

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re Atari, Inc., et al.

Debtor [a]

Case No. 13-10176

Reporting Period: 01/21/13 - 02/28/13

Federal Tax I.D. # 13-3689915

**CORPORATE MONTHLY OPERATING REPORT**

**File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.**

*(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)*

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	<a href="#">MOR-1</a>	Yes	
Bank Reconciliation (or copies of debtor's bank reconciliations)	<a href="#">MOR-1 (CONT)</a>	Yes	
Copies of bank statements		[b]	
Cash disbursements journals	<a href="#">MOR-1 (CONT)</a>	Yes	
Statement of Operations	<a href="#">MOR-2</a>	Yes	
Balance Sheet	<a href="#">MOR-3</a>	Yes	
Status of Post-petition Taxes	<a href="#">MOR-4</a>	Yes	
Copies of IRS Form 6123 or payment receipt		n/a	
Copies of tax returns filed during reporting period		n/a	
Summary of Unpaid Post-petition Debts	<a href="#">MOR-4</a>	Yes	
Listing of Aged Accounts Payable	<a href="#">MOR-4 (CONT)</a>	Yes	
Accounts Receivable Reconciliation and Aging	<a href="#">MOR-5</a>	Yes	
Taxes Reconciliation and Aging	<a href="#">MOR-5</a>	n/a	
Payments to Insiders and Professional	<a href="#">MOR-6</a>	Yes	
Post Petition Status of Secured Notes, Leases Payable	<a href="#">MOR-6</a>	Yes	
Debtor Questionnaire	<a href="#">MOR-7</a>	Yes	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Authorized Individual\*

Date

3/15/2013

Printed Name of Authorized Individual: Robert Mattes

Date

3/15/2013

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

[a] Debtors include Atari, Inc. (13-10176), Atari Interactive, Inc. (13-10177), California U.S. Holdings, Inc. (10-10178), and Humongous, Inc. (13-10179). All results reported on a consolidated basis herein. Cash Disbursements by Debtor are detailed on MOR-1(A) for United States Trustee Fee calculation purposes.

[b] Available upon request

In re Atari, Inc., et al.  
Debtor

Case No. 13-10176  
Reporting Period: 01/21/13 - 02/28/13

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the bank account columns. Attach copies of the bank statements and cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on the page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

ACCOUNT NUMBER (LAST 4)	BANK ACCOUNTS								CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS)
	Atari, Inc. Operating #4601	Atari Payroll #4903	Atari, Inc. Pay Pal #8664	Atari, Inc. Money Mkt #7788	Atari, Inc. Lockbox #9898	Atari, Inc. Payroll (CA) #1153	Atari Interactive, Inc. Operating #4657	Humongous, Inc. Operating #5293	
<b>CASH BEGINNING OF MONTH</b>	\$ 467,398	\$ 11,207	\$ 200	\$ 338	\$ 192	\$ 25,016	\$ 164,699	\$ 81,848	\$ 750,898
<b>RECEIPTS</b>									
CASH SALES	-	-	17,771	-	-	-	-	-	17,771
ACCOUNTS RECEIVABLE - PREPETITION	1,701,116	-	-	-	10,182	-	17,471	-	1,728,769
ACCOUNTS RECEIVABLE - POSTPETITION	12,787	-	-	-	-	-	10,000	-	22,787
LOANS AND ADVANCES	2,000,000	-	-	-	-	-	-	-	2,000,000
SALE OF ASSETS	-	-	-	-	-	-	-	-	-
OTHER (ATTACH LIST)	2,846	-	-	78	-	-	-	-	2,925
TRANSFERS (FROM DIP ACCTS)	548,145	820,423	-	3,030,000	3,259	-	-	-	4,401,826
<b>TOTAL RECEIPTS</b>	<b>4,264,894</b>	<b>820,423</b>	<b>17,771</b>	<b>3,030,078</b>	<b>13,441</b>	<b>-</b>	<b>27,471</b>	<b>-</b>	<b>8,174,078</b>
<b>DISBURSEMENTS</b>									
NET PAYROLL	-	489,053	-	-	-	2,558	-	-	491,610
PAYROLL TAXES	-	331,857	-	-	-	-	-	-	331,857
SALES, USE, & OTHER TAXES	-	-	-	-	-	-	-	-	-
INVENTORY PURCHASES / PROD. DEVELOPMENT COSTS	273,864	-	-	-	-	-	-	-	273,864
SECURED/ RENTAL/ LEASES	76,812	-	-	-	-	-	-	-	76,812
INSURANCE (INCLUDING EE BENEFITS)	202,910	-	-	-	-	-	-	-	202,910
ADMINISTRATIVE	107,106	3,023	-	-	-	-	-	-	110,128
SELLING	12,953	-	-	-	-	-	-	-	12,953
OTHER (ATTACH LIST)	51,217	-	-	-	3,259	-	537	-	55,013
OWNER DRAW *	-	-	-	-	-	-	-	-	-
TRANSFERS (TO DIP ACCTS)	3,853,682	-	17,771	520,000	10,374	-	-	-	4,401,826
PROFESSIONAL FEES	-	-	-	-	-	-	-	-	-
U.S. TRUSTEE QUARTERLY FEES	-	-	-	-	-	-	-	-	-
COURT COSTS	-	-	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>4,578,544</b>	<b>823,932</b>	<b>17,771</b>	<b>520,000</b>	<b>13,633</b>	<b>2,558</b>	<b>537</b>	<b>-</b>	<b>5,956,975</b>
<b>NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)</b>	<b>(313,650)</b>	<b>(3,509)</b>	<b>(0)</b>	<b>2,510,078</b>	<b>(192)</b>	<b>(2,558)</b>	<b>26,934</b>	<b>-</b>	<b>2,217,103</b>
<b>CASH - END OF MONTH</b>	<b>\$ 153,748</b>	<b>\$ 7,697</b>	<b>\$ 200</b>	<b>\$ 2,510,417</b>	<b>\$ -</b>	<b>\$ 22,459</b>	<b>\$ 191,632</b>	<b>\$ 81,848</b>	<b>\$ 2,968,001</b>

