

November 13, 2007

Marc J. Fagel, Associate Regional Director
Securities And Exchange Commission

Cheryl M. Lawson
Securities and Exchange Commission
SAN FRANCISCO DISTRICT OFFICE

via eMail

RE: File #SF-1248649/Aureal, Inc. Supplement to Letter of 10/17/2007

Dear Mr. Fagel and Ms. Lawson:

This letter with attachments ("SECAURHBDreq1sup.pdf") is a supplement to my prior letter of October 17, 2007 ("SECAURHBDreq1.pdf")¹ regarding the public company Aureal Inc. (CIK 0000892433) (the "Registrant") which alleged SEC violations during Registrant's bankruptcy proceedings including with respect to Oaktree Capital et al. (hereinafter with its agents and designated directors of Registrant together or individually as appropriate "Oaktree"). Further review of filings and other documents by Registrant, statutes, regulations, and press reports leads me to believe that the extent of violations of SEC regulations and related criminal statutes far exceeds those "SEC Allegations" as described and entitled in my October 17 letter.

While I am not an attorney, I believe any independent investor would conclude that the descriptions, referenced facts and documents herein, together with illustrative alleged violations and statutes, clearly demonstrate numerous violations (the "**Expanded Allegations**") which require a full investigation and prosecution by the Securities And Exchange Commission (the "Commission" or "SEC"), as well by the appropriate governmental units to which the Commission refers criminal matters. The Expanded Allegations are intended to be illustrative and are specifically not intended to reflect the totality of all misconduct by all parties in relation to the Registrant, nor are they intended to completely describe all relevant statutes and regulations which the Commission should consider during investigation, enforcement, or a decision on criminal referral. **The attached Table 1 and Table 2 respectively detail numerous instances of the failure to file periodic and current reports by the Registrant.**

Expanded Time Period And Reference To Relevant Statutes and Regulations

Reference is made to all code which broadly define officers and directors of a registrant

¹ SECAURHBDreq1.pdf, together with documents referenced therein, is incorporated herein by reference. Undefined capitalized terms herein shall have the defined terms in such incorporated documents. The "Lender Issues" are defined in CABAURHBD1v5.pdf and describe numerous issues and potential claims by parties including the Registrant and minority stockholders of the Registrant against Oaktree, the simultaneous client of conflicted counsel for Registrant.

(17CFR§§'s 240.3b-7 & 240.3b-2) as well as other parties as having liability for any direct or indirect involvement in misconduct or fraud including omissions (18USC§§'s 1001,2,3,4; 17CFR §240.13b2-2; Bankruptcy Fraud). The failures to make periodic filings extended past the effective date of Sarbanes-Oxley, and thus all of Registrants subsequent conduct should be evaluated under this law including those related to *Controls and procedures* (17CFR§§'s40.13a-15 & 240.15d-15).

Persons potentially responsible for *all or any part* of the Expanded Allegations include Steve Mitchell, David A. Bradlow, all directors of Registrant, Oaktree et al., and all professionals such as attorneys, accountants, financial advisors, and agents who had any involvement with respect to Registrant's: preparation of reports; systems & controls; with respect to any coordination, assistance, or involvement with the failures to disclose in SEC reports or in the bankruptcy proceedings; suppression of investigations, punitive acts against complainants, or failures to refer ethical or criminal violations (18USC§4) with respect to any of the foregoing.²

Registrant was involved in the promotion of the equity stock of Creative and in a related series of transactions for the benefit of its majority stockholder Oaktree. Such transactions involved the purchase and subsequent sale of Creative stock by Registrant. Creative was the prime competitor of Registrant and its "arch enemy" because of the litigation initiated by Creative which ultimately caused Registrant's bankruptcy filing. The Registrant retained PriceWaterhouseCoopers ("PwC") which identified Creative as a buyer of Registrant's assets, and Creative ultimately succeeded in purchasing Registrant's assets which was accomplished with consideration to Registrant including over 200,000 shares of Creative stock.³

Failures to File Periodic Reports: Including Post Bankruptcy & Post Sarbanes-Oxley

The attached Tables 1 & 2 contain a column labeled "F" showing "Yes" when the corresponding filing was made and "No" when such filing was not made. The column labeled "req1" indicates when the described line item was previously included in the SEC Allegations (SECAURHBDreq1.pdf or the 10/17 Letter) and is otherwise blank when such violation is newly reported to the Commission now as part of these **Expanded Allegations**.

Table 1 clearly shows no less than fifteen (15) failures to file periodic reports during the approximate three and one half year period starting before the Registrant filed for bankruptcy protection and continuing approximately 2 years after the Registrant emerged from bankruptcy with its still valid and registered equity securities. In fact, eight (8) of these failures followed the Confirmation of the Registrant's Plan of Reorganization. Furthermore, at least four (4) failures followed the effective date of Sarbanes-Oxley⁴ ("Sarbox"); these post Sarbox violations further indicate additional SEC violations such as failing the requirement that a Registrant and its responsible persons establish, maintain, and periodically evaluate *Controls and procedures*⁵.

