

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

FILED  
2015 SEP -3 AM 10:26  
CLERK  
US BANKRUPTCY COURT  
DISTRICT OF DELAWARE

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IN RE:	CHAPTER 11
ALLIED NEVADA	CASE No. 15-10503(MFW)
GOLD CORP, et al., <sup>1</sup>	Jointly Administered
DEBTORS	Re: docket entry 819

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**BRIEF IN SUPPORT OF BRIAN TUTTLE'S MOTION TO APPOINT AN  
EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE  
PRIVILEGED MATERIALS**

COMES NOW, party of interest: Thomas Scaramellino files this brief in support of  
Brian Tuttle's Motion to Appoint an Examiner With Access To and Authority to  
Disclose Privileged Materials and as grounds states the following:

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<sup>1</sup> The Debtors("Debtors") in these cases, along with the last 4 digits of each Debtor's federal tax identification number, are: Allied Nevada Gold Corp.(7115); Allied Nevada Gold Corp Holdings LLC (7115); Allied VGH Inc. (3601); Allied VNC Inc. (3291); ANG Central LLC (7115); ANG Cortez LLC (7115); ANG Eureka LLC(7115); ANG North LLC (7115); ANG Northeast LLC (7115); ANG Pony LLC (7115); Hasbrouck Production Company LLC (3601); Hycroft Resources and Development, Inc. (1989); Victory Exploration Inc.(8144); and Victory Gold Inc.(8139). The corporate headquarters for each of the following are located at, and the mailing address for each of the following of the above debtors, except Hycroft Resources &Development, Inc., is 9790 Gateway Drive, Suite 200, Reno, Nevada 89521. The mailing address for Hycroft Resources &Development, Inc. is P.O. Box 3030, Winnemucca, NV 89446.

STATEMENT OF FACTS

1. On 11 August 2015, Brian Tuttle filed with This Court: MOTION TO APPOINT AN EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE PRIVILEGED MATERIALS.
  
2. On 21 August 2015, Debtors filed NOTICE OF RESCHEDULED OMNIBUS HEARING.
  
3. Upon information and belief, Mr. Tuttle's MOTION TO APPOINT AN EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE PRIVILEGED MATERIALS will be heard at the 11 September 2015 Omnibus Hearing.

BACKGROUND

4. On or about 23 June 2015, Mr. Scaramellino filed and the Court accepted a Notice of Appearance for Mr. Scaramellino to appear as a party of interest before the Court.

5. Upon information and belief, the Ad Hoc Committee (“Committee”) is represented by over 36 shareholders who collectively hold significantly more shares than the members of the Equity Committee (“EC”). The Committee feels strongly that the EC has not acted in the best interest of all shareholders in the agreement reached with Debtors on or about 19 August 2015.

6. The party of interest notes that he has not received a single formal or informal communication from the EC or any of its prior or current members. Furthermore, no process has been established by the EC to communicate with shareholders.

7. Upon information and belief, in informal conversations with other Committee members, EC members indicated that their independent valuation of Debtors’ assets would represent a necessary next step to secure and protect shareholder interests before the Court. No such independent valuation was completed. Given that the Debtor reported a write down of \$454 million in assets between its 10-Q filing in November 2014 and its 8-K filing in March 2015, understanding the EC’s intentions and motivations for not pursuing an independent valuation is critical to ensuring that shareholder interests are adequately protected.

8. In late May or early June, James Anderson was forced to resign from the EC due to an undisclosed conflict borne out of his contact with note holders in the Debtors’ estate. Upon information and belief, shortly thereafter, the EC retained LeClair Ryan, the law firm that Mr. Anderson had recommended. Upon

information and belief, Gregory J. Mascitti, an attorney for LeClair Ryan, then asked Mr. Anderson to participate again in the EC and engage in the EC's activities and discussions. The docket does not contain any evidence of Mr. Anderson's re-appointment to the EC notwithstanding his active role in the EC's decision-making process. Furthermore, upon information and belief, EC members told members of the Committee by way of conference call that LeClair Ryan strongly encouraged the EC to enter into the agreement of 19 August 2015 and that this offer was the best the EC was going to get. Members of the EC apparently felt pressured that this was a "take it or get nothing" deal. It should be noted that following the agreement reached by the EC and Debtors on 19 August 2015 all protests for fees, including fees incurred by LeClair Ryan, were revoked and payments were permitted to proceed.

9. On or about 20 August 2015, the Court held a status conference to rule on Mr. Tuttle's Motion to Appoint an Examiner. Upon information and belief, during this conference, Mr. Mascitti stated that the EC had already undertaken an investigation into Mr. Tuttle's allegations and such allegations held no merit. Upon information and belief, no shareholders outside the EC have received any information regarding the scope, costs, and conclusions of this investigation undertaken by the EC.

