

STATE OF MINNESOTA**DISTRICT COURT****COUNTY OF RAMSEY****SECOND JUDICIAL DISTRICT****Case Type: Other Civil**

In re:

The assignment for the benefit of creditors of
LifeHealth, LLC

Court File No.: 62-cv-17-4154
Hon. Jennifer L. Frisch

**MEMORANDUM OF LAW IN SUPPORT OF ASSIGNEE'S
MOTION REGARDING PROCEDURAL ISSUES**

DSI Assignments, LLC, the assignee in the above-captioned matter (the "Assignee"), submits this Memorandum of Law in support of its Motion for an order of the Court (1) establishing a creditor claims procedure, (2) determining the sum and conditions of the Assignee bond, if any, (3) approving consent and subordination agreements between Assignee and Assignor LifeHealth, LLC's ("Assignor") senior-secured lenders, (4) authorizing the terms of Assignee's compensation, (5) extending the statutory stay for an additional 90 days to allow the Assignee to conduct its work, and (6) granting such other relief as the Court may deem just and proper.

INTRODUCTION

Assignor was founded in 2008. Until recently, it had been engaged in the business of researching, developing, and manufacturing proprietary point-of-care diagnostic tools to measure blood gases, electrolytes, and metabolites for the purpose of aiding physicians and veterinarians in the diagnosis, treatment, and monitoring of illnesses and diseases. Unfortunately, the research and development of Assignor's products required extensive and ongoing capital infusions, and, over time, Assignor became significantly indebted to various persons, corporations, and other

entities. Ultimately, proceeds from the sale of Assignor's products were insufficient to service its financial obligations and Assignor became unable to pay its debts as they become due in the normal course of business. As a consequence, Assignor recently was forced to make the difficult decision to discontinue its business and wind down its affairs.

PROCEDURAL BACKGROUND

On July 11, 2017, Assignor executed an assignment for the benefit of its creditors (the "Assignment"). The Assignment was filed in Ramsey County District Court pursuant to Minn. Stat. § 577.12. Schedule A to the Assignment sets out all of the Assignor's non-exempt assets.

The Assignee has committed to liquidate and administer all non-exempt assets of the Assignor for the benefit of the Assignor's creditors, pursuant to the terms of Minnesota Statutes Chapters 576 and 577, and under the supervision of the this Court. As required by Minn. Stat. § 577.17, on July 14, 2017, the Assignee sent a notice of the Assignment to all of the Assignor's known creditors. A copy of the notice is attached as **Exhibit 1**. As part of that notice, the Assignee sent an updated list of known creditors and included this list as Supplemental Schedule B.

Upon the filing of the Assignment, Minn. Stat. § 577.18 provides that the Assignee shall be treated as a general receiver, the assignment property shall be treated as receivership property, and all proceedings following the filing of the Assignment shall be governed by Minn. Stat. §§ 576.21 to 576.53.

At the commencement of an assignment for the benefit of creditors, there are a number of procedural issues that must be addressed. The purpose of the present motion is to request an order of the Court (1) establishing a creditor claims procedure, (2) determining the sum and conditions of the Assignee bond, if any, (3) approving consent and subordination agreements

between Assignee and Assignor's senior-secured lenders, (4) authorizing the terms of Assignee's compensation, and (5) extending the statutory stay for an additional 90 days to allow the Assignee to conduct its work. Each of these matters will be discussed below.

REQUESTED RELIEF

1. Establishing the Creditor Claims Procedure.

Following the filing of an assignment for the benefit of creditors, the assignee is to be treated as a general receiver, and is required to submit to the Court a recommendation concerning a claims process appropriate to the proceeding. *See* Minn. Stat. § 577.18 (incorporating Minn. Stat. § 576.49). Pursuant to Minn. Stat. § 576.49, the Court shall then establish the claims process to be followed in the receivership addressing: (1) whether proofs of claim must be submitted, (2) the form of any proofs of claim, (3) the place where the proofs of claim must be submitted, (4) the deadline or deadlines for submitting the proofs of claim, and (5) other matters bearing on the claims process. *See* Minn. Stat. § 576.49, subd. 2. The Court may authorize proofs of claim to be filed with the receiver/assignee rather than with the Court. *See* Minn. Stat. § 576.49, subd. 3.

Here, the Assignee recommends that the Court issue an order establishing the following claims process:

- A. Creditors shall submit their claims to the Assignee using the proof of claim form B410, available at <http://www.uscourts.gov/forms/bankruptcy-forms>. The Assignee will also provide a copy of this form along with its notice to creditors to file proofs of claim and it will publish this link on its web site. Proofs of claim shall be submitted no later than ninety (90) days after the Assignee sends written notice of the claims process to creditors. The Assignee will plainly indicate the exact date of the claim-filing deadline on such notice. *See* Minn. Stat. § 576.49.

Notices shall be sent to the Assignee at:

DSI Assignments, LLC
70 W. Madison Street, Suite 2300
Chicago, Illinois 60602

- B. At any time after expiration of the claim-filing period, and upon 30 days' written notice to the claimant, the Assignee may file a motion objecting to a claim and stating the grounds for the objection. *See* Minn. Stat. § 576.50, subd. 1.
- C. At least 21 days prior to a proposed distribution to creditors, the Assignee shall file with the Court and serve upon all persons on the master service list, a notice setting out the assets collected and the claims to be paid. Within 21 days after the notice is served, any party in interest may file an objection to a claim or the proposed distribution, stating the grounds for the objection. *See* Minn. Stat. § 576.53, subd. 2.
- D. If there is no objection within 21 days after the notice of motion is served, the Court may enter an order authorizing the Assignee to make the distributions described in the distribution schedule without the necessity of a hearing. *See* Minn. Stat. § 576.53, subd. 2.

The Assignee believes that a 90-day claim filing date and the requested proof of claim form are reasonable. *See, e.g.*, Fed. R. Bankr. P. 3002(c) (setting a 90 day deadline to file proofs of claim). In addition, this procedure will allow the Assignee to quickly and efficiently administer the assets assigned on behalf of the creditors.

2. Determining the Sum and Conditions of the Assignee Bond.

Bonds are generally creatures of statute and are not required in the absence of a statute. *See Griggs, Cooper & Co. v. Lauer's, Inc.*, 264 Minn. 338, 342 (1962). The assignment for the benefit of creditors statute, Minnesota Statutes Chapter 577, does not explicitly require a bond.

However, Minn. Stat. § 577.18 provides that an assignee shall be treated as a general receiver, and the general receiver statute, Minn. Stat. § 576.27, provides that a receiver "shall give a bond in the sum, nature, and with the conditions that the court shall order in its discretion." *See* Minn. Stat. § 576.27. A receiver's bond is furnished to ensure the preservation of the property coming into the receiver's hands and the distribution of the property in accordance with the court's orders. *Id.*

The Assignee proposes that it be required to provide a \$10,000 bond and submits that the amount of such bond may be periodically modified as deemed necessary by the court.

3. Approving the Consent and Subordination Agreements.

Under the statutory priority scheme, any distribution in an assignment for the benefit of creditors proceeding is first made to secured creditors. *See* Minn. Stat. § 577.18 (incorporating Minn. Stat. § 576.51). Distributions are next made to pay the necessary costs and expenses incurred during the assignment, including the Assignee's necessary fees and expenses. *Id.* at § 576.51, subd. 1(2). Following that, distributions are made to creditors with claims for wages, salaries, or commissions, and, subsequent to that, various allowed unsecured claims. *Id.* at § 576.51, subd. 1(3)-(8).

In this case, certain senior secured lenders, Simcah Partners L.P., Michael N. Sinsheimer Revocable Trust U/A, and Mark Peterson (collectively, the "Senior Secured Lenders") have agreed to subordinate their respective claims in order to ensure that the Assignee and its professionals receive their approved compensation and complete the sale and/or liquidation of the business and/or the assignment assets. The Assignee and Senior Secured Lenders agreed, prior to the Assignment, that this subordination was necessary because the Assignor had essentially ceased its business operations and maintains no ongoing cash flow. The Senior Secured Lenders, the Assignee, and the Assignor entered into substantively identical consent and

subordination agreements, as evidenced by those certain Consent and Subordination Agreements, each dated July 10, 2017, whereby the Senior Secured Lenders subordinated their secured claims to allow the priority payment of certain administrative expenses (collectively, the "Consent and Subordination Agreements"). A copy of the Consent and Subordination Agreements are attached as **Exhibits 2 - 4**.

Pursuant to Section 1.2 of the Consent and Subordination Agreements,¹ the Secured Lender consented to this Assignment and acknowledged that the Assignee conditioned its acceptance of the assignment on the Senior Secured Lenders' consent to the subordination of their claims.

In addition, Section 1.3 of the Consent and Subordination Agreements provides that the Senior Secured Lenders will subordinate any and all liens, security interests, and the repayment of any obligation by the Assignor to the Assignee's administrative expenses. The Senior Secured Lenders, however, limited the subordination to the following reasonable expenses: the Assignee's fees and expenses, the Assignment-estate expenses, and other approved expenses pursuant to an agreed budget. The subordinated administrative expenses are further defined as follows:

- Assignee Fees and Expenses:

(1) As compensation, Assignee shall receive a fee of the greater of five percent (5%) of proceeds from the sale or liquidation of Assignor's assets or \$50,000. Assignor has paid Assignee a retainer of \$50,000 which will be credited to the fee calculation described herein; and

(2) Assignee shall also be reimbursed for all out-of-pocket expenses, and the fees and costs, including attorneys' fees, accountants' fees, consultant fees, brokerage commissions, and independent contractor charges, of its professionals, counsel, accountants and other professionals that may be employed by the Assignee in such amounts as provided for in the Budget.

¹ Any characterization of the Consent and Subordination Agreements is for narrative purposes only. To the extent the terms of the Consent and Subordination Agreements summarized in this motion conflict with the terms in the Consent and Subordination Agreements, the terms of the actual Consent and Subordination Agreements shall control.