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

<b>OTHER RECEIPTS</b>									
Refund from Optum Health	1,328								1,328
Interest Income	-			75					75
Online Advertising Revenue	1,188								1,188
Claim Pay-backs	330								330
<b>TOTAL OTHER RECEIPTS</b>	<b>2,846</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,922</b>
<b>OTHER DISBURSEMENTS</b>									
401K Funding	51,217								51,217
Bank Fee					3,259		537		3,796
<b>TOTAL OTHER DISBURSEMENTS</b>	<b>51,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,259</b>	<b>-</b>	<b>537</b>	<b>-</b>	<b>55,013</b>

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### BANK RECONCILIATIONS

#### Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.  
(Bank account numbers may be redacted to last four numbers.)

	Atari, Inc. Operating #4601	Atari Payroll #4903	Atari, Inc. PayPal #8664	Atari, Inc. Money Mkt #7788	Atari, Inc. Lockbox #9898	Atari, Inc. Payroll (CA) #1153	Atari Interactive, Inc. Operating #4657	Humongous, Inc. Operating #5253	Total
<b>BALANCE PER BOOKS</b>	\$ 153,748	\$ 7,697	\$ 200	\$ 2,510,417	\$ -	\$ 22,459	\$ 191,632	\$ 81,849	\$ 2,968,002
<b>BANK BALANCE</b>	163,548	10,825	200	2,510,417	-	22,459	191,632	81,848	2,980,929
(+) DEPOSITS IN TRANSIT <i>(ATTACH LIST)</i>	-	-	-	-	-	-	-	-	-
(-) OUTSTANDING CHECKS <i>(ATTACH LIST)</i> :	9,800	3,127	-	-	-	-	-	-	12,927
OTHER <i>(ATTACH EXPLANATION)</i>	-	-	-	-	-	-	-	-	-
<b>ADJUSTED BANK BALANCE *</b>	\$ 153,748	\$ 7,697	\$ 200	\$ 2,510,417	\$ -	\$ 22,459	\$ 191,632	\$ 81,848	\$ 2,968,001

\*"Adjusted Bank Balance" must equal "Balance per Books"

DEPOSITS IN TRANSIT	Date	Amount
None		
CHECKS OUTSTANDING	Ck. #	Amount
Employee	530912	50
GPPG, LLC	530946	4,339
National Corporate	530974	336
Vision Service Plan	530984	583
Employee	530985	48
Hyatt Legal Plans	530991	117
Employee	530992	327
Standard Parking Co	530998	4,000
<b>TOTAL - OPERATING</b>		9,800
Employee	7044	3,127
<b>TOTAL - PAYROLL</b>		3,127

#### OTHER

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**CASH DISBURSEMENTS JOURNAL**  
**Continuation Sheet for MOR-1**

A cash disbursements journal must be included. The total disbursements listed in the disbursements journal must equal the total disbursements (less transfers to other DIP accounts) reported on the Cash Receipts and Disbursements Schedule.