2 For example, criminal acts against the Commission under 18USC§1001 broadly applies to all parties involved by operation of 18USC§2 "principals" as well as by 18USC§3 & 18USC§4.

3 PwC simultaneously represented Registrant and Creative. The Court found that Creative intended to utilize PwC for advice with respect to Creative's desire to purchase Registrant's assets in the bankruptcy proceedings. The Court deemed the conduct of PwC unethical when failing to make required disclosures to the Court and ordered PwC to disgorge the fees it received. Registrant did not report these any of the events or the underlying conflict of PwC.

4 The Registrant may ultimately be designated with the dubious honor as the earliest violator of Sarbanes-Oxley.

5 See for example 17CFR§240.15d-15 and 17CFR§240.13a-15 as well as 17CFR§ 240.3b-7 & 17CFR§ 240.3b-2.

Failures To File Required Current Reports: Including Post Bankruptcy & Post Sarbanes-Oxley

Table 2 details numerous events requiring the filing of a current report by Registrant on Form 8-K, including some relevant events for context. While some of the line items are related to the complex web of conflicts involving the Registrant, Oaktree, and their counsel and accountants, there are many simple failures to disclose basic events. The failures to disclose the director events is unjustifiable.

Bankruptcy Proceedings Do Not Alter A Registrant's Reporting Requirements, However the Commission Often Grants Requests For Modified Reporting That Protects Security Holders

Policies of the Commission are well established and well known with respect to a *request* by a registrant operating under protection of Federal Bankruptcy Law to follow a modified reporting procedure in lieu of filing the quarterly and annual reports required by the Exchange Act. The Commission has often granted requests of such nature by registrants that are in conformity with Exchange Act Release No. 34-9660 (June 30, 1972) ("1972 Release"), as updated and supplemented by Staff Legal Bulletin No. 2 (April 15, 1997) ("SLB No. 2"). Numerous examples of proper requests by registrants undergoing bankruptcy are published on the Commission's web site, such examples identity the 1972 Release and SLB No. 2 and clearly state the registrant's intention to file a copy of the same monthly operating report supplied to the U.S. Trustee as required under bankruptcy regulations with the Commission under the cover of Form 8-K. Thus, public security holders of a registrant are protected by enabling them to obtain the same financial and current report information which otherwise would only be available to insiders and sophisticated hedge fund investors with the specialized legal representation and bankruptcy court registrations enabling them to become aware of, locate, and gain authorized access to this information within the bankruptcy courts.

With the permission of the Commission, a registrant's continuing reporting obligations for periodic financial and current events are thus still satisfied. Clearly, the intent of the Commission has been to provide a level playing field among investors regardless of the existence of a registrant's bankruptcy proceedings. Significantly, this modified reporting mechanism of requiring a registrant to file the ***same report that is delivered to the U.S. Trustee*** further protects public security holders because such report is prepared by a registrant's authorized officer and agents under severe penalties including of perjury and bankruptcy fraud. Furthermore, by requiring that the same information normally reported to the U.S. Trustee is filed under cover of Form 8-K, public security holders are further protected by a registrant's mandatory inclusion (18USC§1001) of current event items in such report. This policy of allowing a modified reporting procedure is of great benefit to a registrant because of the extremely low cost and ease with which a registrant can comply with these modified requirements. The U.S. Trustee report already exists and need only be copied onto the Form 8-K with the inclusion of current report items. Such task is of minimal additional effort and cost for a registrant⁶.

Purported No-Action Letter – An Apparent Artifice To Mislead And Defraud

The Sec Allegations referred to Registrant's statement that it “*is submitting*” to the Commission a letter **requesting** a No-Action opinion from the Commission with respect to Registrant's intended “*modified*”

⁶ The only drawback to the modified reporting requirements is for a registrant which desires to withhold disclosure of certain events required under current item reports. Assuming a registrant had a legal and valid reason for withholding any such information, a registrant could move before the bankruptcy court to place such information under seal.

reporting procedure” to be “in lieu of the periodic reports required under the Exchange Act”⁷ This filing included the following statement by Registrant:

Absent such relief from the Commission, the Company will **endeavor** to file the Report within the fifth calendar day following the prescribed due date.

Registrant neither complied with the modified reporting requirements in accordance with 1972 Release & SLB No. 2 nor did Registrant comply with the standard reporting requirements. Mr. SALVADOR P. NERI of the SEC confirmed on 10/30/07 that there was neither any ruling by the Commission regarding such purported request nor is there a request submitted by Registrant in the Commission's files. This is the only *No-Action letter request* I have seen which used the term “endeavor” to characterize in advance the certainty with which a registrant contemplated its subsequent compliance with standard reporting requirements in the event that its request for modified reporting was not granted. Only a full investigation would be able to determine if any of the persons contributing to the authorship of this SEC filing had foreknowledge as to why the SEC would not grant the request or why the Registrant would not comply with standard reporting requirements. **The failure of Registrant to correct or update the facts surrounding the purported No-Action letter request had the effect of misleading stockholders into believing that Registrant was relieved of its SEC Reporting obligations under the Exchange Act and appears to be an intentional artifice to defraud.**⁸

No Excuse For Reporting Failures - Plenty of funds. Plenty of time. Plenty of expertise.