- Assignment Estate Expenses:

The expenses incurred by Assignee in connection with the protection, preservation or disposition of any Assets, including the costs of the Assignment Estate Professionals (which include brokers, appraisers, auctioneers, or other liquidators employed by the Assignee), shall be operating expenses included in the Budget in such amount as determined by the Assignee and consented to by Buyer. Assignment Estate Expenses shall include, without limitation, reasonable charges for photocopying, receipt and transmission of facsimiles, toll phone charges, travel expenses, postage, and any electronic legal research fees, and such other amounts as mutually agreed to by Lender and Assignee.

- Other Budgeted Expenses:

Expenses other than Assignment Estate Expenses and Assignee Fees and Expenses shall be paid by Assignee in accordance with the Budget.

Section 2.1 of the Consent and Subordination Agreements sets forth the terms of an agreed budget under which the Assignee may operate (the "Budget"). A copy of the Budget is attached as **Exhibit 5**. The Budget will be updated, extended, and amended as necessary.

Finally, Sections 1.4 and 3.18 provide that the Consent and Subordination Agreements shall not be effective until the Court approves the agreements.

The Assignee, therefore, requests the Court to enter an order approving the Consent and Subordination Agreements to facilitate a successful liquidation of the assigned property and to maximize the orderly distribution of the liquidated funds to creditors. The Senior Secured Lenders are the only creditors with a specific interest in the assigned assets, and, therefore, their consent to the use of those assets to pay the Assignee's administrative expenses is required.² Without assurance of payment, the Assignee would not have entered into this Assignment. The Consent and Subordination Agreements, therefore, maximizes the value of the Assignor's estate for all creditors by providing the necessary funds for administration of this Assignment.

² Pursuant to Section 3.18 of the Consent and Subordination Agreements, counsel for the Assignee has verified that the Senior Secured Lenders are in fact the only perfected secured lenders.

4. Authorizing the Terms of Assignee's Compensation.

All compensation and expenses paid to the Assignee, and to professionals retained by the Assignee, are subject to Court review and approval. *See* Minn. Stat. § 577.18 (incorporating Minn. Stat. § 576.32, subd.2); *see also* Minn. Gen. R. Prac. 137.09.

Pursuant to the Consent and Subordination Agreement, the Assignee proposes that it be authorized to retain, as reasonable compensation, the greater of (a) 5% of proceeds from the sale or liquidation of Assignor's assets or (b) \$50,000.00. In addition, Assignee requests that it be reimbursed for all out-of-pocket expenses, and the fees and costs of its professionals, counsel, accountants, and other professionals, including attorneys' fees, accountants' fees, consultant fees, brokerage commissions, and independent contractor charges, that may be employed by the Assignee during this proceeding.

Prior to the Assignment, the Assignee received a \$50,000.00 retainer to be applied against fees and expenses incurred in administering this Assignment. The retainer will be credited to the fees and compensation calculated above. The Assignee will seek any amounts owing in excess of the retainer in its final report made pursuant to Minn. Stat. §§ 576.32 and 576.38 and Minn. Gen. R. Prac. 137.10.

5. Extending the Statutory Stay.

The filing of the Assignment with the court administrator acts as a stay, applicable to all persons, that prevents a broad range of legal actions against the assigned property, the Assignee, and the Assignor for up to thirty (30) days after filing of the assignment with the Court (the "Statutory Stay"). *See* Minn. Stat. § 577.18 (incorporating Minn. Stat. § 576.42, subs. 3 and 4). The Court may, upon the motion of any party in interest, order that the Statutory Stay be extended beyond the default 30-day period. *See* Minn. Stat. § 576.42, subd. 4(b).

Here, the Assignee requests that the Court extend the Statutory Stay for an additional ninety (90) days. The Assignment was executed to facilitate the sale of the Assignor's business assets, liquidate the assignment property, and distribute the proceeds to the Assignor's creditors without preference or priority, except as established by applicable law. *See* Assignment for the Benefit of Creditors of LifeHealth, LLC, at ¶ 6.

In light of the above-requested claims procedure, and the other tasks currently in process to sell the business assets and liquidate the assignment property, this Assignment will necessarily continue beyond the scope of the default 30-day Statutory Stay. Without the Statutory Stay, creditors may attempt to obtain or encumber assigned property, take legal action against the Assignor or Assignee, or engage in other enforcement or collection activities in an effort to subvert the designed priority system. *See* Minn. Stat. § 576.51. Such action would frustrate the uniform distribution of the assignment property and require the Assignee to engage in costly litigation, reducing the ultimate return to creditors.

In order to maximize distributions to creditors and to maintain the applicable priority scheme, it is necessary to extend the Statutory Stay for an additional 90 days to allow for the conclusion of the sale or liquidation of the assigned property and for claims to be filed. The Assignee further requests that the court allow it to file an additional motion to extend the Statutory Stay should the events of this proceeding necessitate such an extension.

CONCLUSION

Based on the foregoing, the Assignee respectfully requests an order of the Court (1) establishing a creditor claims procedure, (2) determining the sum and conditions of the Assignee bond, if any, (3) approving the Consent and Subordination Agreements between Assignee and Assignor's senior-secured lenders, (4) authorizing the terms of Assignee's compensation, (5)

extending the statutory stay for an additional 90 days to allow the Assignee to conduct its work, and (6) granting such other relief as the court may deem just and proper. The Assignee's proposed order is filed contemporaneously with the motion.

STINSON LEONARD STREET LLP

Dated: July 21, 2017

By: *s/ Benjamin J. Court*

Robert T. Kugler (#194116)

Benjamin J. Court (# 319016)

Andrew J. Glasnovich (#398366)

150 SOUTH FIFTH STREET SUITE 2300,
MINNEAPOLIS, MN 55402

Telephone: 612.335.1500

Facsimile: 612.335.1657

ATTORNEYS FOR ASSIGNEE

DSI ASSIGNMENTS, LLC

ACKNOWLEDGEMENT

The undersigned hereby acknowledges that costs, disbursements and reasonable attorney and witness fees may be awarded pursuant to Minn. Stat. § 549.211, to the parties against whom the allegations in the Summons and Complaint are asserted.

s/ Benjamin J. Court

Benjamin J. Court (# 319016)

EXHIBIT 1



July 14, 2017

To the Creditors of:

LIFEHEALTH, LLC
a Delaware limited liability company,

RE: Notice to Creditors of LifeHealth, LLC
Assignment for the Benefit of Creditors

Dear Sir and/or Madam:


NOTICE IS HEREBY GIVEN that LifeHealth, LLC, a Delaware limited liability company with its principal place of business located at 2656 Patton Road, Roseville, MN 55113, has filed an assignment for the benefit of its creditors pursuant to Chapter 577 of Minnesota Statutes.

- Caption: In re: Assignment for the Benefit of Creditors of LifeHealth, LLC
- Court Information: Ramsey County District Court, Court File No. 62-CV-17-4154, the Honorable Jennifer L. Frisch presiding
- Time of Assignment: July 11, 2017 at 9:09 a.m.
- Assignee: DSI Assignments, LLC, 70 W. Madison Street, Suite 2300, Chicago, IL 60602
- Assignee's Attorneys: Rob Kugler and Benjamin Court, Stinson Leonard Street LLP, 150 South Fifth Street, Suite 2300, Minneapolis, MN 55402

The Assignee has committed to liquidate and administer all of the non-exempt assets of Assignor for the benefit of its creditors pursuant to the provisions of Chapters 576 and 577 of Minnesota Statutes under the supervision of the above-referenced court. All further notices in this matter that are required by statute or the court will be delivered to you via US Mail at the address as identified on the attached creditor service list. Please contact us in writing if your address changes so that subsequent notices may be timely provided to you.

Very truly yours,

DSI Assignments, LLC, solely in its capacity as Assignee
for the benefit of creditors of HealthLife, LLC

By: 
Steven L. Victor, Senior Managing Director
Development Specialists, Inc., the sole and managing member

Enclosures

cc: The Honorable Jennifer L. Frisch

CHICAGO

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EXHIBIT 2

CONSENT AND SUBORDINATION AGREEMENT

This Consent and Subordination Agreement (this “**Agreement**”) is made, executed and entered into effective as of July 10, 2017, by and between the following persons (each, a “**Party**”, and both, the “**Parties**”):

Simcah Partners, L.P. (“**Lender**”); and

DSI Assignments, LLC, a Delaware limited liability company, acting solely in its capacity as Assignee for the benefit of creditors (“**Assignee**”) of LifeHealth, LLC (“**Assignor**”);

in each case, with regard to the following facts, circumstances, understandings, beliefs and desires, as applicable (collectively, the “**Recitals**”):

Recitals

A. Prior to the general assignment for the benefit of creditors by Assignor on July 10, 2017 (the “**Effective Date**”), effected pursuant to that certain General Assignment for the Benefit of Creditors by and between Assignor and Assignee, attached as Exhibit A (the “**General Assignment**”), Lender had loaned money to Assignor pursuant to (1) that certain LifeHealth, LLC 10% Convertible Note Due 2018, dated as of December 7, 2016, by and among Lender and Assignor (as borrower); and (2) that certain Subordinated Junior Secured Revolver Promissory Note, dated as of May 8, 2017, by and among Lender and Assignor (as borrower) (the “**Credit Agreements**”). Under the Credit Agreements, Lender asserts that, as of July 10, 2017, Assignor was indebted to Lender in the total amount of \$7,010,702.25, plus accrued and accruing interest, attorneys’ fees and other fees and expenses, if any, incurred by Lender and payable by Assignor pursuant to the Credit Agreements (the “**Indebtedness**”). The Indebtedness remains outstanding, and interest continues to accrue on the Indebtedness.

