



Development Specialists, Inc.

Advisory and Fiduciary Services • Corporate Restructuring and Workouts • Interim Management • Insolvency Services

January 27, 2017

e-mail address: keverett@dsi.biz

TO THE CREDITORS AND EQUITYHOLDERS OF *CABORCA LEATHER, LLC*

Re: **GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS**

Please be advised that Caborca Leather, LLC, a Delaware Limited Liability Company (the “Assignor”, “Company” or “Caborca”) executed a general assignment for the benefit of creditors in favor of Development Specialists, Inc. on January 8th, 2017, effective January 19, 2017.

This action was taken and approved by a majority of the members of Caborca. In 2016 the Company determined that their operations in Mexico were not profitable and made the decision to sell the assets of the Company. After marketing the assets, they were sold to a manufacturer of similar products in October 2016. As part of the sale, the Company ceased its operations and terminated all of its employees. In order to maximize the return to creditors, the members determined that an assignment for the benefit of creditors would be in the best interest of the Company, its creditors and members.

The Assignee has retained John Fiero with the law firm of Pachulski, Stang, Ziehl and Jones LLP to serve as its counsel in this assignment estate. The Assignee will oversee the liquidation of the Assignor’s assets and the distribution of those assets to the creditors based on such creditor’s relative priorities, including the validity of the liens asserted on the Assignor’s assets as noted below.

The Assignor was obligated to a lender, Triumph Commercial Finance, who claims to have a security interest on all assets of the Assignor, as a result of the sale of the Company’s accounts receivable. At this time the amount of the secured claim is unknown and being reviewed and investigated by the Assignee. The Assignee and its counsel will review and verify the lenders security documents to confirm the validity of the asserted lien against the Assignor’s assets. Assuming the secured lender security interests are as represented to the Assignee, the secured lender will have priority to the proceeds of the liquidation of the Assignor’s assets until their secured claim is paid in full.

The Assignee is investigating whether or not there are any remaining assets including causes of action that that could be monetized for distribution to creditors. The Assignee will notify creditors as to any proposed sale or monetization of assets, if any, once it is known. The sale, or collection, of these assets will be applied to the lenders valid secured claim, if determined to be valid, until all such secured claims are fully satisfied. After all secured, administrative and/or priority claims are satisfied, any remaining funds will be applied, pro rata, to valid and timely submitted unsecured claims as directed below.

For those of you unfamiliar with general assignments, the process is similar to liquidations administered under Chapter 7 of the Bankruptcy Code. However, California law controls rather than federal bankruptcy law. Experience has proven that in circumstances such as those in this instance, estates administered through general assignments typically return a greater recovery on the assets of the estate quicker and more economically than the bankruptcy process. There is no guaranty, however, in light of the outstanding and unassumed secured indebtedness that there will be any recoveries for general unsecured creditors at this time.

SAN FRANCISCO

150 Post Street, Suite 400 • San Francisco, California 94108-4716 • Telephone: 415.981.2717 • Fax: 415.981.2718 • www.dsi.biz

LOS ANGELES • CHICAGO • NEW YORK • LONDON • MIAMI • WILMINGTON • COLUMBUS

Creditors should note that California law provides for an assignee to recover preferential transfers made by the Company within the ninety days immediately prior to the making of the general assignment. No review of the transactions that may qualify as recoverable under California law has been undertaken yet.

Attached hereto is a form Proof of Claim by which creditors can file their claims with the Assignee. If you have received this letter, you may be a vendor of the Company or otherwise a potential creditor. Please note that pursuant to California law (*see* Code of Civil Procedure §1802), the last day to file proofs of claim in this estate is **July 18, 2017** (the "Claims Bar Date"). **Creditors who fail to file their proofs of claim by the Claims Bar Date will not be entitled to share in any distribution arising out of the liquidation of the Company's assets should there in fact be any funds available for distribution to unsecured creditors**, and shall be deemed to have waived any right to recover from the liquidation should there be proceeds beyond that owing the secured lenders or any priority claimant.

The Assignee will accept proofs of claim via facsimile, e-mail, or through our website so long as they are received by the Claims Bar Date, July 18, 2017, and the original signed proof of claim is received by the Assignee within ten (10) days thereafter. Claims will not be deemed to be valid unless they include copies of your supporting invoices or statements; please attach all such supporting documentation with each filed claim. The fact that the Assignee is accepting proofs of claim is not a guaranty that there will be any recovery by unsecured creditors from the liquidation of the assets of the Assignors.

Information regarding the general assignment may also be found at www.dsiassignments.com. After returning the completed and executed Proof of Claim, together with all necessary supporting documentation, creditors are requested to advance their files approximately thirty days, pending our next report.

Very truly yours,

Development Specialists, Inc., solely in its capacity
as Assignee for the Benefit of Creditors of CABORCA LEATHER, LLC

By



Kyle Everett

Enclosures: (Proof of Claim Form)