Bankruptcy does not relieve or excuse a registrant from compliance with the securities laws. The events surrounding the “no-action letter” request compels closer scrutiny of the conduct. The Registrant had close to \$30 Million dollars in its control and spent on the order of \$2 Million dollars on legal, accounting, and professional fees. The preparation of an 8-K form average “burden hours per response” is a mere 5 hours. Besides ample funding, there was an abundance of time and an assemblage of premiere professionals and directors. PriceWaterhouseCoopers (“PwC”) is one of the big four accounting firms and should be exemplary in its rendering financial services involving or proximate to any registrant's securities law obligations. Registrant's bankruptcy counsel Hennigan, Bennett & Dorman LLP (“HBD”) has significant experience not only in bankruptcy but also in SEC related matters.⁹ Registrant's directors are extremely sophisticated members of the public securities

7 SECAURHBDreq1.pdf referenced Registrant's claim that it was seeking permission for modified reporting and included a copy of the SEC report at ACCESSION NUMBER: 0000891618-00-002920.

8 Title 18 USC §§152 to 157 govern bankruptcy fraud, but false statements and artifice to defraud are also covered by a number of civil SEC regulations and related criminal statutes.

9 In particular, HBD prevailed in two cases involving securities law which were concurrent with the Registrant's bankruptcy proceedings. In a double case of sordid irony, both of these cases involved the contemporaneous representation by HBD of conflicted clients who were adverse to Registrant in the bankruptcy proceedings. Thus, HBD collected fees from Registrant in contravention of, among other statutes, Title 11 U.S.C. § 327(a). HBD won \$52 Million for Oaktree and affiliates against Canadian Imperial Bank of Commerce by accusing the bank of hiding information when selling \$200 million in bonds for a cosmetics company that went bankrupt. HBD also prevailed on behalf of Argo against the Commission in a matter in which the Commission accused Argo of intentionally “misleading” and “failing to disclose” information to defrauded investors. See docket number 820 in 94cv00737 USDC Southern CA, SEC vs. Continental Wire (“Continental Wire”). Significantly, the minority stockholders of the Registrant (among other parties) could have objected to HBD's representation of Argo in both the Continental Wire proceedings and the Registrant's bankruptcy proceedings but for the seemingly coordinated failures to disclose such conflicts by HBD and Registrant. Thus, we find Registrant's high powered bankruptcy lawyers fighting efforts by the Commission to direct ill gotten gains disgorged from the Continental Wire defendants to their defrauded investors at the same time that such

investment markets. Table 2 shows that Kenneth Liang was general counsel and Compliance Officer of Oaktree and secinfo.com shows SEC filings which show a “Kenneth Liang” as signatory for over 90 different registrants. Richard Masson and Gloria Noh were also senior employees of Oaktree. Even in the absence of the Lender Issues and disclosure failings vis a vis Oaktree, the Registrant's directors share in the responsibility for the Expanded Violations.

What if Mr. Mitchell did not know how to properly perform SEC reporting? Scierter is not required to establish a violation. Mr. Mitchell's dramatic promotion from Dir. Of Human Resources to COO only underscores the participation and liability of Registrants professionals. The sophistication of the new Oaktree director team combined with the context of the officer and director resignations leave no believable scenario of a good faith COO appointment and authorization to employ professionals¹⁰ by the Oaktree directors which would not have informed such appointees of the basic facts. In any event, it is inconceivable that professionals involved with the reports would not have independently discovered the director changes, management changes, and that Mr. Mitchell was newly appointed. The same reasoning holds true for the appointment of Mr. David Bradlow and his scierter.

Nefarious Motives – Conflict Of Interest Supports Inference of Intent

The numerous reporting failures alone are enough to demonstrate gross misconduct by Registrant and its responsible persons. As described in my October 17 letter, I believe that the conflict of interest issues including failures to disclose in the bankruptcy court and apparent failures to obtain written CRPC 3-310 waivers are *inextricably intertwined* with the incontrovertible failures to file mandatory current reports listed in Table 2. The tremendous¹¹ conflict of interest for Registrant's counsel with respect to Oaktree could never be released, the representation was prohibited under Title 11 USC and FRBP. Nevertheless, the “Registrant”¹² allowed the conflict to exist, failed to make mandatory disclosures, and all matters were resolved in favor of Oaktree.