Payee	Check / Wire No.	Date	Amount
475 Building Company	80007832	02/08/13	\$ 26,843
475 Building Company	80007827	02/01/13	8,659
ADP (Payroll/Taxes/Fees)	EFT	Various	823,932
American Express	80007836	02/15/13	5,761
American Express	80007834	02/08/13	40,013
Bluehornet Networks	530940	02/08/13	1,773
Centurylink Qcc	530941	02/08/13	415
CGLIC	530968	02/15/13	171
CGLIC	530918	02/01/13	2,890
CGLIC	530931	02/01/13	1,376
Cinram Group, LLC	80007837	02/15/13	837
Cinram Group, LLC	80007829	02/04/13	38,739
Cinram Group, LLC	80007830	02/04/13	12
Cna Insurance	530987	02/21/13	3,301
Cna Insurance	530932	02/01/13	3,301
Code Mystics Inc.	80007819	02/01/13	6,300
Code Mystics Inc.	80007820	02/01/13	19,050
Cogent Communications	530969	02/15/13	900
Cogent Communications	530942	02/08/13	290
Cohen Brothers Real	530970	02/15/13	355
Cohen Brothers Real	530943	02/08/13	114
Escalation Studios	80007821	02/01/13	66,000
Fibermedia Group, LLC	530988	02/21/13	3,117
Fibermedia Group, LLC	530971	02/15/13	3,117
Fibermedia Group, LLC	530944	02/08/13	1,005
Fidelity	Wire	02/15/13	16,713
Fidelity	Wire	02/28/13	16,872
Fidelity	Wire	01/31/13	17,632
Giancarlo A. Mori	530945	02/08/13	6,497
GPPG, LLC	530946	02/08/13	4,339
GPPG, LLC	530933	02/01/13	1,619
Gskinner.com Inc.	80007822	02/01/13	99,000
Hudson Fiber Network	530989	02/21/13	2,247
Hudson Fiber Network	530972	02/15/13	2,247
Hudson Fiber Network	530947	02/08/13	725
Hudson Valley Computers	530990	02/21/13	7,000
Hudson Valley Computers	530948	02/08/13	1,097
Hyatt Legal Plans	530991	02/21/13	117
Hyatt Legal Plans	530920	02/01/13	196
Hyatt Legal Plans	530934	02/01/13	38
Ian Dunn	530992	02/21/13	327
James W. Wilson	530921	02/01/13	362
Jeffrey Stewart	530949	02/08/13	735
Joel Fashingbauer	530950	02/08/13	1,173
Joshua Bartos	530993	02/21/13	518
Joshua Bartos	530951	02/08/13	518
Joshua Bartos	530952	02/08/13	518
Joshua Bartos	530922	02/01/13	6,401
Joshua E. Valensi	1598	02/20/13	1,682
Joshua E. Valensi	1599	02/20/13	876
Joshua Valensi	530953	02/08/13	860
JP Morgan (Bank Fees)	EFT	Various	3,796
Konica Minolta	530973	02/15/13	602

