



DSI ABCs, LLC

10 South LaSalle Street, Suite 3300 • Chicago, Illinois 60603 • Telephone: 312.263.4141 • Fax: 312.263.1180

February 7, 2020

To the Creditors of:

The Education Insurance Corporation, a Delaware corporation

Re: NOTICE FOR THE COMMENCEMENT OF
ASSIGNMENT FOR THE BENEFIT OF CREDITORS

Dear Sir/Madam:

Please be advised that on January 22, 2020 (the “Assignment Date”), The Education Insurance Corporation (“EIC”) executed an Illinois Assignment for the Benefit of Creditors (the “Assignment”) in favor of DSI ABCs, LLC (the “Assignee”). The Assignment was approved by EIC’s Board of Directors and a majority of EIC’s shareholders. A copy of the Trust Agreement and Assignment for the Benefit of Creditors is attached.

About EIC

EIC was formed in August 2017 as 7Nine Inc., a Delaware C-Corporation. The name was changed to The Education Insurance Corporation in late 2018.

EIC was formed to develop a new, innovative insurance product to guarantee salaries after college graduation. To that end, EIC spent much of 2018-2019 aggregating data, developing predictive algorithms and preparing computer script to determine how to price this insurance product. Much time, money and effort were also spent working with insurance regulators in an effort obtain the requisite regulatory approvals in preparation of marketing this new insurance product.

EIC retained an outside actuarial consulting firm to build actuarial reports and support for EIC's regulatory application in Illinois. The actuarial firm completed that work in early 2019 and also turned over to EIC a computer model built in the language R that would allow EIC to determine how much to charge for its product.

EIC had also been working with the Illinois Department of Insurance (“IL DOI”) on EIC's regulatory approval. EIC formed EIC-IL, an Illinois domestic insurance company, a shell company, to prepare for the launch of the insurance product once regulatory approval was obtained. In June 2019, IL DOI issued EIC-IL a permit to solicit subscription for its shares to allow EIC-IL to raise the money necessary to receive the final approval to operate in Illinois. EIC-IL was going to sell 100% of its stock to EIC.

Equity Structure

On December 11, 2017, 7Nine Inc. entered into a Series Seed Preferred Stock Investment Agreement (the “Stock Purchase Agreement”) with Bitwealth Holdings, LLC (“Bitwealth”) to raise \$2,000,000. Under the terms of the Stock Purchase Agreement, Bitwealth invested \$2,000,000, in a series of closings, in exchange for 1,428,572 shares of Preferred Stock. After the last closing, however, due to a recording mistake by EIC, Bitwealth was not issued the last installment of 357,143 shares.

In August 2019, EIC was negotiating a Series Seed-2 Purchase Agreement (the “Series 2 Agreement”) to raise \$4,000,000 necessary to purchase EIC-IL, as well as to continue funding its operations. The investment never closed, and EIC never signed the Series 2 Agreement. Nevertheless, Getch Inc., an entity controlled by Matthew Goettsche, who was also a limited partner in Bitwealth, signed the Series Seed-2 Agreement ahead of the scheduled closing and invested \$800,000. Another investor also executed the Series 2 Agreement ahead of closing and invested \$25,000. As of early December 2019, EIC was having trouble closing the overall round and was operating on the funds wired by Getch Inc. and other investor. The funds received in the Series Seed-2 were recorded as preferred stock in the company’s books and records.

Goettsche Indictment and Termination of Operations

On December 11, 2019, EIC learned that the New Jersey U.S. Attorney’s office had indicted Matthew Goettsche for alleged securities fraud and operating a massive Ponzi scheme. As a startup in a highly regulatory industry, the going-forward prospect of EIC was dashed upon Mr. Goettsche’s arrest. Management concluded that EIC would cease operating and all six employees were terminated.

Remaining Assets

The primary remaining asset is EIC’s data and computer script for the insurance product. This asset will be marketed by the Assignee. EIC’s other assets consisted of two small month-to-month shared space leased offices. These leases were terminated, and the furniture and fixtures abandoned to the landlord.

Other assets, consisting of several old laptops were backed up and disposed. The expected net liquidation value of the computers was insignificant.

Liabilities

There are few known creditors as of the Assignment Date. All trade creditors will be paid in full before there are any distributions made to the Series 1 and Series 2 investors. Attached is a summary Statement of Assets and Liabilities.


Notice of Assignment

This notice is being sent to all known creditors of EIC including all taxing authorities and all representatives of creditors. Attached to this notice is a Proof of Claim form that must be completed and returned to the Assignee, at its Chicago, Illinois, offices (the address is on the form) no later than **May 22, 2020** along with any documents supporting your claim. Creditors who fail to file their Proof of Claim by May 22, 2020 may not be entitled to share in any distribution on account of unsecured claims arising out of this liquidation of the companies' asset to the extent there is any value beyond administrative claims. The filing of a Proof of Claim does not guaranty that there will in fact be a recovery for unsecured creditors.

Please contact Steve Victor at svictor@dsiconsulting.com in our Chicago office at (312) 263-4141 or Geoff Berman at gberman@dsiconsulting.com, should you have any questions or comments regarding this matter. Additional information about the assignment will be posted on the Assignee's website at www.dsiassignments.com as it becomes available.

Very truly yours,

DSI ABCs, LLC, solely in its capacity as
Assignee for the benefit of creditors of
The Education Insurance Corporation

By: 
Steven L. Victor
Development Specialists, Inc.,
the Sole and Managing Member

Enclosure(s)