Despite ample funds, time, and an abundance of expertise, Registrant did not file any of its required periodic reports listed in Table 1, and the only mandatory current report disclosures made in Table 2 were the management resignations which themselves contained intentional omissions of the director events as well as other events which would have drawn the public's attention to Oaktree and the Lender Issues. At no time did Registrant disclose to minority stockholders several events which consolidated Oaktree's control. Most alarming is that the Registrant failed to inform the minority stockholders that

counsel oversees and advises Registrant with respect to all professionals hired by Registrant on all matters, including SEC filing requirements, which necessarily includes the conduct of the Expanded Allegations.

10 HBD was required under CPRC Rule 3-310 to obtain from Oaktree a contemporaneous fully informed written consent to HBD's conflicted representation prior to accepting retention by Registrant. Yet another opportunity for Oaktree to become aware of the issues. Assuming for the sake of argument that such written disclosure document does not exist or does not fully describe the foreseeable benefits and adverse consequences to the conflict, then HBD committed fraud upon the Court each time it claimed to have fully disclosed its conflict.

11 The conflict is overwhelming because 1) it forced counsel to divide its loyalty between a \$28 Million dollar liquidating computer peripheral company and a \$30+ Billion dollar hedge fund conglomerate which routinely would hold positions of influence in the selection of counsel for Debtors and Official Committees, notwithstanding direct employment and 2) Oaktree was not merely the majority stockholder but also the party holding the largest purported claims against the estate and further against whom the estate had its largest potential counter claims. Are we surprised that Oaktree received the vast majority of the estates assets in cash? It wouldn't matter if an unconflicted law firm would have performed with the same results. What matters is that the conflict, Lender Issues, director events, and other events were not disclosed thereby defrauding minority stockholders of such information and opportunities to participate.

12 Registrant appears to act as the “*alter ego*” of Oaktree, as opposed to a public corporation with minority shareholders.

the Registrant's assets were being liquidated and the only stockholder to receive any funds would be Oaktree. Oaktree received \$20,289,269.96, the vast majority of the Registrant's assets, and this was not disclosed to shareholders.

The line items in Table 2 highlighted in red listing the form 8-K failures related to the CRPC 3-310 events hammer the nails into the coffin which buries any hope of Registrant's professionals to characterize the totality of the Oaktree omissions as inadvertent or without purpose.

The Commission Must Either Oppose or Approve Failures to Comply with Mandatory Reporting and Sarbanes-Oxley Reporting Procedures

Either the Exchange Act Rules 13a-15 and 15d-15 apply to all Registrants or they do not. Assuming for the sake of discussion that the Commission has discretion to select violators for whom investigation and enforcement proceeds, I would argue that the public is best served and will be most attentive to transgressions that involve the most wealthy and lucrative participants in the public securities markets such as a hedge fund like Oaktree. In any event, the existence of the multiple complicating issues including ethical allegations against HBD, pervasive conflict of interest among the professionals, and the Oaktree Lender Issues (together “Complicating Issues”) in no manner detracts or mitigates the severity of the failures regarding mandatory SEC reporting and related requirements. These Complicating Issues can only increase the relevance and imperative for action by the Commission and possible criminal referral. The clear violations of SEC rules in the Expanded Allegations stand on their own even without the Complicating Issues and thus the Expanded Allegations warrant full action by the Commission.

Registrant may have been advised by its professionals, or the public might conclude, that certain sophisticated players need not comply with SEC regulations under certain circumstances. Registrant and its professionals may have concluded that the SEC is too busy with larger corporate scandals, or too wary of confronting attorneys or parties as powerful and well funded as the \$40 Billion Oaktree. Worse still, Registrant or its professionals may have acted under an assumed confidence that the SEC will not fully investigate or prosecute a matter upon learning of the participation of former and current attorney employees of the Department Of Justice (“DOJ”) in the private practice legal representation of Registrant in conjunction with the Expanded Allegations.

The Commission Must Either Oppose or Approve Of The Conflicted Representation of a Registrant By Counsel Owing Loyalties To An Adverse Hedge Fund

The SEC Allegations, supplemented by these Expanded Allegations, emerged during the course of my ethical complaint against bankruptcy counsel for Registrant. The official position of the California State Bar has been that it does not having standing or jurisdiction with respect to ethical matters which involve public securities. My original complaint is currently before the Supreme Court of California in the form of my sworn Verified Accusation with case number: S157298. The Commission may have a short **window of opportunity** to make its position known with respect to conflicted loyalties of counsel for a Registrant, including in the circumstance of the Expanded Allegations and a powerful hedge fund. An **Amicus Brief** in those proceedings either against or in support of the actions of the accused counsel **would clearly demonstrate the policy of the Commission.** The absence of comment will be equated in the minds of public investors as tacit approval by the Commission of such conduct.