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Payee	Check / Wire No.	Date	Amount
Konica Minolta	530954	02/08/13	217
Kristen J. Keller	530955	02/08/13	1,399
Mailfinance Inc.	530994	02/21/13	588
Maintech	530956	02/08/13	76
Mallory Craig	530923	02/01/13	563
Matthew Labunka	530995	02/21/13	959
Mcgraw Communications	530996	02/21/13	1,275
Mcgraw Communications	530957	02/08/13	413
National Benefit Life	530924	02/01/13	246
National Corporate	530974	02/15/13	336
New Momentum, Inc.	530975	02/15/13	2,392
Ohm Systems, Inc.	530977	02/15/13	1,920
Optumhealth Financing	530978	02/15/13	19
Optumhealth Financing	530979	02/15/13	39
Optumhealth Financing	530925	02/01/13	90
Preferred Pension Corp	530926	02/01/13	2,000
Premium Assignment	530959	02/08/13	3,072
Premium Assignment	80007825	02/01/13	24,906
Premium Assignment	80007826	02/01/13	11,860
Quick Dispense Inc.	530997	02/21/13	112
Rackspace Managed H	80007831	02/06/13	9,774
Richard Evans	530980	02/15/13	251
Richard Evans	530960	02/08/13	134
Standard Parking Co	530998	02/21/13	4,000
Standard Parking Co	530935	02/01/13	1,290
Symantec Corp.	530981	02/15/13	253
Telepacific Communication	530961	02/08/13	296
Todd Shallbetter	530999	02/21/13	1,179
Transamerica Financial	530936	02/01/13	3,501
Triplepoint, LLC	530982	02/15/13	3,226
Uab On5	80007838	02/15/13	500
Uab On5	80007835	02/08/13	43,000
United Healthcare	530963	02/08/13	38,614
United Healthcare	530928	02/01/13	49,191
United Healthcare	530937	02/01/13	23,424
United Parcel Service	530983	02/15/13	427
Verizon (Main)	531000	02/21/13	3,934
Verizon (Main)	530964	02/08/13	470
Vision Service Plan	530984	02/15/13	583
Vision Service Plan	530929	02/01/13	485
Vision Service Plan	530938	02/01/13	458
Weeks-Lerman Group	531001	02/21/13	189
Weeks-Lerman Group	530965	02/08/13	238
Westwood Terrace, LLC	80007833	02/08/13	22,731
Westwood Terrace, LLC	80007828	02/01/13	7,331
William B Meyer Inc	530966	02/08/13	1,132
William Gallagher	80007823	02/01/13	19,906
William Gallagher	80007824	02/01/13	13,125
Yolanda Bulla	530985	02/15/13	48
Total Disbursements During Period			<u>\$ 1,555,148</u>



In re Atari, Inc., et al. Case No. MOR-1(A)  
Debtor 13-10176  
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### SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

#### THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

Atari, Inc.	CURRENT MONTH	QUARTER TO DATE
<b>TOTAL DISBURSEMENTS</b>	\$ 5,956,437	\$ 5,956,437
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	4,401,826	4,401,826
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	-	-
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>1,554,611</b>	<b>1,554,611</b>

Atari Interactive, Inc.	CURRENT MONTH	QUARTER TO DATE
<b>TOTAL DISBURSEMENTS</b>	537	537
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	-	-
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	-	-
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>537</b>	<b>537</b>

California U.S. Holdings, Inc.	CURRENT MONTH	QUARTER TO DATE
<b>TOTAL DISBURSEMENTS</b>	-	-
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	-	-
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	-	-
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>-</b>	<b>-</b>

Humongous, Inc.	CURRENT MONTH	QUARTER TO DATE
<b>TOTAL DISBURSEMENTS</b>	-	-
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	-	-
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	-	-
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>-</b>	<b>-</b>

Atari, Inc., et al. (Consolidated)	CURRENT MONTH	QUARTER TO DATE
<b>TOTAL DISBURSEMENTS</b>	5,956,975	5,956,975
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	4,401,826	4,401,826
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	-	-
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	<b>\$ 1,555,148</b>	<b>\$ 1,555,148</b>

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**STATEMENT OF OPERATIONS** (Income Statement)  
*reported in thousands (000's)*

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH	CUMULATIVE - FILING TO DATE
Gross Revenues	\$ 1,858	\$ 1,858
Less: Returns and Allowances	1	1
Net Revenue	1,856	1,856
<b>COST OF GOODS SOLD</b>		
Beginning Inventory	n/a	n/a
Add: Purchases	n/a	n/a
Add: Cost of Labor	n/a	n/a
Add: Other Costs (attach schedule)	n/a	n/a
Less: Ending Inventory	n/a	n/a
Cost of Goods Sold	727	727
Gross Profit	1,130	1,130
<b>OPERATING EXPENSES</b>		
Advertising	28	28
Auto and Truck Expense	-	-
Bad Debts	-	-
Contributions	-	-
Employee Benefits Programs	4	4
Officer/Insider Compensation*	-	-
Insurance	45	45
Management Fees/Bonuses	-	-
Office Expense	3	3
Pension & Profit-Sharing Plans	-	-
Repairs and Maintenance	-	-
Rent and Lease Expense	80	80
Salaries/Commissions/Fees	945	945
Supplies	-	-
Taxes - Payroll [a]	-	-
Taxes - Real Estate	-	-
Taxes - Other	-	-
Travel and Entertainment	15	15
Utilities	87	87
Other (attach schedule)	188	188
Total Operating Expenses Before Depreciation	1,396	1,396
Depreciation/Depletion/Amortization	770	770
Net Profit (Loss) Before Other Income & Expenses	(1,036)	(1,036)
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)	-	-
Interest Expense	19	19
Other Expense (attach schedule)	4	4
Net Profit (Loss) Before Reorganization Items	(1,059)	(1,059)