B. The Indebtedness is secured by (1) that certain Security Agreement, dated as of December 7, 2016, by and among Lender and Assignor (as grantor); and (2) that certain Security Agreement, dated as of May 8, 2017, by and among Lender and Assignor (as grantor) (the “**Security Agreements**”), by which Lender was granted a security interest in certain collateral, as more particularly described in the Security Agreements (the “**Lender Collateral**”). Lender asserts that the liens granted to it were perfected, including, without limitation, by the filing of (1) a UCC Financing Statement filed with the Delaware Department of State U.C.C. Filing Section on December 8, 2016, as Filing No. 2016 7618513; (2) a UCC Financing Statement filed with the Delaware Department of State U.C.C. Filing Section on May 26, 2017, as Filing No. 2017 3479661; and (3) a Patent Assignment filed with the United States Patent and Trademark Office on May 16, 2017, as EPAS ID PAT4416435. Lender acknowledges that it does not have a perfected lien against or security interest in cash held by Assignee (the “**Excluded Assets**”) and that such cash can be used by the Assignee without approval of the Lender, and that Lender does not have any lien against or security interest on recoveries from preference actions prosecuted by Assignee.

C. Assignee, on the basis of the asserted liens in favor of Lender, believes all assets

of Assignor, other than the Excluded Assets, (the “**Assets**”) may be subject to the lien rights of the Lender. In order to manage and maximize the liquidation of Assignor’s assets (the “**Assignment Estate**”), the Assignee requires the use of proceeds of the Lender Collateral (the “**Cash Collateral**”), on the terms and conditions set forth herein, to fund the costs of administration of the General Assignment. As set forth and limited herein, Lender has agreed to allow the Assignee to utilize the Cash Collateral solely on the terms and conditions set forth herein so that Assignee may preserve and liquidate the Lender Collateral.

D. It appears that in light of the liens and security interests asserted by Lender in the Assets of Assignor, there does not exist sufficient unencumbered assets of Assignor with which to compensate Assignee and pay Assignee’s expenses as the Assignee under the General Assignment. Accordingly, Lender has agreed to the payment of compensation to the Assignee and the payment of Assignee’s expenses as provided for herein.

E. Assignee is willing to serve as the Assignee under the General Assignment if and only if Lender irrevocably subordinates any liens and security interests it may hold in or to the Assets to the fees, costs and expenses incurred by Assignee to the extent provided for herein and incurred in the performance of its obligations under the General Assignment. Lender is willing to agree to the foregoing to induce the Assignee to serve as the Assignee under the General Assignment.

F. Lender acknowledges that this Agreement, and the subordination set forth herein, are a material inducement intended to obtain Assignee’s agreement to serve as the Assignee under the General Assignment, and that Assignee would not agree to serve as the assignee absent this Agreement by Lender and the subordination by Lender provided for herein.

G. Assignor has therefore made and executed the General Assignment, dated concurrently herewith, and by its execution, Assignee has accepted or is accepting such General Assignment.

NOW THEREFORE, pursuant to the Recitals, and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties, desiring to be legally bound by this Agreement, hereby covenant, agree, warrant, represent and declare as follows:

Article 1

Consent and Subordination Provisions

1.1 Obligations Defined. The term “**Obligations**” is used in this Agreement in its broadest and most comprehensive sense to mean and include any and all present and future indebtedness, obligations and other liabilities of Assignor, which are or may be, from time to time, directly or indirectly owed or incurred by Assignor (including the fees and costs of the Assignee under the General Assignment), including principal, interest, costs and other charges, and all claims, rights, causes of action, judgments, decrees, remedies, security interests, or other obligations of any kind whatsoever and howsoever arising whether voluntary, involuntary, absolute, contingent, or by operation of law.

1.2 Consent to Assignment. Lender hereby consents to the General Assignment and to the liquidation of the Assets by Assignee pursuant to the terms and conditions of the General Assignment and this Agreement. Lender acknowledges and agrees that Assignee's willingness to act as Assignee for the benefit of creditors of Assignor is conditioned upon the execution of this Agreement by Lender.

1.3. Subordination To Compensation and Expenses of Assignee. Lender hereby now and forever irrevocably subordinates any and all liens and security interests Lender may now or at any time hereafter own or hold in or to the Assets of Assignor, and the repayment of its Obligations by Assignor, to the Assignee Fees and Expenses, Assignment Estate Expenses, and Other Budgeted Expenses (each as defined below) only as funded by:

(a) Compensation and Expenses of Assignee. Assignee will be paid the following reasonable compensation and expenses for the services provided ("**Assignee Fees and Expenses**"):

- i. As compensation, Assignee shall receive a fee of the greater of five percent (5%) of proceeds from the sale or liquidation of Assignor's assets or \$50,000. Assignor has paid Assignee a retainer of \$50,000 which will be credited to the fee calculation described herein.
- ii. Assignee shall also be reimbursed for all out-of-pocket expenses, and the fees and costs, including attorneys' fees, accountants' fees, consultant fees, brokerage commissions, and independent contractor charges, of its professionals, counsel, accountants and other professionals that may be employed by the Assignee (the "**Assignee Professionals**") in such amounts as provided for in the Budget (as defined herein).
- iii. The term "Assignee Professionals" shall not include brokers, appraisers, auctioneers or other liquidators employed by the Assignee in connection with the disposition of Assets (such excluded parties, the "**Assignment Estate Professionals**"), and the payments made pursuant to Section 1.3(a)(ii) hereof shall not include payment on account of any commissions or other payments to be paid to any Assignment Estate Professional or any payments made to Assignor's officers to assist the Assignee in collection or liquidating the Assets, which shall be governed exclusively by Section 1.3(b) hereof.

(b) Expenses of Assignment Estate. The expenses incurred by Assignee in connection with the protection, preservation or disposition of any Assets, including the costs of the Assignment Estate Professionals, shall be operating expenses included in the Budget in such amount as determined by the Assignee and consented to by Buyer (collectively, "**Assignment Estate Expenses**"). Assignment Estate Expenses shall include, without limitation, reasonable charges for photocopying, receipt and transmission of facsimiles, toll phone charges, travel expenses, postage, and any electronic legal research fees, and such other amounts as mutually agreed to by Lender and Assignee.

- (c) Other Budgeted Expenses. Expenses other than Assignment Estate Expenses and Assignee Fees and Expenses shall be paid by Assignee in accordance with the Budget (collectively, “**Other Budgeted Expenses**”).

1.4 Subordinations Conditioned Upon Certain Events. The subordinations set forth in Section 1.3 are conditioned only upon: (a) the making of the General Assignment by Assignor to Assignee; (b) the acceptance by Assignee of the General Assignment by Assignor; and (c) the Court's approval of this Agreement. The subordinations set forth in Section 1.3 will be fully effective upon the occurrence of the events described in subsections (a) and (b) of the preceding sentence, without any further act or condition.

1.5 Lender Obligations. Any amounts payable or reimbursable to or for the benefit of Assignee pursuant to Section 1.3 will be payable from the Assets of Assignor that are subject to liens or security interests in favor of Lender, including any proceeds from such Assets obtained by Assignee in connection with the General Assignment, before any payment is made on the Obligations owed to Lender or any other creditor of Assignor. The Assignee acknowledges that any valid lien held by Lender extends to all proceeds, products, accessions, rents, offspring or profits of such property (in each case whether then owned or existing or thereafter acquired or arising), which includes any and all assets (including inventory and accounts receivable) acquired by the Assignment Estate during the course of the Assignment except to the extent the Assignee can establish that such assets were acquired with unencumbered property. For the avoidance of doubt, the Lender's liens shall not attach to the proceeds of any avoidance actions.

1.6 Property Held In Trust. Except as otherwise set forth in this Agreement (such as the right of Assignee to be paid its fees and reimbursed for its expenses in accordance with Section 1.3 above), any Assets received by Assignee as the assignee under the General Assignment by Assignor that are subject to liens or security interests in favor of Lender, including any proceeds from such Assets, will be deemed to held in trust by Assignee for the benefit of Lender; provided that nothing in this Section 1.6 will be interpreted to prohibit Assignee from receiving the payments referred to in Section 1.3, and any payments or reimbursements so received by Assignee will not be deemed a violation of any provision of this Agreement nor will any such payments or reimbursements be deemed to be held in trust as they will be deemed the property of Assignee.

Article 2 Cash Collateral

2.1 Use of Cash Collateral. Subject to the terms and conditions herein, the Assignee shall, during the term of this Agreement, be entitled to use Cash Collateral to pay those items set forth on the approved budget attached hereto as **Exhibit B** (as the same may be modified from time to time in accordance with this Agreement, the “**Budget**”), which the Assignee and Assignor believe contains the anticipated actual and necessary operating expenses that may be incurred from the Effective Date of the General Assignment, including the reasonable costs that may be incurred by the Assignee in evaluating the assets of Assignor and arranging for their orderly disposition, which costs shall include the Assignee Fees and Expenses, the Assignment Estate Expenses and the Other Budgeted Expenses.

2.2 Classification of Claim Arising from Use of Cash Collateral. To the extent that the Indebtedness of Assignor to Lender is not satisfied in full from the liquidation of the Lender Collateral, and to the extent of the use of Cash Collateral by the Assignee, the Lender shall be entitled to a first priority claim as described in the General Assignment, paragraph entitled **Powers and Duties of Assignee** thereof, subject, however, to the prior payment of the Assignee Fees and Expenses, the Assignment Estate Expenses, and the Other Budgeted Expenses. Namely, such use of Cash Collateral shall be deemed to arise out of an advance made for the preservation of the Assignment Estate's assets. Notwithstanding the foregoing, it is understood that certain lower priority claims provided for in the Budget, *e.g.*, fees and costs to the Assignee and its professionals and certain employee claims, may be paid in part or in full from Cash Collateral with preference over the first priority claim of Lender granted herein.

2.4 Reporting. The Assignee shall advise Lender of any proposed revisions to the Budget as may be necessary from time to time, which revisions (to the extent such revisions contemplate the use of Cash Collateral) shall be subject to approval of Lender, and shall only be made in writing. It is understood and agreed that Lender does not consent to the use of the Cash Collateral for any purposes not set forth in this Agreement or the approved Budget, and the Assignee agrees that without the express written approval of Lender, it shall not use such Cash Collateral for purposes not set forth in this Agreement or the approved Budget.

