

July 21, 2016

To All Known Creditors of:

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

FINAL REPORT OF ASSIGNMENT FOR  
THE BENEFIT OF CREDITORS

Dear Sir or Madam:

As you may remember, on September 25, 2015, Universal Holdings I, LLC (“UH I” or the “Company”), executed an Assignment for the Benefit of Creditors, and the undersigned accepted the position of Assignee.

LIQUIDATION

After the Assignment, the Assignee retained a group of the former employees to assist in the wind down of the business and the liquidation of the assets.

ACCOUNTS RECEIVABLE:

The first group of assets to be addressed was the accounts receivable. From information provided by the Company as of the date of the Assignment, it was estimated that there was approximately \$800,000 of accounts receivable that were collectable. Through the hard work of the employees, the Assignee has been able to collect \$1,194,648.71, to date, which includes proceeds from an insurance policy the Company had that covered its losses due to a recall of product for one of its customers.

INVENTORY:

The sale of the inventory was next. We were able to sell all of the finished goods and a majority of the raw materials inventories, in an orderly manner that maximized the value of these assets. Initially, it was estimated that we would recover approximately \$250,000 from the sale of the inventory. What eventually was recovered was \$198,863.26. Unfortunately, a large amount of sugar and corn syrup was not saleable and was in fact costly to dispose of.

MACHINERY & EQUIPMENT:

The sale of the machinery, equipment, furniture, fixtures and vehicles brought the highest amount from an asset category stand point. The Assignee spent considerable time with multiple groups interested in the purchase of these assets. Eventually, the Assignee entered into an

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agreement whereby the Assignee was guaranteed an amount for the sale of these assets at an auction and would share in any amount garnered over a specific price reached at the auction sale. While it was initially estimated that there was approximately \$2,500,000 in value in this asset group, based on previous appraisals, it ended up bringing \$1,940,488. While the sale was well attended, much of the equipment was very old and was not worth the cost of removal and reassembly at a new site.

INTELLECTUAL PROPERTY:

The Assignee was contacted by numerous parties regarding the sale of the intellectual property of the Company, including brand names, trademarks, copyrights, formulas, recipes and equipment tooling specific to some of the products. An asset purchase agreement was entered into with a group who had made a significant offer, for these assets and the Assignee provided notice to creditors and advertised that he was seeking higher and better offers for the assets. At the auction sale that took place, the secured lender out bid the offer the Assignee had received from the third party, by way of a credit bid. The sale price was \$500,000.

MISCELLANEOUS ASSETS:

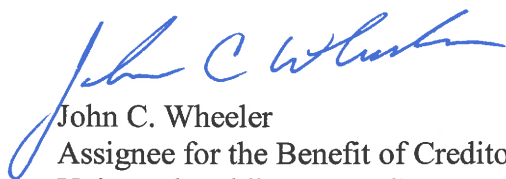
The Assignee was also able to recover \$43,480.12 from collection of deposits previously paid, rents from Sprint for a cell tower on the property and other small items.

The total of these categories aggregates \$3,877,480.09, which is significantly short of the \$6,355,988 that was loaned to the Company on a secured basis. This shortfall of \$2,478,507.91 does not include the expenses the Assignee incurred in the liquidation of the assets of UH I. Since the secured lender will not be paid in full, there are no funds available from the liquidation of the assets of the company to make any distribution to general unsecured claims.

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

ATTORNEY FOR THE ASSIGNEE

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