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REORGANIZATION ITEMS		
Professional Fees	1,194	1,194
U. S. Trustee Quarterly Fees	6	6
Interest Earned on Accumulated Cash from Chapter 11 <i>(see continuation sheet)</i>	-	-
Gain (Loss) from Sale of Equipment	-	-
Other Reorganization Expenses <i>(attach schedule)</i>	-	-
Total Reorganization Expenses	1,200	1,200
Income Taxes	-	-
Net Profit (Loss)	\$ (2,259)	\$ (2,259)

[a] Payroll taxes are included in the Salaries line item.

\*\*"Insider" is defined in 11 U.S.C. Section 101(31).

### BREAKDOWN OF "OTHER" CATEGORIES

#### OTHER COSTS

None	\$ -	\$ -
TOTAL OTHER COSTS	\$ -	\$ -

#### OTHER OPERATIONAL EXPENSES

Research and Development	\$ 36	\$ 36
Bank Fees	3	3
Distribution Costs	8	8
Consulting	32	32
Legal Fees	93	93
Accounting Fees	16	16
TOTAL OTHER OPERATIONAL EXPENSES	\$ 188	\$ 188

#### OTHER INCOME

	\$ -	\$ -
	-	-
TOTAL OTHER INCOME	\$ -	\$ -

#### OTHER EXPENSES

Foreign Exchange Conversion (Gain) / Loss	\$ 4	\$ 4
TOTAL OTHER EXPENSES	\$ 4	\$ 4

#### OTHER REORGANIZATION EXPENSES

None	\$ -	\$ -
TOTAL OTHER REORGANIZATION EXPENSES	\$ -	\$ -

#### Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.



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**BALANCE SHEET**  
*reported in thousands (000's)*

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE OR SCHEDULED
<b>CURRENT ASSETS</b>			
Unrestricted Cash and Equivalents	\$ 2,968	\$ -	\$ 751
Restricted Cash and Cash Equivalents ( <i>see continuation sheet</i> )	-	-	-
Accounts Receivable (Net)	2,369	-	2,842
Notes Receivable	-	-	-
Inventories	541	-	542
Prepaid Expenses	49	-	56
Professional Retainers	-	-	-
Other Current Assets ( <i>attach schedule</i> )	489	-	489
<b>TOTAL CURRENT ASSETS</b>	<b>6,416</b>	<b>-</b>	<b>4,680</b>
<b>PROPERTY &amp; EQUIPMENT</b>			
Real Property and Improvements	-	-	-
Machinery and Equipment	-	-	-
Furniture, Fixtures and Office Equipment	18,105	-	18,105
Leasehold Improvements	19	-	19
Vehicles	-	-	-
Less: Accumulated Depreciation	(17,867)	-	(17,851)
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>256</b>	<b>-</b>	<b>272</b>
<b>OTHER ASSETS</b>			
Amounts due from Insiders*	22,810	-	22,832
Other Assets ( <i>attach schedule</i> )	4,272	-	5,026
<b>TOTAL OTHER ASSETS</b>	<b>27,082</b>	<b>-</b>	<b>27,858</b>
<b>TOTAL ASSETS</b>	<b>33,754</b>	<b>-</b>	<b>32,810</b>
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>			
Accounts Payable [a]	435	-	113
Taxes Payable ( <i>refer to FORM MOR-4</i> )	-	-	-
Wages Payable	58	-	58
Notes Payable	-	-	-
Rent / Leases - Building/Equipment	103	-	105
Secured Debt / Adequate Protection Payments	2,019	-	-
Professional Fees	1,200	-	-
Amounts Due to Insiders*	-	-	-
Other Post-petition Liabilities ( <i>attach schedule</i> )	517	-	288
<b>TOTAL POST-PETITION LIABILITIES</b>	<b>4,332</b>	<b>-</b>	<b>564</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>			
Secured Debt	-	-	-
Priority Debt	379	-	525
Unsecured Debt	320,427	-	320,846
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>320,806</b>	<b>-</b>	<b>321,371</b>
<b>TOTAL LIABILITIES</b>	<b>325,138</b>	<b>-</b>	<b>321,935</b>
<b>OWNERS' EQUITY</b>			
Capital Stock	1,178,126	-	1,178,126
Additional Paid-In Capital	-	-	-
Partners' Capital Account	-	-	-
Owner's Equity Account	-	-	-
Retained Earnings - Pre-Petition	(1,467,251)	-	(1,467,251)
Retained Earnings - Post-petition	(2,259)	-	-
Adjustments to Owner Equity ( <i>attach schedule</i> )	-	-	-
Post-petition Contributions ( <i>attach schedule</i> )	-	-	-
<b>NET OWNERS' EQUITY</b>	<b>(291,384)</b>	<b>-</b>	<b>(289,125)</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$ 33,754</b>	<b>\$ -</b>	<b>\$ 32,810</b>