2.5 Term. The Assignee's ability to use any Cash Collateral under this Agreement shall become effective upon execution of this Agreement, and shall continue in effect until the earlier of (a) closure of the Assignment Estate; (b) termination of same by the Lender or the Assignee upon five (5) days written notice by either party; or (c) payment in full of the Indebtedness; provided, however, that, upon such termination, all Assignee Fees and Expenses, the Assignment Estate Expenses, and the Other Budgeted Expenses incurred as of the date of the termination pursuant to the Budget shall be paid by Assignee.

Article 3 General Provisions

3.1 Conventions. This Agreement incorporates the following conventions:

- (a) All references to "**Dollars**" or "\$" will mean United States currency
- (b) The words "**include**", "**includes**" and "**including**" will be deemed to be followed by the words "without limitation".
- (c) The word "**Person**" will mean any human being, trust, estate, corporation, limited liability company, partnership, joint venture, agency, labor union, government entity, unincorporated association, or other entity.
- (d) Unless otherwise stated, all references to "**days**" will mean calendar days, and all references to "**years**" will mean calendar years.
- (e) Words or phrases denoting the singular will include the plural; words or phrases denoting the plural will include the singular; and words or phrases denoting

gender will include all genders including the masculine, feminine and neuter, unless contrary to the obvious intent of this Agreement.

- (f) A reference to any Party or any party to any other contract or document will include such Person's successors and permitted assigns.
- (g) A reference to any legislation will include any replacement, substitution, modification or re-enactment of such legislation and all regulations, rules and statutory instruments issued pursuant to such legislation.

3.2 Integration. This Agreement is the sole and entire agreement and understanding between the Parties regarding the promises, commitments and agreements made by Lender to and in favor of Assignee to induce Assignee to serve as the assignee for the benefit of creditors pursuant to the General Assignment referred to in this Agreement. Accordingly, all prior and contemporaneous negotiations and agreements between the Parties, oral or written, regarding that subject are hereby superseded.

3.3 Amendment. No modification of, deletion from, addition to, or representation, warranty or other assurance regarding this Agreement will be effective unless made in writing and executed by the Party to be bound thereby.

3.4 Construction. The provisions of this Agreement will be liberally construed to effectuate the intended subordination by Lender. Article and Section headings are for convenience purposes only and will not be given undue consideration in resolving questions of construction or interpretation. Each Party will be deemed to have had equal bargaining strength in the negotiation of this Agreement and equal responsibility for the preparation of this document and any exhibits or schedules hereto, such that neither this document, nor any exhibit or schedule hereto, nor uncertainty or ambiguity in this document or any such exhibit or schedule, will be arbitrarily construed or resolved against any Party pursuant to California Civil Code Section 1654 or any other similar authority or rule of construction to the effect that ambiguities in documents are to be construed against the drafter.

3.5 Further Assurances. Each Party will promptly execute and deliver all documents and take all actions, including the payment of money, reasonably required to effectuate the benefits intended by this Agreement.

3.6 No Obligations to Third Parties. This Agreement will not confer any rights upon any Person or entity not a Party, nor will it obligate any Party to any Person or entity not a Party.

3.7 Time is of the Essence. With respect to all dates and time periods set forth or referred to in this Agreement, time is of the essence, such that each Party will perform all acts required of such Party pursuant to this Agreement by the date or within the time period required pursuant to this Agreement.

3.8 Performance Dates. If the date by which or upon which any obligation otherwise must be performed pursuant to this Agreement, or any Notice otherwise must be given pursuant to this

Agreement, occurs on a day other than a Business Day, then the date by which or upon which such obligation must be performed or such Notice must be given will be deemed automatically extended until the next Business Day.

3.9 Governing Law. This Agreement is made under and will be construed in accordance with and governed by the substantive laws of the State of Minnesota, without giving effect to the principles of conflicts of law.

3.10 Jurisdiction and Venue. The Parties consent to the exclusive jurisdiction of the courts of the State of Minnesota and venue in Ramsey County, Minnesota, for the purpose of resolving any claim, controversy or disagreement between the Parties regarding this Agreement or the General Assignment referred to in this Agreement. It will be a material breach of this Agreement to seek to resolve any such claim, controversy or disagreement in any other court or forum.

3.11 Severability. In the event that any provision of this Agreement is held by any court of competent jurisdiction to be illegal, invalid or unenforceable for any reason, then the remaining portions of this Agreement will nonetheless remain in full force and effect.

3.12 Waiver. The failure by any Party to enforce any provision of this Agreement will not constitute a waiver of the right to enforce the same provision, or any other provision of this Agreement, thereafter. No waiver by any Party of any provision of this Agreement will be deemed a waiver of any other provision of this Agreement, whether or not similar, nor will any waiver constitute a continuing waiver unless otherwise expressly provided in writing.

3.13 Enforcement. Each Party may enforce the provisions of this Agreement by proceedings at law or in equity, including to enforce such provisions against any Person who violates or attempts to violate any of such provisions, to enjoin any such Person from any such violation, to cause such violation to be remedied, and to recover damages for such violation.

3.14 Litigation Costs and Attorneys' Fees. If any Party commences legal proceedings against any other Party to enforce the provisions of this Agreement or to declare any rights or obligations under this Agreement, then the prevailing Party will recover from the losing Party its costs of suit, including reasonable attorneys' fees, as will be determined by the court in such proceeding.

3.15 Execution in Counterparts and Electronic Execution. This Agreement may be executed in any number of identical counterparts, each of which is an original, and all of which together will constitute one and the same agreement. In proving this Agreement, it will not be necessary to produce or account for more than one such counterpart signed by the Party against whom enforcement is sought. The delivery of an executed counterpart of a signature page to this Agreement by email transmission, electronic facsimile transmission or telecopy transmission will be as effective as physical delivery of an executed counterpart of this Agreement.

3.16 Inurement. This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors, assigns, grantees, administrators, receivers and trustees.

3.17 Notices. Any consent, approval, disapproval, objection, waiver, or other communication of any kind intended or required to be given pursuant to this Agreement (each, a “**Notice**”) must be made in writing and delivered to the other Parties at the addresses below, until Notice of a change of address is given pursuant to this Section. All notices and other communications required or permitted to be given under this Agreement must be in writing and will be deemed duly given on the earlier of (a) the date actually received by the applicable Party, by whatever means and however addressed, (b) the date sent if properly addressed and sent by electronic transmission, and (c) the date of personal delivery if delivered by hand or the date signed for if sent by reputable overnight courier service (charges prepaid), to the following addresses (or to another address a Party may request):

If to Lender:**With a copy (which shall not constitute notice) to:**

Simcah Partners, L.P.
Attn: David Cohen
831 E. Morehead, #940
Charlotte, NC 28202
(704) 879-2230

If to Seller:**With a copy to:**

DSI Assignments, LLC
c/o Development Specialists, Inc.
Attn: Steven L. Victor
70 W. Madison St., Suite 2300
Chicago, IL 60602
(312) 263-4141

Stinson Leonard Street LLP
Attn: Rob Kugler
150 South Fifth Street
Suite 2300
Minneapolis, MN 55402
(612) 335-1500

3.18 Court Approval and Investigation of Lender's Liens. Assignee and Lender acknowledge and agree that this Agreement is subject to Court approval and that they will endeavor to use their best efforts in good faith to obtain Court approval. Lender acknowledges that per Assignee's duties to Assignor, the Court, and Assignor's creditors other than Lender, Assignee must investigate the circumstances surrounding the perfection of Lender's Security Agreements in the Lender Collateral. Such investigation will be addressed pursuant to a procedures motion that will be filed by Assignee to seek approval for the creditor claims process in the General Assignment proceeding. Lender agrees that it will comply with all reasonable requests from Assignee for documents and information relating to the Credit Agreements, Security Agreements, and Indebtedness. Assignee agrees that it will endeavor to complete its review of Lender's claim and make a determination with regard to the perfection of Lender's liens concerning the Lender Collateral within 21 days of the claims bar date as ordered by the Court.

(signature page follows)

THE UNDERSIGNED PARTIES made, executed, entered into and delivered this Agreement effective as of the date set forth in the introductory paragraph of this Agreement.

SIMCAH PARTNERS, L.P., as Lender

By:



David Cohen

Its: Managing Member of Simcah Management LLC, the
general partner of Simcah Partners, L.P.

DSI ASSIGNMENTS, LLC, solely in its capacity as Assignee for the benefit of creditors of
LifeHealth, LLC

By:

Steven L. Victor

Its: Senior Managing Director of Development Specialists, Inc., its
sole and managing member

From:

07/10/2017 13:57

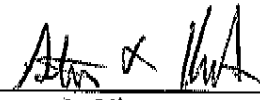
THE UNDERSIGNED PARTIES made, executed, entered into and delivered this Agreement effective as of the date set forth in the introductory paragraph of this Agreement.

SIMCAH PARTNERS, L.P., as Lender

By: _____
David Cohen

Its: Managing Member of Simcah Management LLC, the
general partner of Simcah Partners, L.P.