ARGUMENT IN SUPPORT OF MOTION TO APPOINT AN EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE PRIVILEGED MATERIALS

10. The party of interest alleges all facts and arguments raised in Brian Tuttle's MOTION TO APPOINT AN EXAMINER WITH ACCESS TO AND AUTHORITY TO DISCLOSE PRIVILEGED MATERIALS (see docket entry 819).

11. Ample evidence exists to support Mr. Tuttle's colorable claims. The epicenter of the allegations against Debtors took place on or around 9 December 2015, when Debtors announced their intention to offer common stock in the amount of \$21.75 million at a price of \$1 per share with \$0.50 of stock in warrants for each share purchased. This offer represented a 28% discount relative to the previous closing price of \$1.39 and closed on 12 December 2015.

The purchasers of the 21.75 million-share offering were Capital Ventures International (Cayman Islands), Hudson Bay Master Fund LTD (Cayman Islands), Graham Macro Strategic LTD (British Virgin Islands), and Empery Tax Efficient LLP ("Purchasers"). On 19 December 2015, less than one week after the close of this offering, the total market volume of Debtors' traded shares was 12.5 million. However, only 3.1 million were registered to be traded at NASDAQ, NYSE, BATS, and ARCA. Typically, these four exchanges will account for no less than 70% of the total volume traded.

In sum, it remains to be seen where and how approximately 9 million shares traded hands. It would not be unreasonable to suspect that certain of the Purchasers in the offering unloaded the shares they had purchased less than a week prior. That none of these Purchasers seems to have complained about their warrants after the Debtors filed for bankruptcy less than three months after the closing of the 21.75 million-share offering supports such a suspicion. Finally, it is odd that none of the Purchasers has appeared to protect its interests before this Court in any capacity whatsoever.

12. On or about 22 April 2014, the Debtors announced their retention of Credit Suisse Securities (USA) LLC to assist in securing financing or investment for capital expenditures associated with Hycroft mill expansion. On or about 4 November 2014, the Debtors stated during their Q3 conference call that they continued to work with Credit Suisse and Scotiabank on this matter.

Upon information and belief, over this same time period, Credit Suisse Securities (USA) LLC reduced its ownership stake in the Debtors from 325,276 shares to 109,318 shares, which represents a greater than 66% reduction in ownership, or approximately 216,000 shares. In sum, the entity Debtors hired to secure financing was actively and substantially reducing its ownership in Debtors while seeking others to invest.

13. Also during this time, an astounding anomaly occurred involving Scotiabank, the other financial advisor Mr. Jones stated the Debtors had retained.

Trevor Turnbull, a Scotiabank analyst, made two tremendously bold – but in hindsight remarkably accurate – predictions on the eventual sale price of Debtors’ equity. In November 2015, Mr. Turnbull estimated shares of Debtors’ equity would sell for \$1.00 (see Scotiabank’s 4 November 2014 Equity Research “Daily Edge”). As noted above, this turned out to be the exact price of Debtors’ December offering to the four hedge funds. That Debtors discounted the offering by 28% to meet Mr. Turnbull’s target is itself cause for a formal examination. Upon information and belief, the funds that purchased the December offering had sold stock short; however, it is unclear if the funds came to the market or the market came to them. To date, Mr. Turnbull has not been deposed or made any appearance in this matter.

Moreover, shortly after Mr. Turnbull’s \$1.00 price target turned out to match precisely the price of the December offering, Mr. Turnbull again lowered his one year target over 97% to \$0.05 (see Scotiabank’s Equity Industry Report). Unfortunately for shareholders, Mr. Turnbull again turned out to be right. The importance of this fact cannot be understated: the analyst representing the bank on the other side of the Credit Default Swap that bankrupted the Debtors targeted the exact trajectory Debtors’ stock price took on a path through and into bankruptcy. Not only did Mr. Turnbull report the exact price per share of the controversial December offering a month in advance, he predicted to the penny the price of Debtors’ equity as of the date the disclosure statement was amended. Mr. Turnbull may be the most impressive (or perhaps luckiest) analyst of all time, but without an independent examiner he will never have the opportunity to prove once and for all that this remarkable coincidence simply reflects his uncanny predictive

capabilities. Please see Exhibit A appended hereto for an analysis of the sequence of events related to changes in Debtors' stock price and volume of shares traded.

14. The appointment of an independent Examiner is in the best interest of all parties to ensure, at a minimum, that allegations of impropriety are unfounded. There may be valid explanations for the above-mentioned anomalies and other behavior related to the activities of Debtors as described in Mr. Tuttle's motion. In the interest of justice, it is imperative that an unbiased, independent examiner be appointed to get to the bottom of this immensely curious sequence of events that remains entirely opaque to virtually all affected parties.

