card processor. There is a lag between the transaction on the on-line store and the funding from our processor. Therefore, we don't have traditional customer receivables but have included our daily processor deposits from the 1st to the 5th of the following month as receivables*

*As of November 30, 2022*

<u>From</u>	<u>Amount</u>	<u>Due Date</u>
Processor C	160,455.75	12/1/2022
Processor S	109,485.05	12/5/2022
	<b>269,940.80</b>	