DSI ASSIGNMENTS, LLC, solely in its capacity as Assignee for the benefit of creditors of
LifeHealth, LLC

By: 

Steven L. Victor

Its: Senior Managing Director of Development Specialists, Inc., its
sole and managing member

EXHIBIT 3

CONSENT AND SUBORDINATION AGREEMENT

This Consent and Subordination Agreement (this “**Agreement**”) is made, executed and entered into effective as of July 10, 2017, by and between the following persons (each, a “**Party**”, and both, the “**Parties**”):

The Michael N. Sinsheimer Revocable Trust U/A Dated 04/09/15 (“**Lender**”); and

DSI Assignments, LLC, a Delaware limited liability company, acting solely in its capacity as Assignee for the benefit of creditors (“**Assignee**”) of LifeHealth, LLC (“**Assignor**”);

in each case, with regard to the following facts, circumstances, understandings, beliefs and desires, as applicable (collectively, the “**Recitals**”):

Recitals

A. Prior to the general assignment for the benefit of creditors by Assignor on July 10, 2017 (the “**Effective Date**”), effected pursuant to that certain General Assignment for the Benefit of Creditors by and between Assignor and Assignee, attached as Exhibit A (the “**General Assignment**”), Lender had loaned money to Assignor pursuant to (1) that certain LifeHealth, LLC 10% Convertible Note Due 2018, dated as of December 7, 2016, by and among Lender and Assignor (as borrower); and (2) that certain Subordinated Junior Secured Revolver Promissory Note, dated as of May 8, 2017, by and among Lender and Assignor (as borrower) (the “**Credit Agreements**”). Under the Credit Agreements, Lender asserts that, as of July 10, 2017, Assignor was indebted to Lender in the total amount of \$2,336,900.75, plus accrued and accruing interest, attorneys’ fees and other fees and expenses, if any, incurred by Lender and payable by Assignor pursuant to the Credit Agreements (the “**Indebtedness**”). The Indebtedness remains outstanding, and interest continues to accrue on the Indebtedness.

B. The Indebtedness is secured by (1) that certain Security Agreement, dated as of December 7, 2016, by and among Lender and Assignor (as grantor); and (2) that certain Security Agreement, dated as of May 8, 2017, by and among Lender and Assignor (as grantor) (the “**Security Agreements**”), by which Lender was granted a security interest in certain collateral, as more particularly described in the Security Agreements (the “**Lender Collateral**”). Lender asserts that the liens granted to it were perfected, including, without limitation, by the filing of (1) a UCC Financing Statement filed with the Delaware Department of State U.C.C. Filing Section on December 8, 2016, as Filing No. 2016 7618778; (2) a UCC Financing Statement filed with the Delaware Department of State U.C.C. Filing Section on May 26, 2017, as Filing No. 2017 3479828; and (3) a Patent Assignment filed with the United States Patent and Trademark Office on May 16, 2017, as EPAS ID PAT4416401. Lender acknowledges that it does not have a perfected lien against or security interest in cash held by Assignee (the “**Excluded Assets**”) and that such cash can be used by the Assignee without approval of the Lender, and that Lender does not have any lien against or security interest on recoveries from preference actions prosecuted by Assignee.

C. Assignee, on the basis of the asserted liens in favor of Lender, believes all assets

of Assignor, other than the Excluded Assets, (the “**Assets**”) may be subject to the lien rights of the Lender. In order to manage and maximize the liquidation of Assignor’s assets (the “**Assignment Estate**”), the Assignee requires the use of proceeds of the Lender Collateral (the “**Cash Collateral**”), on the terms and conditions set forth herein, to fund the costs of administration of the General Assignment. As set forth and limited herein, Lender has agreed to allow the Assignee to utilize the Cash Collateral solely on the terms and conditions set forth herein so that Assignee may preserve and liquidate the Lender Collateral.

D. It appears that in light of the liens and security interests asserted by Lender in the Assets of Assignor, there does not exist sufficient unencumbered assets of Assignor with which to compensate Assignee and pay Assignee’s expenses as the Assignee under the General Assignment. Accordingly, Lender has agreed to the payment of compensation to the Assignee and the payment of Assignee’s expenses as provided for herein.

E. Assignee is willing to serve as the Assignee under the General Assignment if and only if Lender irrevocably subordinates any liens and security interests it may hold in or to the Assets to the fees, costs and expenses incurred by Assignee to the extent provided for herein and incurred in the performance of its obligations under the General Assignment. Lender is willing to agree to the foregoing to induce the Assignee to serve as the Assignee under the General Assignment.

F. Lender acknowledges that this Agreement, and the subordination set forth herein, are a material inducement intended to obtain Assignee’s agreement to serve as the Assignee under the General Assignment, and that Assignee would not agree to serve as the assignee absent this Agreement by Lender and the subordination by Lender provided for herein.

G. Assignor has therefore made and executed the General Assignment, dated concurrently herewith, and by its execution, Assignee has accepted or is accepting such General Assignment.

NOW THEREFORE, pursuant to the Recitals, and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties, desiring to be legally bound by this Agreement, hereby covenant, agree, warrant, represent and declare as follows:

Article 1 **Consent and Subordination Provisions**

1.1 Obligations Defined. The term “**Obligations**” is used in this Agreement in its broadest and most comprehensive sense to mean and include any and all present and future indebtedness, obligations and other liabilities of Assignor, which are or may be, from time to time, directly or indirectly owed or incurred by Assignor (including the fees and costs of the Assignee under the General Assignment), including principal, interest, costs and other charges, and all claims, rights, causes of action, judgments, decrees, remedies, security interests, or other obligations of any kind whatsoever and howsoever arising whether voluntary, involuntary, absolute, contingent, or by operation of law.

1.2 Consent to Assignment. Lender hereby consents to the General Assignment and to the liquidation of the Assets by Assignee pursuant to the terms and conditions of the General Assignment and this Agreement. Lender acknowledges and agrees that Assignee's willingness to act as Assignee for the benefit of creditors of Assignor is conditioned upon the execution of this Agreement by Lender.

1.3. Subordination To Compensation and Expenses of Assignee. Lender hereby now and forever irrevocably subordinates any and all liens and security interests Lender may now or at any time hereafter own or hold in or to the Assets of Assignor, and the repayment of its Obligations by Assignor, to the Assignee Fees and Expenses, Assignment Estate Expenses, and Other Budgeted Expenses (each as defined below) only as funded by:

(a) Compensation and Expenses of Assignee. Assignee will be paid the following reasonable compensation and expenses for the services provided ("**Assignee Fees and Expenses**"):

- i. As compensation, Assignee shall receive a fee of the greater of five percent (5%) of proceeds from the sale or liquidation of Assignor's assets or \$50,000. Assignor has paid Assignee a retainer of \$50,000 which will be credited to the fee calculation described herein.
- ii. Assignee shall also be reimbursed for all out-of-pocket expenses, and the fees and costs, including attorneys' fees, accountants' fees, consultant fees, brokerage commissions, and independent contractor charges, of its professionals, counsel, accountants and other professionals that may be employed by the Assignee (the "**Assignee Professionals**") in such amounts as provided for in the Budget (as defined herein).
- iii. The term "Assignee Professionals" shall not include brokers, appraisers, auctioneers or other liquidators employed by the Assignee in connection with the disposition of Assets (such excluded parties, the "**Assignment Estate Professionals**"), and the payments made pursuant to Section 1.3(a)(ii) hereof shall not include payment on account of any commissions or other payments to be paid to any Assignment Estate Professional or any payments made to Assignor's officers to assist the Assignee in collection or liquidating the Assets, which shall be governed exclusively by Section 1.3(b) hereof.

(b) Expenses of Assignment Estate. The expenses incurred by Assignee in connection with the protection, preservation or disposition of any Assets, including the costs of the Assignment Estate Professionals, shall be operating expenses included in the Budget in such amount as determined by the Assignee and consented to by Buyer (collectively, "**Assignment Estate Expenses**"). Assignment Estate Expenses shall include, without limitation, reasonable charges for photocopying, receipt and transmission of facsimiles, toll phone charges, travel expenses, postage, and any electronic legal research fees, and such other amounts as mutually agreed to by Lender and Assignee.

- (c) Other Budgeted Expenses. Expenses other than Assignment Estate Expenses and Assignee Fees and Expenses shall be paid by Assignee in accordance with the Budget (collectively, “**Other Budgeted Expenses**”).

1.4 Subordinations Conditioned Upon Certain Events. The subordinations set forth in Section 1.3 are conditioned only upon: (a) the making of the General Assignment by Assignor to Assignee; (b) the acceptance by Assignee of the General Assignment by Assignor; and (c) the Court's approval of this Agreement. The subordinations set forth in Section 1.3 will be fully effective upon the occurrence of the events described in subsections (a) and (b) of the preceding sentence, without any further act or condition.

1.5 Lender Obligations. Any amounts payable or reimbursable to or for the benefit of Assignee pursuant to Section 1.3 will be payable from the Assets of Assignor that are subject to liens or security interests in favor of Lender, including any proceeds from such Assets obtained by Assignee in connection with the General Assignment, before any payment is made on the Obligations owed to Lender or any other creditor of Assignor. The Assignee acknowledges that any valid lien held by Lender extends to all proceeds, products, accessions, rents, offspring or profits of such property (in each case whether then owned or existing or thereafter acquired or arising), which includes any and all assets (including inventory and accounts receivable) acquired by the Assignment Estate during the course of the Assignment except to the extent the Assignee can establish that such assets were acquired with unencumbered property. For the avoidance of doubt, the Lender's liens shall not attach to the proceeds of any avoidance actions.

1.6 Property Held In Trust. Except as otherwise set forth in this Agreement (such as the right of Assignee to be paid its fees and reimbursed for its expenses in accordance with Section 1.3 above), any Assets received by Assignee as the assignee under the General Assignment by Assignor that are subject to liens or security interests in favor of Lender, including any proceeds from such Assets, will be deemed to held in trust by Assignee for the benefit of Lender; provided that nothing in this Section 1.6 will be interpreted to prohibit Assignee from receiving the payments referred to in Section 1.3, and any payments or reimbursements so received by Assignee will not be deemed a violation of any provision of this Agreement nor will any such payments or reimbursements be deemed to be held in trust as they will be deemed the property of Assignee.

Article 2

Cash Collateral

2.1 Use of Cash Collateral. Subject to the terms and conditions herein, the Assignee shall, during the term of this Agreement, be entitled to use Cash Collateral to pay those items set forth on the approved budget attached hereto as **Exhibit B** (as the same may be modified from time to time in accordance with this Agreement, the “**Budget**”), which the Assignee and Assignor believe contains the anticipated actual and necessary operating expenses that may be incurred from the Effective Date of the General Assignment, including the reasonable costs that may be incurred by the Assignee in evaluating the assets of Assignor and arranging for their orderly disposition, which costs shall include the Assignee Fees and Expenses, the Assignment Estate Expenses and the Other Budgeted Expenses.