Voluntary Non Publication

In light of your desire to investigate without tipping off targets as described in your eMail of 10/29/2007, I will voluntarily withhold dissemination of this document for 60 days to parties in the media and academia. Please let me know if more time is desired. For your information, Registrant and most of its professionals are fully informed as to my 7/31/2007 Letter to the CA Bar and likely informed as to the 10/17/2007 Letter to Mr. Fagel of the Commission.

While your eMail indicates that investigations by the Commission are conducted without assistance of third parties such as myself, please extend my offer of assistance in conjunction with any criminal investigation that you may refer. Thank you for your continuing attention to this matter.

Very truly yours,

REDACTED

David O'Donnell

REDACTED cell

attachments: Table1, Table 2

Table 1		Aureal Inc. Sec Violations re: Failures To File Periodic Reports and Sarbanes Oxley Controls and Procedures				
Date	Form	F	req1	Statute	Description	Source
01/02/00	10K	No			NTN 10K states intention to file 10K within 15 days.	ACCESSION NUMBER: ("SECAN") 0000891618-00-002361
04/02/00	10Q	No			NT 10-Q filed stating promise to file 10Q within 5 days.	SECAN: 0000891618-00-002920
04/05/00					Aureal files for bankruptcy protection	
Jul 2000	10Q	No			No filing or explanation.	
Oct 2000	10Q	No			No filing or explanation.	
Jan 2001	10K	No			No filing or explanation.	
Apr 2001	10Q	No			No filing or explanation.	
Jul 2001	10Q	No			No filing or explanation.	
07/10/01	SC 13D/A	Yes			Societe Generale acquires TCW a member of Oaktree, et al.	SECAN: 0000912057-01-523231
08/27/01					Confirmation Order in Registrant's bankruptcy case. Common stock is not invalidated, corporation continues existence	
Oct 2001	10Q	No			No filing or explanation.	
Jan 2002	10K	No			No filing or explanation.	
Apr 2002	10Q	No			No filing or explanation.	
Jul 2002	10Q	No			No filing or explanation. Sarbox may apply to filing date.	
07/30/02				Sarbox	Sarbanes-Oxley Act of 2002.	
Oct 2002	10Q	No			No filing or explanation.	
Oct 2002				Sarbox	Violations of Controls and procedures requirements for "officers and directors" 17CFR§ 240.15d-15, 17CFR§ 240.13a-15, 17CFR§ 240.3b-2	
Jan 2003	10K	No			No filing or explanation.	
Jan 2003				Sarbox	Violations of Controls and procedures requirements for "officers and directors" 17CFR§ 240.15d-15, 17CFR§ 240.13a-15, 17CFR§ 240.3b-2	
Apr 2003	10Q	No			No filing or explanation.	
Apr 2003				Sarbox	Violations of Controls and procedures requirements for "officers and directors" 17CFR§ 240.15d-15, 17CFR§ 240.13a-15, 17CFR§ 240.3b-2	
Jul 2003	10Q	No			No filing or explanation.	
Jul 2003				Sarbox	Violations of Controls and procedures requirements for "officers and directors" 17CFR§ 240.15d-15, 17CFR§ 240.13a-15, 17CFR§ 240.3b-2	
07/03/03	Form 15	Yes			David Bradlow files form 15 to terminate Registrant's filing requirements, states 200 holders of the common stock. Bradlow's filing demonstrates Registrant's awareness that it is subject to filing requirements and Bradlow is authorized as signatory. In the event that the form 15 was improperly filed or otherwise not accepted, the SEC Violations may be continuing.	