[a] The difference between the A/P balance reported above and the amount on Schedule MOR-4 is \$90K. The difference is comprised of the following:

\$125K was moved/reported on the Professional fees line item above and the Accounts Payable line includes additional accruals of \$215K.

\*"Insider" is defined in 11 U.S.C. Section 101(31).

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**BALANCE SHEET - continuation section**

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>Other Current Assets</b>			
Security Deposits	282		282
Royalty Receivable	200		200
Tax Receivable	7		7
<b>Other Assets</b>			
Intangibles (Capitalized Development Costs / Trademarks)	4,272	-	5,026
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH		BOOK VALUE ON PETITION DATE
<b>Other Post-petition Liabilities</b>			
Deferred Revenue (GAAP)	296	-	288
Royalty Payable	221	-	-
<b>Adjustments to Owner's Equity</b>			
<b>Post-Petition Contributions</b>			

Restricted Cash: Cash that is restricted for a specific use and not available to fund operations.  
Typically, restricted cash is segregated into a separate account, such as an escrow account.

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### STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding	\$ -	\$ 135,129	\$ 135,129	Various	[a]	\$ -
FICA-Employee	-	60,608	60,608	Various	[a]	-
FICA-Employer	-	60,608	60,608	Various	[a]	-
Unemployment	-	656	656	Various	[a]	-
Income	-	-	-			-
Other:	-	-	-			-
Total Federal Taxes	-	257,001	257,001	Various	[a]	-
<b>State and Local</b>						
Withholding	-	56,256	56,256	Various	[a]	-
Sales	-	-	-			-
Excise	-	-	-			-
Unemployment	-	15,209	15,209	Various	[a]	-
Real Property	-	-	-			-
Personal Property	-	-	-			-
Other:	-	-	-			-
Total State and Local	-	71,465	71,465	Various	[a]	-
<b>Total Taxes</b>	\$ -	\$ 328,466	\$ 328,466	Various	[a]	\$ -

[a] Various

### SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable. See MOR-4 (CONT)

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91	
Accounts Payable	\$ 319,748	\$ 25,478	\$ 487	\$ -	\$ -	\$ 345,714
Wages Payable	58,043	-	-	-	-	58,043
Taxes Payable	-	-	-	-	-	-
Rent/Leases-Building	102,923	-	-	-	-	102,923
Rent/Leases-Equipment	-	-	-	-	-	-
Secured Debt/Adequate Protection Payments	2,019,178	-	-	-	-	2,019,178
Professional Fees	1,075,000	-	-	-	-	1,075,000
Amounts Due to Insiders	-	-	-	-	-	-
Other: Royalties Payable	221,444	-	-	-	-	221,444
Other: Note Payable	214,614	-	-	-	-	214,614
<b>Total Post-petition Debts</b>	\$ 4,010,950	\$ 25,478	\$ 487	\$ -	\$ -	\$ 4,036,916

**Explain how and when the Debtor intends to pay any past due post-petition debts.**

All past due amounts have been paid as of the date of this report with the exception of two vendors (amount = \$12,185). This outstanding amount is being researched by the Debtor and will be paid upon resoulution.