2.2 Classification of Claim Arising from Use of Cash Collateral. To the extent that the Indebtedness of Assignor to Lender is not satisfied in full from the liquidation of the Lender Collateral, and to the extent of the use of Cash Collateral by the Assignee, the Lender shall be entitled to a first priority claim as described in the General Assignment, paragraph entitled **Powers and Duties of Assignee** thereof, subject, however, to the prior payment of the Assignee Fees and Expenses, the Assignment Estate Expenses, and the Other Budgeted Expenses. Namely, such use of Cash Collateral shall be deemed to arise out of an advance made for the preservation of the Assignment Estate's assets. Notwithstanding the foregoing, it is understood that certain lower priority claims provided for in the Budget, *e.g.*, fees and costs to the Assignee and its professionals and certain employee claims, may be paid in part or in full from Cash Collateral with preference over the first priority claim of Lender granted herein.

2.4 Reporting. The Assignee shall advise Lender of any proposed revisions to the Budget as may be necessary from time to time, which revisions (to the extent such revisions contemplate the use of Cash Collateral) shall be subject to approval of Lender, and shall only be made in writing. It is understood and agreed that Lender does not consent to the use of the Cash Collateral for any purposes not set forth in this Agreement or the approved Budget, and the Assignee agrees that without the express written approval of Lender, it shall not use such Cash Collateral for purposes not set forth in this Agreement or the approved Budget.

2.5 Term. The Assignee's ability to use any Cash Collateral under this Agreement shall become effective upon execution of this Agreement, and shall continue in effect until the earlier of (a) closure of the Assignment Estate; (b) termination of same by the Lender or the Assignee upon five (5) days written notice by either party; or (c) payment in full of the Indebtedness; provided, however, that, upon such termination, all Assignee Fees and Expenses, the Assignment Estate Expenses, and the Other Budgeted Expenses incurred as of the date of the termination pursuant to the Budget shall be paid by Assignee.

Article 3 General Provisions

3.1 Conventions. This Agreement incorporates the following conventions:

- (a) All references to "**Dollars**" or "\$" will mean United States currency
- (b) The words "**include**", "**includes**" and "**including**" will be deemed to be followed by the words "without limitation".
- (c) The word "**Person**" will mean any human being, trust, estate, corporation, limited liability company, partnership, joint venture, agency, labor union, government entity, unincorporated association, or other entity.
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- (f) A reference to any Party or any party to any other contract or document will include such Person's successors and permitted assigns.
- (g) A reference to any legislation will include any replacement, substitution, modification or re-enactment of such legislation and all regulations, rules and statutory instruments issued pursuant to such legislation.

3.2 Integration. This Agreement is the sole and entire agreement and understanding between the Parties regarding the promises, commitments and agreements made by Lender to and in favor of Assignee to induce Assignee to serve as the assignee for the benefit of creditors pursuant to the General Assignment referred to in this Agreement. Accordingly, all prior and contemporaneous negotiations and agreements between the Parties, oral or written, regarding that subject are hereby superseded.

3.3 Amendment. No modification of, deletion from, addition to, or representation, warranty or other assurance regarding this Agreement will be effective unless made in writing and executed by the Party to be bound thereby.

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Agreement, occurs on a day other than a Business Day, then the date by which or upon which such obligation must be performed or such Notice must be given will be deemed automatically extended until the next Business Day.

3.9 Governing Law. This Agreement is made under and will be construed in accordance with and governed by the substantive laws of the State of Minnesota, without giving effect to the principles of conflicts of law.

3.10 Jurisdiction and Venue. The Parties consent to the exclusive jurisdiction of the courts of the State of Minnesota and venue in Ramsey County, Minnesota, for the purpose of resolving any claim, controversy or disagreement between the Parties regarding this Agreement or the General Assignment referred to in this Agreement. It will be a material breach of this Agreement to seek to resolve any such claim, controversy or disagreement in any other court or forum.

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3.12 Waiver. The failure by any Party to enforce any provision of this Agreement will not constitute a waiver of the right to enforce the same provision, or any other provision of this Agreement, thereafter. No waiver by any Party of any provision of this Agreement will be deemed a waiver of any other provision of this Agreement, whether or not similar, nor will any waiver constitute a continuing waiver unless otherwise expressly provided in writing.

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Revocable Trust u/a dated 04/09/15
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1723 Beverly Drive
Charlotte, NC 28207
(704) 773-7652

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DSI Assignments, LLC
c/o Development Specialists, Inc.
Attn: Steven L. Victor
70 W. Madison St., Suite 2300
Chicago, IL 60602
(312) 263-4141

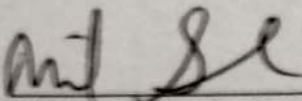
Stinson Leonard Street LLP
Attn: Rob Kugler
150 South Fifth Street
Suite 2300
Minneapolis, MN 55402
(612) 335-1500

3.18 Court Approval and Investigation of Lender's Liens. Assignee and Lender acknowledge and agree that this Agreement is subject to Court approval and that they will endeavor to use their best efforts in good faith to obtain Court approval. Lender acknowledges that per Assignee's duties to Assignor, the Court, and Assignor's creditors other than Lender, Assignee must investigate the circumstances surrounding the perfection of Lender's Security Agreements in the Lender Collateral. Such investigation will be addressed pursuant to a procedures motion that will be filed by Assignee to seek approval for the creditor claims process in the General Assignment proceeding. Lender agrees that it will comply with all reasonable requests from Assignee for documents and information relating to the Credit Agreements, Security Agreements, and Indebtedness. Assignee agrees that it will endeavor to complete its review of Lender's claim and make a determination with regard to the perfection of Lender's liens concerning the Lender Collateral within 21 days of the claims bar date as ordered by the Court.

(signature page follows)

THE UNDERSIGNED PARTIES made, executed, entered into and delivered this Agreement effective as of the date set forth in the introductory paragraph of this Agreement.

THE MICHAEL N. SINSHEIMER REVOCABLE TRUST U/A DATED 04/09/15, as Lender

By: 
Michael Sinsheimer

Its: Trustee

DSI ASSIGNMENTS, LLC, solely in its capacity as Assignee for the benefit of creditors of LifeHealth, LLC

By: _____
Steven L. Victor

Its: Senior Managing Director of Development Specialists, Inc., its sole and managing member

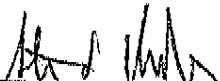
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THE MICHAEL N. SINSHEIMER REVOCABLE TRUST U/A DATED 04/09/15, as Lender

By: _____
Michael Sinsheimer

Its: _____

DSI ASSIGNMENTS, LLC, solely in its capacity as Assignee for the benefit of creditors of LifeHealth, LLC

By:  _____
Steven L. Victor

Its: Senior Managing Director of Development Specialists, Inc., its sole and managing member

EXHIBIT 4

CONSENT AND SUBORDINATION AGREEMENT

This Consent and Subordination Agreement (this “**Agreement**”) is made, executed and entered into effective as of July 10, 2017, by and between the following persons (each, a “**Party**”, and both, the “**Parties**”):

Mark Peterson (“**Lender**”); and

DSI Assignments, LLC, a Delaware limited liability company, acting solely in its capacity as Assignee for the benefit of creditors (“**Assignee**”) of LifeHealth, LLC (“**Assignor**”);

in each case, with regard to the following facts, circumstances, understandings, beliefs and desires, as applicable (collectively, the “**Recitals**”):

Recitals

A. Prior to the general assignment for the benefit of creditors by Assignor on July 10, 2017 (the “**Effective Date**”), effected pursuant to that certain General Assignment for the Benefit of Creditors by and between Assignor and Assignee, attached as **Exhibit A** (the “**General Assignment**”), Lender had loaned money to Assignor pursuant to that certain LifeHealth, LLC 10% Convertible Note Due 2018, dated as of December 7, 2016, by and among Lender and Assignor (as borrower) (the “**Credit Agreement**”). Under the Credit Agreement, Lender asserts that, as of July 10, 2017, Assignor was indebted to Lender in the total amount of \$10,597.00, plus accrued and accruing interest, attorneys’ fees and other fees and expenses, if any, incurred by Lender and payable by Assignor pursuant to the Credit Agreement (the “**Indebtedness**”). The Indebtedness remains outstanding, and interest continues to accrue on the Indebtedness.

B. The Indebtedness is secured by that certain Security Agreement, dated as of December 7, 2016, by and among Lender and Assignor (as grantor) (the “**Security Agreement**”), by which Lender was granted a security interest in certain collateral, as more particularly described in the Security Agreements (the “**Lender Collateral**”). Lender asserts that the liens granted to it were perfected, including, without limitation, by the filing of (1) a UCC Financing Statement filed with the Delaware Department of State U.C.C. Filing Section on December 8, 2016, as Filing No. 2016 7618943; and (2) a Patent Assignment filed with the United States Patent and Trademark Office on May 16, 2017, as EPAS ID PAT4416425. Lender acknowledges that it does not have a perfected lien against or security interest in cash held by Assignee (the “**Excluded Assets**”) and that such cash can be used by the Assignee without approval of the Lender, and that Lender does not have any lien against or security interest on recoveries from preference actions prosecuted by Assignee.

C. Assignee, on the basis of the asserted liens in favor of Lender, believes all assets of Assignor, other than the Excluded Assets, (the “**Assets**”) may be subject to the lien rights of the Lender. In order to manage and maximize the liquidation of Assignor’s assets (the “**Assignment Estate**”), the Assignee requires the use of proceeds of the Lender Collateral (the “**Cash Collateral**”), on the terms and conditions set forth herein, to fund the costs of administration of the General Assignment. As set forth and limited herein, Lender has agreed to

allow the Assignee to utilize the Cash Collateral solely on the terms and conditions set forth herein so that Assignee may preserve and liquidate the Lender Collateral.