Table 2		Aureal Inc. Sec Violations re: Failures To File Current Reports				
Date	Form	F	req1	Statute	Description	Source
09/30/99					fact which amplifies the 8-K Item 8.01 disclosure failures regarding the Lender Issues as described in http://www.bankruptcymisconduct.com/files/CABAURHBD1v5.pdf	SECAN: 0000891618-99-005292
03/22/00	8-K Items 4 & 8	No			Court Finds PwC was engaged as financial advisor	7/23/02 Memorandum of decision 00-42104T page 7 (SECAURHBDreq1.pdf page 21)
03/24/00	8-K Item 5.02	No	req1		Director Kenneth A. Kokinakis resigns	Disclosure Statement page 6; lines 5 to 7 (SECAURHBDreq1.pdf page 47)
03/24/00	8-K Item 5.02 (a)	No	req1		Director Kokinakis resigns due to a dispute with Registrant	Exhibit C of http://www.bankruptcymisconduct.com/f
03/24/00	8-K Item 5.02	No			Director Richard E. Christopher resigns	Disclosure Statement page 6; lines 5 to 7 (SECAURHBDreq1.pdf page 47)
03/24/00	8-K Item 5.02	No			Director Thomas K. Smith, Jr. resigns	Disclosure Statement page 6; lines 5 to 7 (SECAURHBDreq1.pdf page 47)
03/24/00	8-K Item 5.02	No			Director of undetermined identity resigns	Disclosure Statement page 6; lines 5 to 7 (SECAURHBDreq1.pdf page 47)
03/24/00	8-K Item 5.02 (a)	No	req1		Above 3 director resignations are likely due to the same dispute causing director Kokinakis and all other officer resignations	Exhibit C of http://www.bankruptcymisconduct.com/f
03/24/00	8-K		req1		All officers and senior staff resign. Mandatory disclosure is not made under form 8-K, but partial information is disclosed in form NTN 10K on 4/3/2000 FORM 12b-25 on 5/16/2000.	
April 2000	8-K Item 5.02	No	req1	17CFR§ 240.14f-1	Gloria Noh, Esq. appointed as a director of Oaktree. Ms. Noh was then an officer of Oaktree, et al.	SECAN: 0000932471-01-000030
April 2000	8-K Item 5.02	No		17CFR§ 240.14f-1	Kenneth Liang appointed a director of Aureal while also Managing Director, Compliance Officer, and General Counsel of Oaktree.	SECAN: 0000932471-01-000030
04/03/00	NTN 10K	Yes	req1	17CFR §240.13b2-2, 240.3b-2, 240.3b-7, 18USC§1001	Mitchell signs 1 st SEC filing as Dir. Of Human Resources. Numerous omissions under 18USC §1001 including the director events. All respective parties under 18USC §2 & 18USC §3 are responsible. Parties not participating but aware and failing to refer are subject to 18USC §4.	SECAN: 0000891618-00-002361
04/04/00	8-K Item 5.02	No			Mitchell appointed COO and signs HBD retention letter as "Chief Operating Officer". Subsequently signs 2 nd filing as COO.	SECAN: 0000891618-00-002920
04/05/00					Aureal files for bankruptcy protection	

<p>* 2000 & 2001 & 2002</p>	<p>8-K</p>	<p>No</p>		<p>CPRC Rule 3-310, 18USC §1001, 18USC§2, 18USC§3, 18USC §4, 18USC §157</p>	<p>Registrant provides HBD with a fully informed written release of HBD's conflict of interest (as required under California Rules of Professional Conduct: Rule 3-310) upon the occurrence of each matter, as it arises, which involves an actual or potential conflict of interest for HBD vis a vis Oaktree with respect to each of the Lender Issues. This includes without limitation the following legal matters for which Registrant employed HBD: Investigation of the validity and enforceability of Oaktree's purported security interest against Registrant, equitable subordination of Oaktree's claim, Lender Liability counter claims against Oaktree, tortious interference by Oaktree, and SEC reporting with respect to Oaktree and its designated directors. Such extraordinary releases by Registrant of its counsel with respect to counsel's conflicted concurrent representation of the majority stockholder Oaktree, who later became the recipient of the majority of the cash proceeds of the sale of Registrant's assets is unquestionably of prime significance and requires reporting under form 8-K. Assuming for the sake of argument that Registrant did not execute such releases, then Registrant (and by extension minority stockholders) was defrauded by counsel and multiple violations including Title 18 U.S.C. §157 occurred.</p>	<p>Supreme Court of California, Verified Accusation case number: S157298.</p>
<p>* 2000 & 2001 & 2002</p>	<p>8-K</p>	<p>No</p>		<p>CPRC Rule 3-310, 18USC §1001, 18USC§2, 18USC§3, 18USC §4, 18USC §157</p>	<p>Registrant provides HBD with a fully informed written release of HBD's conflict of interest (as required under California Rules of Professional Conduct: Rule 3-310) upon the occurrence of each matter, as it arises, which involves an actual or potential conflict of interest for HBD vis a vis Argo and each of Argo's eighteen (18) distinct claims ("Distinct18"), as transferee, against Registrant. This includes without limitation each instance whereby HBD determined the validity of the Distinct18, set offs and counterclaims against the Distinct18, and possible equitable subordination of the Distinct18. Additionally, the extraordinary efforts of HBD on behalf of Registrant (but for the clear benefit of Argo at the cost of Registrant whereby HBD sought authority to pay Argo for a claim which had been disallowed by final order) required Registrant to execute an additional informed release for the benefit of HBD. Such an extraordinary pattern of releases by Registrant of its conflicted attorney representing the largest acquiror of claims against Registrant's bankruptcy estate is unquestionably of prime significance and requires reporting under form 8-K. Assuming for the sake of argument that Registrant did not execute such releases, then Registrant (and by extension minority stockholders) was defrauded by counsel and multiple violations including of Title 18 U.S.C. §157 occurred.</p>	<p>Supreme Court of California, Verified Accusation case number: S157298.</p>
<p>04/27/00</p>			<p>req1</p>		<p>Mitchell electronically delivers 1st SEC filing signed 4/3/00</p>	

