



**Development Specialists, Inc.**

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

21 March 2013

*e-mail address: gberman@dsi.biz*

TO THE CREDITORS AND SHAREHOLDERS OF

LUMENERGI, INC.  
8371 CENTRAL AVENUE, SUITE B  
NEWARK, CALIFORNIA 94560

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

Please be advised that the above Company executed a general assignment for the benefit of creditors in favor of Development Specialists, Inc. (the "Assignee") on Tuesday, March 19, 2013. This action was taken by the Company after efforts to raise additional capital proved unsuccessful.

The Company obtained a \$250,000 bridge loan from certain of its investors shortly before the execution of the general assignment, the proceeds of which were used to fund final payroll and related employee benefits. The bridge loan was secured by a pledge of the Company's assets and was perfected through the appropriate UCC financing statements with the Delaware Secretary of State's Office, and loan and security agreements. The Assignee has retained Craig Prim, Esq., of Dorsey & Whitney, to act as its counsel in this matter and Mr. Prim has reviewed the documentation of this secured loan. Further, the bridge lenders have consented to the general assignment and the Assignee's possession and liquidation of the collateral securing the bridge loan.

The Company's assets include ballast and finished goods inventories valued at more than \$1.7 million at cost, plus 70 patents, issued, filed, or pending. The asset base also includes the Lumenergi Advanced Lighting Controls system, including complete hardware, software and firmware designs to control luminaires, Intelligent Sensors, Programmable Wall Controllers, interconnect modules and lighting protocol adapters. The company's products are serving more than 8M sq. ft. of commercial properties in the US. The Assignee has already begun the process of discussing the availability of these assets with parties that have expressed an interest therein. It is our hope that the inventories and potentially the patents can be sold in the near term so as to maximize the recoveries for creditors.

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. 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. 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. A review of the transactions that

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may qualify as recoverable under California law will be undertaken once the inventories and other assets have been liquidated.

Attached hereto creditors will find a form Proof of Claim by which creditors can file their claims with the Assignee. 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 September 10, 2013. Creditors who fail to file their proofs of claim by that 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. The Assignee will accept proofs of claim via facsimile, so long as the facsimile is received by the claims bar date September 10, 2013 and the original signed proof of claim is received by the Assignee not later than September 17, 2013. Please remember to include copies of your supporting invoices or statements with your proof of 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 Company's assets.

Information regarding the general assignment may also be found at [www.dsiassignments.com](http://www.dsiassignments.com). After returning the form Proof of Claim, creditors are requested to advance their files approximately forty-five days, pending our next report.

Very truly yours,

Development Specialists, Inc. solely in its capacity  
as Assignee for the Benefit of Creditors of  
LUMENERGI, INC.

By  
Geoffrey L. Berman

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Enclosure (form Proof of Claim)