D. It appears that in light of the liens and security interests asserted by Lender in the Assets of Assignor, there does not exist sufficient unencumbered assets of Assignor with which to compensate Assignee and pay Assignee's expenses as the Assignee under the General Assignment. Accordingly, Lender has agreed to the payment of compensation to the Assignee and the payment of Assignee's expenses as provided for herein.

E. Assignee is willing to serve as the Assignee under the General Assignment if and only if Lender irrevocably subordinates any liens and security interests it may hold in or to the Assets to the fees, costs and expenses incurred by Assignee to the extent provided for herein and incurred in the performance of its obligations under the General Assignment. Lender is willing to agree to the foregoing to induce the Assignee to serve as the Assignee under the General Assignment.

F. Lender acknowledges that this Agreement, and the subordination set forth herein, are a material inducement intended to obtain Assignee's agreement to serve as the Assignee under the General Assignment, and that Assignee would not agree to serve as the assignee absent this Agreement by Lender and the subordination by Lender provided for herein.

G. Assignor has therefore made and executed the General Assignment, dated concurrently herewith, and by its execution, Assignee has accepted or is accepting such General Assignment.

NOW THEREFORE, pursuant to the Recitals, and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties, desiring to be legally bound by this Agreement, hereby covenant, agree, warrant, represent and declare as follows:

Article 1

Consent and Subordination Provisions

1.1 Obligations Defined. The term "**Obligations**" is used in this Agreement in its broadest and most comprehensive sense to mean and include any and all present and future indebtedness, obligations and other liabilities of Assignor, which are or may be, from time to time, directly or indirectly owed or incurred by Assignor (including the fees and costs of the Assignee under the General Assignment), including principal, interest, costs and other charges, and all claims, rights, causes of action, judgments, decrees, remedies, security interests, or other obligations of any kind whatsoever and howsoever arising whether voluntary, involuntary, absolute, contingent, or by operation of law.

1.2 Consent to Assignment. Lender hereby consents to the General Assignment and to the liquidation of the Assets by Assignee pursuant to the terms and conditions of the General Assignment and this Agreement. Lender acknowledges and agrees that Assignee's willingness to act as Assignee for the benefit of creditors of Assignor is conditioned upon the execution of this Agreement by Lender.

1.3. Subordination To Compensation and Expenses of Assignee. Lender hereby now and forever irrevocably subordinates any and all liens and security interests Lender may now or at any time hereafter own or hold in or to the Assets of Assignor, and the repayment of its Obligations by Assignor, to the Assignee Fees and Expenses, Assignment Estate Expenses, and Other Budgeted Expenses (each as defined below) only as funded by:

- (a) Compensation and Expenses of Assignee. Assignee will be paid the following reasonable compensation and expenses for the services provided (“**Assignee Fees and Expenses**”):
- i. As compensation, Assignee shall receive a fee of the greater of five percent (5%) of proceeds from the sale or liquidation of Assignor's assets or \$50,000. Assignor has paid Assignee a retainer of \$50,000 which will be credited to the fee calculation described herein.
 - ii. Assignee shall also be reimbursed for all out-of-pocket expenses, and the fees and costs, including attorneys' fees, accountants' fees, consultant fees, brokerage commissions, and independent contractor charges, of its professionals, counsel, accountants and other professionals that may be employed by the Assignee (the “**Assignee Professionals**”) in such amounts as provided for in the Budget (as defined herein).
 - iii. The term “Assignee Professionals” shall not include brokers, appraisers, auctioneers or other liquidators employed by the Assignee in connection with the disposition of Assets (such excluded parties, the “**Assignment Estate Professionals**”), and the payments made pursuant to Section 1.3(a)(ii) hereof shall not include payment on account of any commissions or other payments to be paid to any Assignment Estate Professional or any payments made to Assignor's officers to assist the Assignee in collection or liquidating the Assets, which shall be governed exclusively by Section 1.3(b) hereof.
- (b) Expenses of Assignment Estate. The expenses incurred by Assignee in connection with the protection, preservation or disposition of any Assets, including the costs of the Assignment Estate Professionals, shall be operating expenses included in the Budget in such amount as determined by the Assignee and consented to by Buyer (collectively, “**Assignment Estate Expenses**”). Assignment Estate Expenses shall include, without limitation, reasonable charges for photocopying, receipt and transmission of facsimiles, toll phone charges, travel expenses, postage, and any electronic legal research fees, and such other amounts as mutually agreed to by Lender and Assignee.
- (c) Other Budgeted Expenses. Expenses other than Assignment Estate Expenses and Assignee Fees and Expenses shall be paid by Assignee in accordance with the Budget (collectively, “**Other Budgeted Expenses**”).

1.4 Subordinations Conditioned Upon Certain Events. The subordinations set forth in Section 1.3 are conditioned only upon: (a) the making of the General Assignment by Assignor to Assignee; (b) the acceptance by Assignee of the General Assignment by Assignor; and (c) the Court's approval of this Agreement. The subordinations set forth in Section 1.3 will be fully effective upon the occurrence of the events described in subsections (a) and (b) of the preceding sentence, without any further act or condition.

1.5 Lender Obligations. Any amounts payable or reimbursable to or for the benefit of Assignee pursuant to Section 1.3 will be payable from the Assets of Assignor that are subject to liens or security interests in favor of Lender, including any proceeds from such Assets obtained by Assignee in connection with the General Assignment, before any payment is made on the Obligations owed to Lender or any other creditor of Assignor. The Assignee acknowledges that any valid lien held by Lender extends to all proceeds, products, accessions, rents, offspring or profits of such property (in each case whether then owned or existing or thereafter acquired or arising), which includes any and all assets (including inventory and accounts receivable) acquired by the Assignment Estate during the course of the Assignment except to the extent the Assignee can establish that such assets were acquired with unencumbered property. For the avoidance of doubt, the Lender's liens shall not attach to the proceeds of any avoidance actions.

1.6 Property Held In Trust. Except as otherwise set forth in this Agreement (such as the right of Assignee to be paid its fees and reimbursed for its expenses in accordance with Section 1.3 above), any Assets received by Assignee as the assignee under the General Assignment by Assignor that are subject to liens or security interests in favor of Lender, including any proceeds from such Assets, will be deemed to held in trust by Assignee for the benefit of Lender; provided that nothing in this Section 1.6 will be interpreted to prohibit Assignee from receiving the payments referred to in Section 1.3, and any payments or reimbursements so received by Assignee will not be deemed a violation of any provision of this Agreement nor will any such payments or reimbursements be deemed to be held in trust as they will be deemed the property of Assignee.

Article 2

Cash Collateral

2.1 Use of Cash Collateral. Subject to the terms and conditions herein, the Assignee shall, during the term of this Agreement, be entitled to use Cash Collateral to pay those items set forth on the approved budget attached hereto as **Exhibit B** (as the same may be modified from time to time in accordance with this Agreement, the "**Budget**"), which the Assignee and Assignor believe contains the anticipated actual and necessary operating expenses that may be incurred from the Effective Date of the General Assignment, including the reasonable costs that may be incurred by the Assignee in evaluating the assets of Assignor and arranging for their orderly disposition, which costs shall include the Assignee Fees and Expenses, the Assignment Estate Expenses and the Other Budgeted Expenses.

2.2 Classification of Claim Arising from Use of Cash Collateral. To the extent that the Indebtedness of Assignor to Lender is not satisfied in full from the liquidation of the Lender Collateral, and to the extent of the use of Cash Collateral by the Assignee, the Lender shall be entitled to a first priority claim as described in the General Assignment, paragraph entitled

Powers and Duties of Assignee thereof, subject, however, to the prior payment of the Assignee Fees and Expenses, the Assignment Estate Expenses, and the Other Budgeted Expenses. Namely, such use of Cash Collateral shall be deemed to arise out of an advance made for the preservation of the Assignment Estate's assets. Notwithstanding the foregoing, it is understood that certain lower priority claims provided for in the Budget, *e.g.*, fees and costs to the Assignee and its professionals and certain employee claims, may be paid in part or in full from Cash Collateral with preference over the first priority claim of Lender granted herein.

2.4 Reporting. The Assignee shall advise Lender of any proposed revisions to the Budget as may be necessary from time to time, which revisions (to the extent such revisions contemplate the use of Cash Collateral) shall be subject to approval of Lender, and shall only be made in writing. It is understood and agreed that Lender does not consent to the use of the Cash Collateral for any purposes not set forth in this Agreement or the approved Budget, and the Assignee agrees that without the express written approval of Lender, it shall not use such Cash Collateral for purposes not set forth in this Agreement or the approved Budget.

2.5 Term. The Assignee's ability to use any Cash Collateral under this Agreement shall become effective upon execution of this Agreement, and shall continue in effect until the earlier of (a) closure of the Assignment Estate; (b) termination of same by the Lender or the Assignee upon five (5) days written notice by either party; or (c) payment in full of the Indebtedness; provided, however, that, upon such termination, all Assignee Fees and Expenses, the Assignment Estate Expenses, and the Other Budgeted Expenses incurred as of the date of the termination pursuant to the Budget shall be paid by Assignee.

Article 3 General Provisions

3.1 Conventions. This Agreement incorporates the following conventions:

- (a) All references to "**Dollars**" or "\$" will mean United States currency
- (b) The words "**include**", "**includes**" and "**including**" will be deemed to be followed by the words "without limitation".
- (c) The word "**Person**" will mean any human being, trust, estate, corporation, limited liability company, partnership, joint venture, agency, labor union, government entity, unincorporated association, or other entity.
- (d) Unless otherwise stated, all references to "**days**" will mean calendar days, and all references to "**years**" will mean calendar years.
- (e) Words or phrases denoting the singular will include the plural; words or phrases denoting the plural will include the singular; and words or phrases denoting gender will include all genders including the masculine, feminine and neuter, unless contrary to the obvious intent of this Agreement.
- (f) A reference to any Party or any party to any other contract or document will

include such Person's successors and permitted assigns.