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**SUMMARY OF UNPAID POST-PETITION DEBTS**  
**Continuation Sheet for MOR-4**

Attach aged listing of accounts payable.

Vendor	Vendor No.	Invoice No.	Due Date	Category	Amount
American Registry For Internet Numbers	5695	SI184229	02/23/13	MIS-IT	\$ 100
Babel Media Ltd	17135	21640	02/24/13	Other Product Development	420
Babel Media Ltd	17135	21642	02/24/13	Other Product Development	3,228
Babel Media Ltd	17135	21644	02/24/13	Other Product Development	2,328
Bluehornet Networks	18575	1800021920	03/02/13	Consultant	5,495
Cinram Group, LLC	9181	7009766	04/24/13	Distribution & Freight	27
Cryptic Studios, Inc.	18531	18POST	03/02/13	MIS-IT	1,818
Edgecast Networks	18494	49492POST	03/03/13	Other Product Development	10,898
Employee	18684	EXP021913	02/19/13	Employee T&E	93
Employee	17383	EXP022113	02/21/13	Employee T&E	14
Employee	18722	EXP021913POST	02/19/13	Employee T&E	128
Employee	18692	EXP012413	01/24/13	Employee T&E	326
Employee	17002	EXP021213POST	02/25/13	Employee T&E	66
Eugene Irwin Davis	17303	BOD022813	03/30/13	Consultant	25,000
Extol International	17277	17050POST	03/02/13	Utilities	15
Extol International	17277	17107POST	03/02/13	Utilities	600
Game Center Group	18535	124POST	03/03/13	Other Product Development	2,214
Google, Inc.	15651	1704963952POST	03/02/13	Other Product Development	44
GPPG, LLC	18686	231C	02/02/13	Rent	(232)
GPPG, LLC	18686	SD192A	01/08/13	Rent	161
Hudson Valley Computers	18598	448POST	03/03/13	MIS-IT	4,604
Hudson Valley Computers	18598	022113C	03/23/13	MIS-IT	(7,000)
International Development	12152	30478	03/29/13	Advertising/Marketing	5,000
Kontagent, Inc.	18495	3277POST	02/09/13	Other Product Development	2,419
Kontagent, Inc.	18495	3456	03/14/13	Other Product Development	7,500
Microsoft Corporation	2174	6130090038	02/22/13	Licensing	10,000
Mosaic Sales Solutions	16905	06INV0000993PO	03/08/13	Selling Expenses	274
My Mediabox	17571	SUP7027838POST	01/31/13	Advertising/Marketing	710
My Mediabox	17571	SUP7028778	03/03/13	Advertising/Marketing	2,354
New Momentum, Inc.	18654	1354	03/02/13	Legal	7,417
New Momentum, Inc.	18654	1359	03/29/13	Legal	7,417
Nolan Bushnell	18159	1365POST	02/26/13	Consultant	2,185
Ohm Systems, Inc.	16989	3788	03/24/13	Consultant	4,800
Perella Weinberg	18740	3680820201	03/16/13	Restructuring	100,093
Premium Assignment	18673	020513	03/07/13	Insurance	36,766
Premium Assignment	18673	021413	03/16/13	Insurance	3,211
Quick Dispense Inc.	17630	1282640	02/22/13	Office Expense	200
Rackspace Managed Hosting	16440	100810132POST	02/19/13	Utilities	2,910
Rackspace Managed Hosting	16440	910050070	03/21/13	Utilities	(1,898)
Rackspace Managed Hosting	16440	100828162	03/22/13	Utilities	36,571
Symantec Corp.	16212	200242029	03/01/13	Utilities	327
Telepacific Communications	17900	437474340	02/24/13	Utilities	501
Transperfect Translations	17053	502957	02/27/13	Legal	195
Transperfect Translations	17053	509904	03/24/13	Legal	195
United Healthcare	8984	0030543107	03/01/13	Other Employee Related Expenses	60,727
United Parcel Service	778	000072824W063	02/24/13	Distribution & Freight	213
United Parcel Service	778	000072824W073	03/03/13	Distribution & Freight	245
United Parcel Service	778	000072824W083	03/10/13	Distribution & Freight	268
Vision Service Plan	10344	MAR2013DIV0018	03/05/13	Other Employee Related Expenses	22
Vital Records Inc	8030	0212887INPOST	03/02/13	MIS-IT	413
Weeks-Lerman Group	17224	INV1664918	03/09/13	Office Expense	493
William B Meyer Inc	7180	0056225	03/02/13	Office Expense	1,990
William B Meyer Inc	7180	0056519POST	03/02/13	Office Expense	77
William B Meyer Inc	7180	611163	03/03/13	Office Expense	1,775
Total Post-petition Accounts Payable (Trade)					<u>\$ 345,715</u>