05/03/00	8-K	No		15USC 78j(b), 17CFR§ 240.15c1-2, CPRC Rule 3- 310	Registrant agrees by letter not to disqualify PwC in the Creative litigation due to PwC's conflict of interest in representing Creative, the adverse party to Registrant whose litigation caused Registrant's bankruptcy. As described in the Disclosure statement, PwC was the central party through which Creative ultimately purchased the operating assets of Registrant by a payment which included the common stock of Creative. Subsequently, these purchased shares of Creative formed a central component of Registrant's Plan of Reorganization. (See additional Table 2 entries)	7/23/02 Memorandum of decision 00-42104T page 3, lines 16-20 (SECAURHBDreq1.pdf page 17)
05/16/00	NT 10-Q	Yes	req1	17CFR §240.13b2-2, 18USC §§'s 1001,2,3,4 & 157	Mitchell makes second SEC filing as COO containing Numerous omissions including of the director events in violation of 18USC §1001 . All respective parties under 18USC §2 & 18USC §3 are responsible. Parties not participating but aware and failing to refer are subject to 18USC §4.	SECAN: 0000891618-00-002920
05/16/00	8-K	No		17CFR §240.13b2-2, 18USC§1001, 18USC§2, 18USC§3, 18USC§4, 18USC §157	The NT 10-Q SEC filing states a request for a No-Action letter re: "modified reporting procedure" ... "in lieu of the periodic reports" is being sent by Registrant to the SEC. Registrant does not comply with standard reporting requirements. Registrant does not perform modified reporting in accordance with the Commission's 1972 Release and SLB No. 2. Mr. SALVADOR P. NERI of the SEC confirmed on 10/30/07 that there was neither any ruling by the SEC regarding such purported request nor is there a request submitted by Registrant in the Commission's files. The failure of Registrant to correct or update the No-Action letter issue deceived stockholders into believing that Registrant was relieved of its SEC Reporting obligations under the Exchange Act. The promise demonstrated scienter, and together with subsequent failures function as an artifice to mislead investors.	SECAN: 0000891618-00-002920
06/29/00	8-K	No			Notwithstanding Registrant's full waiver to consent to the conflict of PwC, the Court rules that PwC may only be employed by Registrant if PwC limits the scope of services which PwC provides to Creative.	MEMORANDUM OF DECISION RE EMPLOYMENT OF ACCOUNTANTS http://www.canb.uscourts.gov/canb/Doc
08/09/00	8-K Items 4 & 8	No			EYR Restructuring hired as financial advisor	7/23/02 Memorandum of decision 00-42104T page 7 SECAURHBDreq1.pdf
09/15/00	8-K Items 4 & 8	No			Neilsen Elggren hired as accountants	7/23/02 Memorandum of decision 00-42104T page 7 SECAURHBDreq1.pdf
11/03/00	8-K Item 2.01	No		15 U.S.C. 78j(b)	Sale of Registrant's assets for \$28 Million dollars; 208,079 shares of Creative stock ("Purchased Stock"); and release of all claims against Creative.	Disclosure Statement pages 10 to 11. (SECAURHBDreq1.pdf page 51 to 52)
* 12/04/00	8-K	No			Registrant pays \$20,289,269.96 to Oaktree only 243 days after the bankruptcy filing but still 509 days before Confirmation. This event precludes a reorganization of Registrant for all stockholders.	Disclosure Statement page 14; lines 4 to 11 (SECAURHBDreq1.pdf pages 55)
2000 & 2001	8-K Item 8.01	No			Registrant's stock will not be canceled under the proposed Plan.	Plan of Reorganization page 8; lines 15-18 (SECAURHBDreq1.pdf page 91)