WHEREFORE, the party of interest respectfully requests This Honorable Court appoint an Examiner to look into the allegations brought forth in this brief and in Mr. Tuttle's Motion to Appoint an Examiner.

Respectfully submitted,

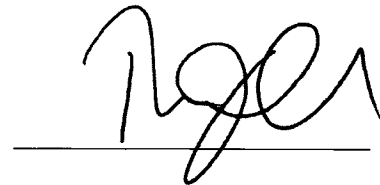


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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by email to the following this the 2<sup>nd</sup> day of September 2015:

fatell@blankrome.com idizengoff@akingump.com pdublin@akingump.com  
debaecke@blankrome.com afreeman@akingump.com mfagen@akingump.com  
tarr@blankrome.com kthomas@mcdonaldcarano.com Tiiara.Patton@usdoj.gov



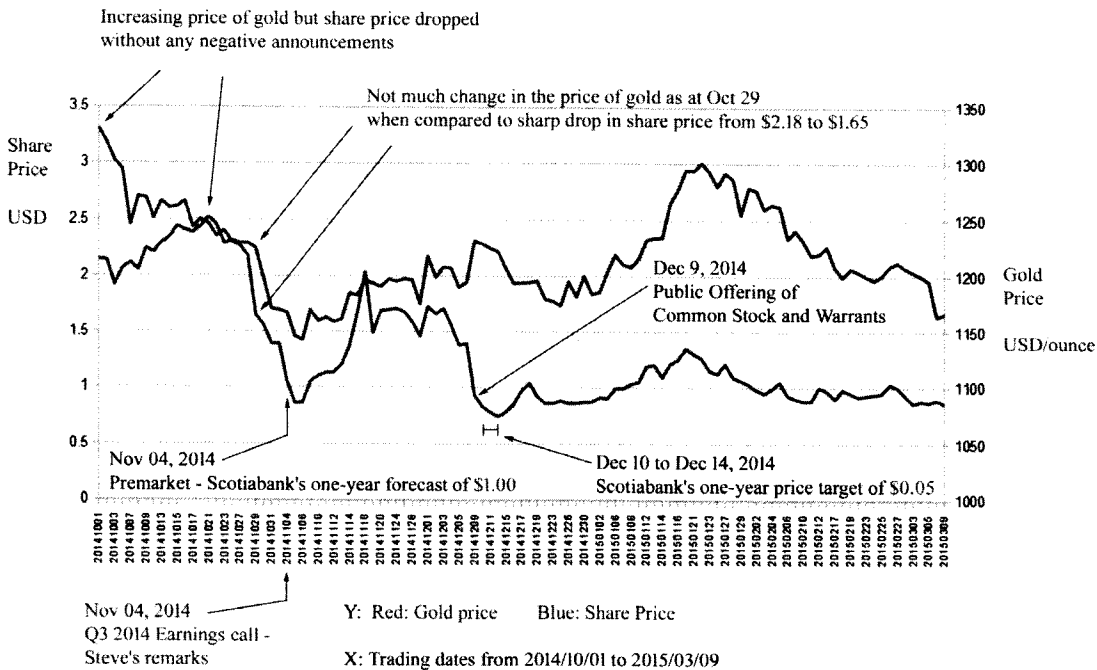
Thomas Scaramellino, pro se

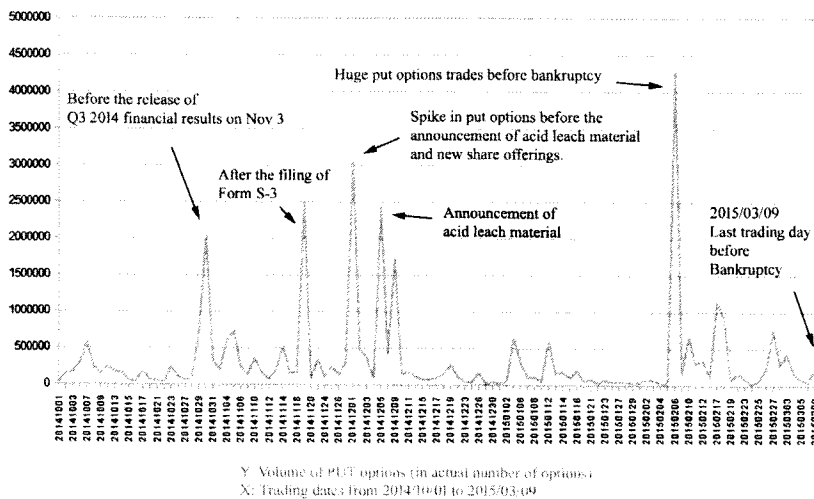
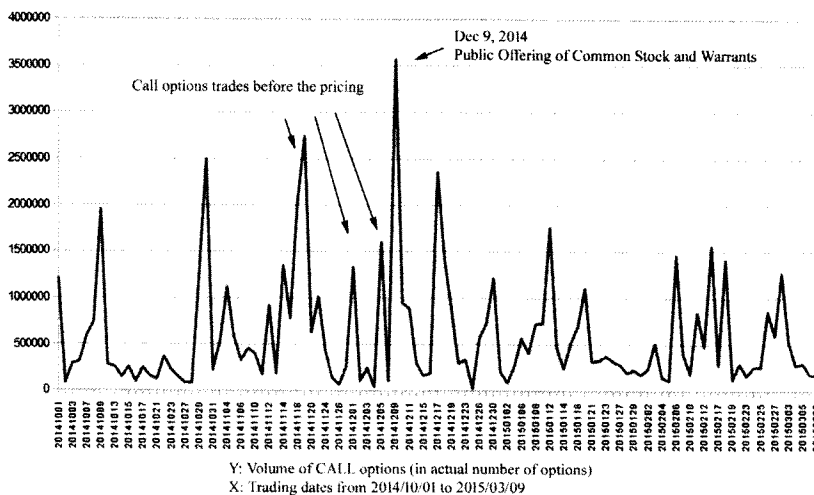
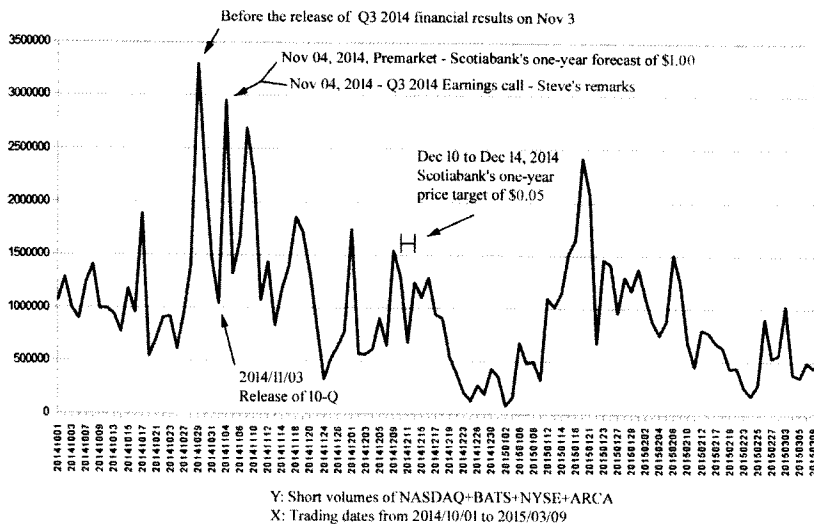
300 E. 23<sup>rd</sup> Street

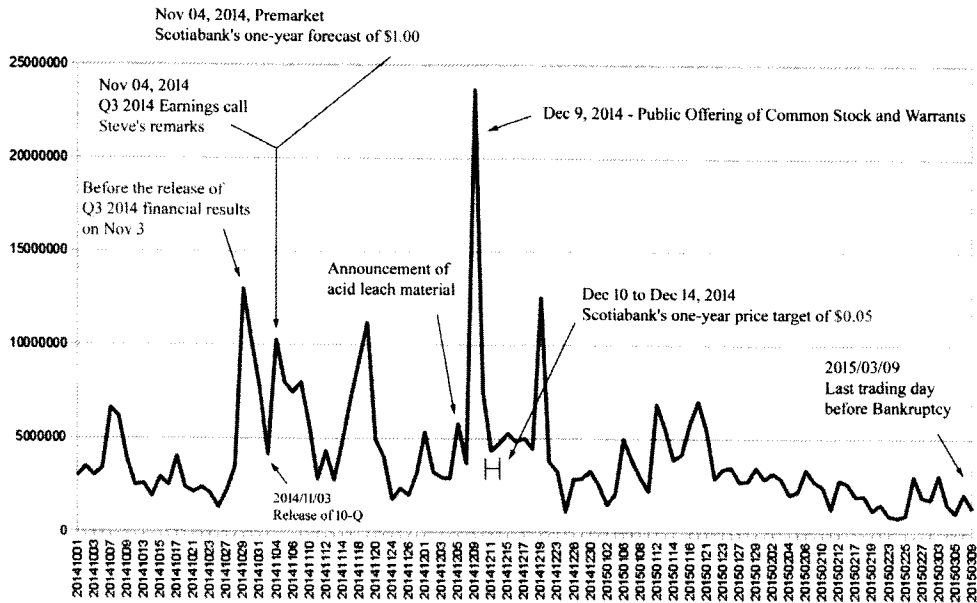
New York, NY 10010

thomas.scaramellino@gmail.com

EXHIBIT A







Y: Total number of shares traded  
 X: Trading dates from 2014/10/01 to 2015/03/09