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**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

<b>Accounts Receivable Reconciliation</b>	<b>Amount</b>
Total Accounts Receivable at the beginning of the reporting period	\$ 2,842,338
Plus: Amounts billed during the period	1,278,297
Less: Amounts collected during the period	1,751,556
Total Accounts Receivable at the end of the reporting period	\$ 2,369,079

<b>Accounts Receivable Aging</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91+ Days</b>	<b>Total</b>
Retail A/R	\$ 115,890	\$ 83,219	\$ 455,723	\$ 1,467,313	\$ 2,122,145
Royalty A/R	1,491,348	726,098	-	111,144	2,328,590
Total Accounts Receivable	1,607,239	809,318	455,723	1,578,457	4,450,736
Less: Bad Debts (Amount considered uncollectible)					2,081,657
Net Accounts Receivable	\$ 1,607,239	\$ 809,318	\$ 455,723	\$ 1,578,457	\$ 2,369,079

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### PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
Keller, Kristen J.	Payroll	\$ 36,416	\$ 36,416
Mattes, Robert	Payroll	28,750	28,750
Wilson, James W.	Payroll	58,250	58,250
Keller, Kristen J.	Travel & Exp	1,399	1,399
Wilson, James W.	Travel & Exp	362	362
TOTAL PAYMENTS TO INSIDERS		\$ 125,176	\$ 125,176

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
Akin Gump Strauss Hauer & Feld LLP		\$ -	\$ -	\$ -	\$ 374,213
Perella Weinberg Partners LP		-	-	-	100,093
Protiviti Inc.		-	-	-	235,360
Hunton Williams LLP		-	-	-	218,379
Bracewell & Giuliani LLP [a]		-	-	-	112,565
Imperial Capital Loan Trading, LLC (Collateral Agent)					5,000
Cooley LP (b)		-	-	-	186,270
Duff & Phelps Securities LLC (b)		-	-	-	35,143
TOTAL PAYMENTS TO PROFESSIONALS		\$ -	\$ -	\$ -	\$ 1,267,022

\* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

[a] DIP Lenders Counsel, Incurred amount through 1/31/13.

[b] Official Committee of Unsecured Creditors Professional

### POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
Alden Global Value Recovery Master Fund, LP	\$ -	\$ -	\$ 2,019,178
475 Building Company	26,843	35,502	-
GPPG, LLC	4,339	5,957	-
Standard Parking Company	4,000	5,290	-
Westwood Terrace, LLC	22,731	30,062	-
TOTAL PAYMENTS		\$ 76,812	\$ 2,019,178



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### DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		✓
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		✓
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		✓
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		✓
5	Is the Debtor delinquent in paying any insurance premium payment?		✓
6	Have any payments been made on pre-petition liabilities this reporting period?	✓	
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		✓
8	Are any post petition payroll taxes past due?		✓
9	Are any post petition State or Federal income taxes past due?		✓
10	Are any post petition real estate taxes past due?		✓
11	Are any other post petition taxes past due?		✓
12	Have any pre-petition taxes been paid during this reporting period?	✓	
13	Are any amounts owed to post petition creditors delinquent?		✓
14	Are any wage payments past due?		✓
15	Have any post petition loans been received by the Debtor from any party?	✓	
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		✓
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		✓
18	Have the owners or shareholders received any compensation outside of the normal course of business?		✓

#### Explanations

(6) All payments made on account of pre-petition liabilities were for allowed items pursuant to a Court approved first day motion (i.e., payroll, employee expenses, employee benefits and insurance).

(12) Pre-petition payroll taxes remitted during the reporting period.

(15) \$2,000,000 received on 1/25/13 from Alden Global Value Recovery Master Fund, LP as DIP financing.