

January 24, 2018

e-mail: gberman@dsi.biz

TO THE CREDITORS AND INVESTORS OF:

**APPLIED PROTEOMICS, INC.
3545 JOHN HOPKINS COURT
SAN DIEGO, CA 92121**

Re: GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS

Please be advised that Applied Proteomics, Inc., a Delaware corporation, hereinafter referred to as the "Assignor" or "API", executed a general assignment for the benefit of creditors in favor of DSI Assignments, LLC, solely in its capacity as Assignee for the benefit of creditors (the "Assignee") on Monday, January 15, 2018 (the "Assignment").

API developed software to analyze proteins and hundreds to thousands of biological features (pieces of proteins) through upgraded mass spectrometry. API was indebted to Square 1 Bank, which asserted a lien on all of API's assets as of January 5, 2018 in the approximate amount of \$2.082 million. Management attempted to locate a buyer for the company's assets over the course of more than six months prior to the execution of the Assignment. One party, DiscernDx, came forward in late December 2017 willing to pay a premium over the secured claim asserted by Square 1 Bank, and in connection with the proposed sale, Square 1 Bank agreed to accept a discounted payment of indebtedness and to release its lien for receipt of \$1,850,000. API and DiscernDx subsequently executed an Asset Purchase Agreement on January 5, 2018 under which the Square 1 Bank obligation was retired and substantially all of the assets of API were sold to DiscernDx.

For those of you unfamiliar with general assignments, the process is similar to liquidations administered under Chapter 7 of the United States Bankruptcy Code, although California law controls rather than federal bankruptcy law. The Assignee has the rights of a lien creditor, meaning that creditors are left in the position of priority they had at the moment immediately preceding the making of the Assignment. The Assignee will further be responsible for identifying and liquidating any remaining assets of API, if any, for the benefit of the assignment estate. This process has been widely used and upheld in both California and federal courts since the early 1900's.

The Assignee has retained the firm of Mintz Levin Cohn Glosky & Popeo, P.C. to

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serve as its counsel in this matter. Joseph R. Dunn, along with others of that firm, are working with the Assignee to oversee API's liquidation and address creditor issues. Attached hereto creditors will find API's Balance Sheet as of November 30, 2017. This Balance Sheet was provided to the Assignee by API and has not been reviewed or audited by the Assignee.

Also attached hereto creditors will find a form Proof of Claim by which creditors can submit their claims to the Assignee. Please note that pursuant to California law (*see* Code of Civil Procedure §1802), the last day to submit proofs of claims against the assignment estate is June 29, 2018. Creditors who fail to submit their proofs of claim by June 29, 2018 will not be entitled to share in any distribution arising out of the liquidation of API's assets. The Assignee will accept proofs of claim via facsimile, e-mail, or thru its website so long as they are received by the claims bar date, June 29, 2018, and the original signed proof of claim is received by the Assignee shortly thereafter. Please remember to include copies of your supporting documents of your claim with your proof of claim.

The Assignee (DSI) has established a separate website for creditors to access information about the *Assignment for the Benefit of Creditors*. The website can be found at www.dsiassignments.com/Cases/109.

Very truly yours,

DSI Assignments, LLC, solely in its capacity as Assignee for the Benefit
of Creditors of Applied Proteomics, Inc. a Delaware corporation



By:

Geoffrey L. Berman

Enclosure: Form Proof of Claim
November 30, 2017 Balance Sheet