

October 6, 2015

To All Known Creditors of:

Universal Holdings I, LLC  
d/b/a Smith Brothers  
a Delaware Limited Liability Company

**NOTICE OF ASSIGNMENT FOR  
THE BENEFIT OF CREDITORS**

Dear Sir or Madam:

On September 25, 2015, at the direction of the Managing Member of Universal Holdings I, LLC (“UH I” or the “Company”), UH I executed an Assignment for the Benefit of Creditors, and the undersigned accepted the position of Assignee.

**BACKGROUND**

UH I has been a manufacturer of its own line of wellness products marketed under the Smith Brothers brand, as well as providing contract manufacturing for other company’s products since 2010 when it purchased the assets of F & F Foods, Inc. Prior to that, the company has been in business since the mid 1800’s, when the Smith Brothers began producing cough drops out of a restaurant in Poughkeepsie, NY.

UH I has attempted to revive the Smith Brothers brand by retaining well known and proven management, investing in large marketing campaigns and new more efficient manufacturing equipment. Additionally, to fill the production schedule, UH I has been manufacturing products for other companies, who either did not have sufficient capacity at their own facilities or owned a brand, but did not have any manufacturing capability. The contract manufacturing business is typically a low margin endeavor and is not enormously profitable, but did help to cover the overhead expenses.

Unfortunately, despite management’s best efforts, the company has operated at a loss for the last few years. This, coupled with the loss of a significant piece of business with a major customer, a product recall for one of its contract manufacturing customers and production difficulties requiring the closure of the plant for a short period of time, has caused the business to deplete its

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working capital reserves. With the secured lender unwilling to extend further loans to fund the continuing losses and future obligations of UH I, it became apparent that the company could not continue to operate in the normal course of business. Thus as of Friday, September 25<sup>th</sup> the manufacturing facility ceased operations and UH I executed an Assignment for the Benefit of Creditors. As a result, all of the assets of the Company will be liquidated.

### ASSIGNMENT FOR THE BENEFIT OF CREDITORS

At the time of the Assignment, UH I leased the manufacturing and distribution facility it occupied in Chicago, Illinois, and has no ownership interest in the real property. The assets of UH I consist primarily of \$1,957,159 in accounts receivable; \$2,569,699 of inventory; \$28,800 in vehicles; \$9,877,358 of personal property, machinery and equipment; and \$550,616 of intellectual property and designs. The amounts quoted for the above assets are depreciated book values and do not accurately reflect their current market values in liquidation. Additionally, there is included on the balance sheet of UH I, the amount of \$1,017,598, ascribed to the renovations spent on the manufacturing facility for upgrades and modernization. This is a non-realizable asset from a liquidation point of view.

Attached herewith, for your review, is a Schedule of Assets and Liabilities of UH I as of the date of the Assignment (information used to compile this schedule was taken from the books and records of the Company and is for informational purposes only). This schedule reflects estimated liquidation values for the assets. Additionally, the Assignee has reviewed lien searches conducted with the Department of State, for Delaware, Secretary of State of Illinois and Cook County Recorder of Deeds. It appears from the filings of record and the documents provided, that there is a properly perfected security interest in all of the assets of UH I including the accounts receivable, inventory, machinery and equipment and intellectual property, by York Special Opportunities Fund AIV I, L.P.

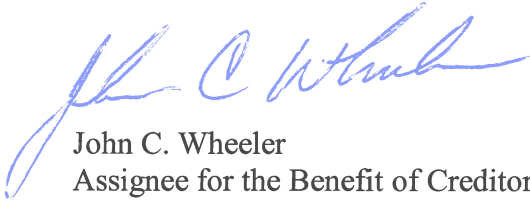
It is the Assignee's intention to liquidate the physical assets of UH I through auction sales of the majority of the assets. To effectuate the sales and maximize value, the Assignee has retained a few of the former employees of UH I to assist in the collection of the accounts receivable and sale of the remaining inventory on hand. The auction sales will be advertised in an effort to promote competitive bidding to maximize the proceeds from the sales.

This notice is being sent to all known creditors of UH I including all taxing authorities and all representatives of creditors. Attached is an Affidavit of Claim form that we request be completed and returned to our offices within the next 90 days, along with any documents substantiating your claim in this matter.

Please note that if you have any questions regarding this matter, please do not hesitate to contact me at our Chicago office at (312) 263-4141 or send me an email at [jwheeler@dsi.biz](mailto:jwheeler@dsi.biz).

Thank you for your consideration and cooperation in this matter.

Very truly yours,



John C. Wheeler  
Assignee for the Benefit of Creditors of  
Universal Holdings I, LLC

Enclosures

ATTORNEY FOR THE ASSIGNEE  
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Universal Holdings I, LLC  
Schedule of Assets & Liabilities  
as of September 25, 2015

ASSETS:

Cash on Hand	\$ 136,691
Accounts Receivable (Estimated Collectable)	800,000
Inventory (Estimated Liquidation Value)	250,000
Machinery & Equipment (Estimated Liquidation Value)	2,500,000
Vehicles (Estimated Liquidation Value)	25,000
Intellectual Property (Depreciated Book Value)	<u>545,912</u>
 Total Assets	 \$ 4,257,603

LIABILITIES:

Due Secured Creditor	\$ 6,355,988
Due Taxing Authorities	-
Accrued Payroll	460,228
Due Unsecured Creditors	<u>2,783,648</u>
 Total Liabilities	 \$ 9,599,864
 Net Worth (Deficit)	 <u>\$ (5,342,260)</u>

Note:

The above information is provided for informational purposes only. All information has been taken from the books and records of UH I, is unaudited and neither the Assignor, Assignee, nor DSI represents or warrants that this information is correct or without error. Values stated for the assets are at Book Value (unless otherwise noted) and have not been recalculated to Market or Liquidation Value, unless noted.