- (g) A reference to any legislation will include any replacement, substitution, modification or re-enactment of such legislation and all regulations, rules and statutory instruments issued pursuant to such legislation.

3.2 Integration. This Agreement is the sole and entire agreement and understanding between the Parties regarding the promises, commitments and agreements made by Lender to and in favor of Assignee to induce Assignee to serve as the assignee for the benefit of creditors pursuant to the General Assignment referred to in this Agreement. Accordingly, all prior and contemporaneous negotiations and agreements between the Parties, oral or written, regarding that subject are hereby superseded.

3.3 Amendment. No modification of, deletion from, addition to, or representation, warranty or other assurance regarding this Agreement will be effective unless made in writing and executed by the Party to be bound thereby.

3.4 Construction. The provisions of this Agreement will be liberally construed to effectuate the intended subordination by Lender. Article and Section headings are for convenience purposes only and will not be given undue consideration in resolving questions of construction or interpretation. Each Party will be deemed to have had equal bargaining strength in the negotiation of this Agreement and equal responsibility for the preparation of this document and any exhibits or schedules hereto, such that neither this document, nor any exhibit or schedule hereto, nor uncertainty or ambiguity in this document or any such exhibit or schedule, will be arbitrarily construed or resolved against any Party pursuant to California Civil Code Section 1654 or any other similar authority or rule of construction to the effect that ambiguities in documents are to be construed against the drafter.

3.5 Further Assurances. Each Party will promptly execute and deliver all documents and take all actions, including the payment of money, reasonably required to effectuate the benefits intended by this Agreement.

3.6 No Obligations to Third Parties. This Agreement will not confer any rights upon any Person or entity not a Party, nor will it obligate any Party to any Person or entity not a Party.

3.7 Time is of the Essence. With respect to all dates and time periods set forth or referred to in this Agreement, time is of the essence, such that each Party will perform all acts required of such Party pursuant to this Agreement by the date or within the time period required pursuant to this Agreement.

3.8 Performance Dates. If the date by which or upon which any obligation otherwise must be performed pursuant to this Agreement, or any Notice otherwise must be given pursuant to this Agreement, occurs on a day other than a Business Day, then the date by which or upon which such obligation must be performed or such Notice must be given will be deemed automatically extended until the next Business Day.

3.9 Governing Law. This Agreement is made under and will be construed in accordance with and governed by the substantive laws of the State of Minnesota, without giving effect to the principles of conflicts of law.

3.10 Jurisdiction and Venue. The Parties consent to the exclusive jurisdiction of the courts of the State of Minnesota and venue in Ramsey County, Minnesota, for the purpose of resolving any claim, controversy or disagreement between the Parties regarding this Agreement or the General Assignment referred to in this Agreement. It will be a material breach of this Agreement to seek to resolve any such claim, controversy or disagreement in any other court or forum.

3.11 Severability. In the event that any provision of this Agreement is held by any court of competent jurisdiction to be illegal, invalid or unenforceable for any reason, then the remaining portions of this Agreement will nonetheless remain in full force and effect.

3.12 Waiver. The failure by any Party to enforce any provision of this Agreement will not constitute a waiver of the right to enforce the same provision, or any other provision of this Agreement, thereafter. No waiver by any Party of any provision of this Agreement will be deemed a waiver of any other provision of this Agreement, whether or not similar, nor will any waiver constitute a continuing waiver unless otherwise expressly provided in writing.

3.13 Enforcement. Each Party may enforce the provisions of this Agreement by proceedings at law or in equity, including to enforce such provisions against any Person who violates or attempts to violate any of such provisions, to enjoin any such Person from any such violation, to cause such violation to be remedied, and to recover damages for such violation.

3.14 Litigation Costs and Attorneys' Fees. If any Party commences legal proceedings against any other Party to enforce the provisions of this Agreement or to declare any rights or obligations under this Agreement, then the prevailing Party will recover from the losing Party its costs of suit, including reasonable attorneys' fees, as will be determined by the court in such proceeding.

3.15 Execution in Counterparts and Electronic Execution. This Agreement may be executed in any number of identical counterparts, each of which is an original, and all of which together will constitute one and the same agreement. In proving this Agreement, it will not be necessary to produce or account for more than one such counterpart signed by the Party against whom enforcement is sought. The delivery of an executed counterpart of a signature page to this Agreement by email transmission, electronic facsimile transmission or telecopy transmission will be as effective as physical delivery of an executed counterpart of this Agreement.

3.16 Inurement. This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors, assigns, grantees, administrators, receivers and trustees.

3.17 Notices. Any consent, approval, disapproval, objection, waiver, or other communication of any kind intended or required to be given pursuant to this Agreement (each, a “**Notice**”) must be made in writing and delivered to the other Parties at the addresses below, until Notice of a change of address is given pursuant to this Section. All notices and other communications

required or permitted to be given under this Agreement must be in writing and will be deemed duly given on the earlier of (a) the date actually received by the applicable Party, by whatever means and however addressed, (b) the date sent if properly addressed and sent by electronic transmission, and (c) the date of personal delivery if delivered by hand or the date signed for if sent by reputable overnight courier service (charges prepaid), to the following addresses (or to another address a Party may request):

If to Lender:

Mark Peterson
6330 Trampoline Circle
Chanhausen, MN 55317
(612) 325-7183

With a copy (which shall not constitute notice) to:**If to Seller:**

DSI Assignments, LLC
c/o Development Specialists, Inc.
Attn: Steven L. Victor
70 W. Madison St., Suite 2300
Chicago, IL 60602
(312) 263-4141

With a copy to:

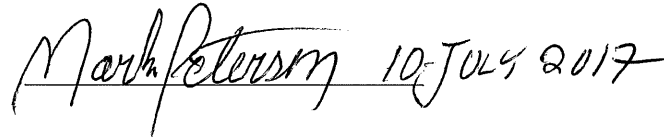
Stinson Leonard Street LLP
Attn: Rob Kugler
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Suite 2300
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(signature page follows)

THE UNDERSIGNED PARTIES made, executed, entered into and delivered this Agreement effective as of the date set forth in the introductory paragraph of this Agreement.

MARK PETERSON, as Lender

Handwritten signature of Mark Peterson in cursive, with the date "10-JULY 2017" written to the right of the signature.

DSI ASSIGNMENTS, LLC, solely in its capacity as Assignee for the benefit of creditors of LifeHealth, LLC

By: _____
Steven L. Victor

Its: Senior Managing Director of Development Specialists, Inc., its sole and managing member

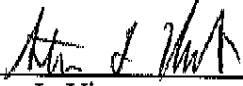
From:

07/10/2017 15:03

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MARK PETERSON, as Lender

DSI ASSIGNMENTS, LLC, solely in its capacity as Assignee for the benefit of creditors of LifeHealth, LLC

By: 
Steven L. Victor

Its: Senior Managing Director of Development Specialists, Inc., its sole and managing member

EXHIBIT 5

LIFEHEALTH, LLC.
Budget for Assignment Period
as of 07/06/17

	Week Ending										Total	Notes
	7/7/2017	7/14/2017	7/21/2017	7/28/2017	8/4/2017	8/11/2017	8/18/2017	8/25/2017	9/1/2017			
Independent Contractor Payments:												
Bob Loyas	1,246.40	1,246.40	1,246.40	1,246.40	1,246.40	1,246.40	1,246.40	1,246.40	1,246.40	1,246.40	11,217.60	Maintenance
Nancy Weeks	1,645.60	1,645.60	1,645.60	1,645.60	1,645.60	1,645.60	1,645.60	1,645.60	1,645.60	1,645.60	14,810.40	HR/Accounting
Scott Blomberg	2,500.00	2,500.00	2,500.00	2,500.00	-	-	-	-	-	-	10,000.00	President
Assignee's Fees	50,000.00										50,000.00	Retainer paid
Assignee's expenses	1,500.00	1,500.00	1,500.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	10,500.00	
Insurance - Employee/Building		1,250.00			4,500.00						5,750.00	Paid through July 2017 for property - up for renewal and asking for month to month
Legal Fees & Expenses - Assignee's counsel (TBD) (2)	50,000.00										50,000.00	Retainer paid
Tax return preparation Fees									20,000.00		20,000.00	Andrew Kroemer
Rent Expense (1)		36,170.80			36,170.80						72,341.60	
Utilities												
Xeel Energy				15,000.00					15,000.00		30,000.00	Assumes new account and no deposit
Stericycle (Bio-Hazard Waste)		1,050.00			1,050.00						2,100.00	
Waste Management					1,722.25				1,722.25		3,444.50	
Security		66.69			66.69						133.38	
Office Expenses												
Wells Fargo (copier lease)	250.00										250.00	
Radiometer			1,515.15								1,515.15	
Plunkett's Pest Control	66.52				66.52						133.04	
Shred-It (document shredding)	52.00				52.00						104.00	
Telephone	979.00		979.00		979.00						2,937.00	
Miscellaneous											-	
Record Storage	162.00				162.00						324.00	
Payroll Processing Fees			2,000.00								2,000.00	W2's and Final tax returns estimate
FDA Fees			3,139.29								3,139.29	This fee is for the 510k submission for the Irma IH analyzer. This is needed in order to displ
Advertising of sale		5,000.00	2,500.00								7,500.00	May not be required
Receiver's Bond		10,000.00									10,000.00	May not be required
Miscellaneous		2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	16,000.00	Contingency for unexpected expenses
Totals	108,468.21	62,362.80	19,025.44	23,392.00	50,661.26	5,892.00	5,892.00	5,892.00	42,614.25		324,199.96	
Professional Retainers Paid											(100,000.00)	
											224,199.96	
												Net amount of Funding Required

Comments

- Rent assumes no application of security deposits, if any.
- Assumes limited cap to validate security interests; Additional amounts over the retainer are estimates for filing fees, UCC searches, etc.
- Salaries are for (former) key employees necessary to assist in the liquidation. No benefits will be provided and employment is on an independent contractor basis.