



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

In re:

BEAUTYKIND HOLDINGS, INC.,
a Delaware corporation, BEAUTYKIND
GIVES, LLC, a Delaware limited liability
company, and BEAUTYKIND UNITES,
LLC, a Texas limited liability company

Assignors,

To:

DSI ASSIGNMENTS, LLC,
A Delaware Limited Liability Company,

Assignee.

C.A. No. 2019-0200-PWG

**PETITION FOR APPROVAL OF FINAL ACCOUNTING, MOTION
FOR DISCHARGE OF ASSIGNEE, MOTION FOR DISCHARGE AND
TERMINATION OF BOND, AND ORDER CLOSING CASE**

DSI Assignments, LLC (“**Assignee**”), solely in its capacity as the Assignee for the Benefit of Creditors of BeautyKind Holdings, Inc., BeautyKind Gives, LLC and BeautyKind Unites, LLC (each, an “**Assignor**” and, together the “**Assignors**”) pursuant to the general assignment for the benefit of creditors, files this petition of final accounting pursuant to 10 *Del. C.* § 7383, motion for discharge of Assignee, discharge and termination of bond, and order closing case (together, the “**Petition**”). In support of the Assignee’s Petition, the Assignee respectfully states as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Petition pursuant to 10 *Del. C.* §§ 7381-7387.

PROCEDURAL BACKGROUND

2. On March 13, 2019, (the “**Assignment Date**”), each Assignor assigned all of its respective rights, titles, and interests in all remaining assets to Assignee for benefit of each Assignor’s creditors (the “**Assignment Agreement**”). The Assignment Agreement provided that each Assignor was unable to pay its debts in full.

3. Prior to the Assignors’ execution of the Assignment Agreement, the Assignors were cosmetic retailers who hosted an internet platform that facilitated the purchase and sale of cosmetics and that dedicated five percent (5%) of each sale price to the purchaser’s chosen charitable cause. The Assignors endeavored to host a concert fundraiser; however, given the costs associated with such an event and unfamiliarity with these types of ventures, the event was not successful.

4. Prior to the Assignment Agreement, Buaita Againn, LLLP (the “**Secured Lender**”) agreed to the use of its cash collateral to fund the administration of the Assignment Estates.

5. On March 13, 2019, the Assignee filed a Verified Petition for Assignment for the Benefit of Creditors with the Court (the “**Petition**”), which created the estates (the “**Assignment Estates**”).

6. On March 25, 2019, the Assignee sent out a Notice of Commencement of General Assignment for the Benefit of Creditors (the “**Notice of Petition**”) to the creditors of each Assignor, which included an Affidavit of Claim form (“**Claim Form**”) and a copy of the Petition. Within the Notice of Petition, the Assignee alerted creditors that the deadline to file a Claim Form was June 5, 2019 (the “**Claim Form Deadline**”). The Notice of Petition further disclosed that creditors who failed to file a Claim Form by the Claim Form Deadline would not be entitled to share in any distribution made on account of unsecured claims and also cautioned that there mere filing of a timely Claim Form did not guaranty that there would in fact be any recovery for unsecured creditors.

7. On April 1, 2019, Assignee filed an Affidavit of Inventory pursuant to 10 *Del. C.* § 7381 (the “**Inventory Affidavit**”). As described in the Inventory Affidavit, the assets which comprised the Assignment estate were primarily the Inventory. The Inventory Affidavit listed assets of the Assignor, BeautyKind Gives, LLC. BeautyKind Holdings, Inc.’s assets consisted of the membership interests in BeautyKind Gives, LLC and in BeautyKind Unites, LLC. BeautyKind Unites, LLC was believed to have no assets.

8. On April 9, 2019, Assignee filed a Motion for the Appointment of Appraisers Pursuant to 10 *Del. C.* § 7382 (the “**Appraiser Appointment Motion**”). Within the Appraiser Appointment Motion, the Assignee sought Court approval of two disinterested asset appraisers who, once approved, performed services designed to determine the value of the Assignment estate assets and provide comfort to persons in interest about the proper administration of the Assignment estate.