March 2001	8-K	No		Act of 1934; 15USC 78j(b)	Registrant's Original Plan was thwarted due to an objection by the Official Committee of Unsecured Creditors, whose sole objection was “based solely on the dispute regarding the Creative Stock”	Disclosure Statement page 12, lines 17-18 (SECAURHBDreq1.pdf pages 53)
05/01/01	All Filings				Registrant has ample resources to prepare SEC reports; over \$10MM as of May 2001 after the \$20,289,269.96 payment to Oaktree. Registrant has incurred approx \$2 Million in legal, accounting, financial advisor, and professional fees since the events leading to the SEC Allegations commenced. Majority of fees were paid to Registrant's professionals burdened by conflict of interest vis-a-vis Oaktree and Creative.	Disclosure Statement page 16 (SECAURHBDreq1.pdf pages 57)
05/08/01	8-K Items 5 & 8	No		15USC 78j(b)	Dispute re: Purchased Shares results in the appointment by the Court of an official Examiner with such expenses paid by the Registrant.	Disclosure Statement pg 13; lines 10 -13. (SECAURHBDreq1.pdf page 54)
07/19/01	8-K Items 5 & 8	No			Amended Disclosure Statement in Support Of Debtor's Second Amended Plan Of Reorganization; Debtor's Second Amended Plan Of Reorganization	SECAURHBDreq1.pdf pdf file pages 35 to 111
07/19/01				Act of 1934	Creative Stock sale is ordered “Subject to applicable securities laws” .	Plan of Reorganization page 12 (SECAURHBDreq1.pdf page 95)
07/19/01	8-K	No		Various	Registrant shows its intention to act as an investment manager by retaining Purchased Shares indefinitely for its fiduciaries in an attempt to sell at a time it deems optimum to maximize their value. Registrant is clearly not acting as a liquidating shell and has chosen a course of conduct in direct opposition with the stated desires of their beneficiary creditors. Instead, Registrant is acting as an investment advisor betting on the value of the Purchased Shares. A successful speculative bet on a dramatic increasing in the value of Purchased Shares would return value to Aureal shareholders after unsecured claims paid in full.	Disclosure Statement pages 11-13 (SECAURHBDreq1.pdf pages 52 to 54)
07/19/01	8-K	No			Board of Directors have control over the sale of the Purchased Shares. Thus Oaktree can direct the sale of the shares to a particular party.	Disclosure Statement page 27 lines 3 to 6. (SECAURHBDreq1.pdf page 68)
* 07/19/01				Multiple, 15USC 78j(b)	Registrant actively promotes the value of common stock of Creative (the Purchased Shares) which it intends to sell; makes numerous positive forward looking statements and no mention of risk factors.	Disclosure Statement pages 11-13 (SECAURHBDreq1.pdf pages 52 to 54)
07/19/01	8-K Items 5.01, 5.02	No		17CFR§ 240.14f-1	Plan specifies unreported membership of the Board of Directors.	4.2.a of the plan
07/19/01	8-K Item 5.03	No			Amendment to the Bylaws under Debtor's Second Amended Plan of Reorganization Article IV 4.2.C	Plan of Reorganization page 10 (SECAURHBDreq1.pdf page 93)
07/19/01	8-K	No		Multiple	The Plan of Reorganization entails the sale of securities issued by Creative which were unregistered with the SEC when originally received.	Disclosure Statement page 10-14 (SECAURHBDreq1.pdf page 51-55)
08/27/01	8-K	No			Confirmation Order on Registrants bankruptcy plan. Common stock is not invalidated, corporation subject to SEC Reporting Requirements.	
11/08/01	8-K	No		Act of 1934, 18USC §157	The Court finds that PwC files its “Second Fee Application” as Registrant “never scheduled a hearing with respect to the First Fee Application”.	SECAURHBDreq1.pdf pages 15 to 30

04/26/02	8-K	No		Hearing held regarding objections to the "Second Fee Application" of PwC. PwC claims that it was central in arranging the transaction which resulted in the sale to Creative of Registrants assets. The majority of the proceeds from were delivered to Oaktree. Upon information and belief, no other stockholder received any of the proceeds. None of these events were included in reports by Registrant filed with the Commission.	SECAURHBDreq1.pdf pages 15 to 30
2002?	8-K	No		Steve Mitchell ceases duties as COO	
2002?	8-K	No	17CFR§§'s 240.3b-2 240.3b-6 240.3b-7 240.13a-15 240.15d-15	David Bradlow appointed Liquidating Trustee with duties commensurate of an officer of Registrant.	
07/30/02			Sarbox	Sarbanes-Oxley Act of 2002.	
08/07/02	8-K	No	15USC 78j(b), 17CFR§ 240.15c1-2, 18USC§157	After having found that PwC failed to make mandatory disclosures, Judge Leslie Tchaikovsky revokes PwC's retention and orders the disgorgement of fees. <u>The fee rejection reduces Registrants liabilities by an amount roughly equal to 5% of its assets.</u> Reporting these events would have alerted minority shareholders to possible causes of action against parties including the conflicted clients of Registrant's counsel.	00-42104T Doc #837 Order Denying Second And Final Fee Application Of PRICEWATERHOUSECOOPERS LLP, directing revocation of retention and disgorgement. SECAURHBDreq1 page 32-34
09/09/02	8-K	No	15USC 78j(b), 17CFR§ 240.15c1-2, CPRC Rule 3-310, FRBP 2014(a), 18USC§157	When denying PwC's 8/19/02 motion for reconsideration of the Court's order #837, Judge Tchaikovsky finds that Registrant <u>purposely withheld required disclosures regarding PwC's conflict from the Court for its own advantage.</u> None of the events associated with PwC's revocation are included in reports with the Commission despite the occurrence of misconduct and fraud involving the employment of conflicted professionals on the most significant transaction for the Registrant in years, such transaction involving the purchase and sale of securities issued by PwC's conflicted Client.	00-42104T Memorandum Re Motion For Reconsideration. Docket Number 837 page 3 appearing as Exhibit T of CABAURHBD26.pdf at page 326
07/03/03	Form 15	Yes		David Bradlow files form 15 to terminate Registrant's filing requirements. Bradlow's filing demonstrates Registrant's awareness that it is subject to filing requirements and Bradlow is authorized as signatory.	SECAN: 0000891618-03-003425