

February 12, 2018

e-mail: gberman@dsi.biz

TO THE CREDITORS AND INVESTORS OF:

**SOLSTICE BIOLOGICS USA, INC.
9535 WAPLES STREET, SUITE 100
SAN DIEGO, CALIFORNIA 92121**

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

Please be advised that Solstice Biologics USA, Inc., a Delaware corporation, hereinafter referred to as the "Assignor" or "SBUSA," 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 Tuesday, January 30, 2018 (the "Assignment").

SBUSA is a wholly owned subsidiary of Solstice Biologics, Ltd., a Dublin, Ireland company. SBUSA was developing drugs aimed at small, cell permeable RNAi¹ pro-drugs. The company was never able to reach revenue generation from its efforts and continued funding of the research and development program was ultimately lost. Additionally, the Irish parent, which owns the various patents used by SBUSA, is apparently facing its own financial difficulties and is not in a position to further fund U.S. operations.

SBUSA's management sold the equipment owned by the business to BioSurplus, Inc., a third-party lab equipment liquidator, prior to the execution of the general assignment for \$125,000. BioSurplus will remove the purchased equipment from SBUSA's facility by February 28, 2018 and the premises will be returned to the landlord. There is no value in the leasehold interest. There is a tax refund due from the Internal Revenue Service, receipt of which is expected within the next ninety days.

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 SBUSA, if any, for the benefit of the

¹ According to the company's website, RNAi means RNA Interference, "an evolutionary conserved cellular mechanism to inhibit gene expression targeting the mRNA of a given gene in the cytoplasm prior to its translation by ribosomes into a protein."

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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 Ferris Glovsky and Popeo, PC to serve as its counsel in this matter. Joseph R. Dunn, along with others of that firm, are working with the Assignee to address creditor issues. Attached hereto creditors will find SBUSA's Balance Sheet as of December 31, 2017. This Balance Sheet was provided to the Assignee by SBUSA's management 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 July 30, 2018. Creditors who fail to submit their proofs of claim by July 30, 2018 will not be entitled to share in any distribution arising out of the liquidation of SBUSA'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, July 30, 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/110.

Very truly yours,

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



By:

Geoffrey L. Berman

Enclosures: Proof of Claim
December 31, 2017 Balance Sheet

Solstice Biologics USA, Inc.

Balance Sheet Detail

As of December 31, 2017

	<u>Balance</u>
ASSETS	3,442,086.04
Current Assets	1,934,210.24
Total · SB USA - Checking	4,279.10
Total · SB USA - Bank MM Savgs Pledged	14,701.29
Total · Cash	<u>18,980.39</u>
Total Checking/Savings	18,980.39
Other Current Assets	577,354.53
Total · Intercompany Receivables	645,687.27
Other Receivables	467.58
Total · Other Receivables	2,396.88
Prepaid Expenses	99,847.51
Total · Prepaid Taxes	63,500.00
Prepaid Expenses - Other	99,847.51
Total · Prepaid Expenses - Other	<u>12,641.80</u>
Total · Prepaid Expenses	<u>76,141.80</u>
Total Other Current Assets	<u>724,225.95</u>
Total Current Assets	743,206.34
Fixed Assets	0.00
Security Deposits	28,727.00
Total Deposits, Long Term - Other	<u>34,450.00</u>
Fixed Assets	2,415,270.15
Total Lab Equipment	1,090,973.82
Furniture and Fixtures	93,571.81
Leasehold Improvements	1,105,146.25
Total Computer Equipment	0.00
Fixed Assets - Other	0.00
Total · Fixed Assets - Other	<u>0.00</u>
Total Fixed Assets	<u>1,184,545.63</u>
Total Other Assets	493,829.81
TOTAL ASSETS	<u>1,237,036.15</u>
LIABILITIES & EQUITY	3,442,086.04
Liabilities	1,713,881.51
Current Liabilities	446,662.39
Accounts Payable	117,392.27
Total Accounts Payable	143,444.44
Other Current Liabilities	329,270.12
Accrued Liabilities	144,652.07
Total Sales Tax Payable	24,716.19
Accrued Liabilities - Other	126,609.46
Total Accrued Liabilities	24,716.19
Accrued Compensation	184,618.05
Dependent Care FSA	1,827.41
Health Care FSA	2,557.41
Accrued Compensation - Other	180,233.23
Total Accrued Compensation	<u>26,547.10</u>
Total Other Current Liabilities	<u>51,263.29</u>
Total Current Liabilities	194,707.73
Long Term Liabilities	1,267,219.12
Long Term Liability	1,267,219.12
Total Deferred Rent	447,044.00
Total Lease Incentive	633,505.58
Total Long Term Liability	<u>1,080,549.58</u>
Total Long Term Liabilities	<u>1,080,549.58</u>
Total Liabilities	1,275,257.31
Equity	1,728,204.53
Additional Paid in Capital	2,195,561.00
Retained Earnings	-467,358.47
Net Income	0.00
Total Net Income	<u>-1,766,425.69</u>
Total Equity	<u>-38,221.16</u>
TOTAL LIABILITIES & EQUITY	<u>1,237,036.15</u>