9. Similarly, on April 9, 2019, Assignee filed a Motion to Waive the Bond Requirement Pursuant to 10 *Del. C.* § 7383 (the “**Bond Waiver Motion**”). The Assignee highlighted that the limited assets of the Assignment estate, the oversight provided by the appointment of two disinterested competent appraisers, the consent of the Lender to the waiver, and the eventual sales process supported its Bond Waiver Motion. Any bond requirement would increase the costs of administering the Assignment estate and further decrease the likelihood that any distribution would be made to unsecured creditors who filed a timely Claim Form.

10. The Court entered an order that granted the Appraiser Appointment Motion (the “**Appraiser Order**”) on May 1, 2019.

11. On May 16, 2019, the Assignee filed a Motion for an Order Approving Sale Procedures (the “**Sale Procedures Motion**”).

12. On May 22, 2019, the Assignee filed a Notice of Inventory Appraisal Results, which reflected the results of each appraisal submitted by the approved appraisers.

13. On May 28, 2019, the Court entered an order that denied the Bond Wavier Motion and ordered that bond be “set at \$435,000 unsecured” (the “**Bond Order**”). On June 4, 2019, the Assignee filed a Notice of Assignee’s Bond Pursuant to 10 *Del. C.* § 7383, which included the Bond issued by Travelers Casualty and Surety Company of America (the “**Carrier**”).

14. On June 27, 2019, the Court entered an order (the “**Sale Procedures Order**”) that granted the Sale Procedures Motion and permitted the Assignee to “sell any and all Inventory within the Assignment Estates to any third-party provided that the purchase price of the Inventory being sold exceeds the appraisal value of the Inventory.”

15. The Assignee filed a Notice of the Creditor Claims on July 3, 2019.

16. As part of administering the Assignment Estates, the Assignee conducted a review of all creditor claims described within the Notice of the Creditor Claims. On July 30, 2019, the Assignee objected to and sought the disallowance of an Affidavit of Claim dated June 3, 2019, in the amount of \$6,049,161.35, from creditor John Hilburn Davis, IV, which was filed against the estate of BeautyKind Gives, Inc. (the “**Davis Claim**”) and an Affidavit of Claim

dated June 3, 2019, in the amount of \$6,049,161.35, from creditor LAYN, executed by John Hilburn Davis, IV, as Managing Director, which was filed against the estate of BeautyKind Holdings, Inc. (the “**LAYN Claim**”). On August 26, the Court ordered “that there be no disbursement or distribution on the Davis and LAYN claims at this time, pending resolution of the Texas litigation referenced in the [Assignee’s] objection.”

17. Consistent with the Sale Procedures Order, the Assignee engaged in efforts to sell substantially all of the assets of the Assignment Estates and succeed in monetizing tangible assets, such as inventory. As a result of the total consideration received from the sale of the assets and based on the amount of the secured debt owed to the Secured Lender, Assignee has determined that there will be no distribution to unsecured creditors or equity holders.

18. Given the limited available funds in the Assignment Estates, the Assignee has not been able to make any distributions to the Secured Creditor based on the Secured Creditor’s security interest in the Assignors’ collateral.

19. The Assignor will file all final tax returns for the year that ends December 31, 2019 and there are no known outstanding tax issues.

20. Pursuant to 10 *Del. C.* § 7385, the Assignee submits its final accounting for the Assignment Estates, a copy of which is attached to this Petition, as **Exhibit A**.

RELIEF REQUESTED

21. The Assignee believes that it has completed all the functions necessary to close this proceeding and discharge the Assignee. Similarly, the Assignee submits that likewise the Bond may be discharged and terminated. As reflected in the Affidavit of Geoffrey L. Berman filed herewith as **Exhibit B**, the Assignee has (i) made required distributions to Secured Creditor, if any, and (ii) fully administered its duties as Assignee of the Assignment Estates.

22. The Assignee also requests that the Court order that notice of the Petition and final accounting be served only on the Secured Lender and any party that made an appearance in this matter or filed a proof of claim with the Assignee. Service on all potentially interested parties, who previously received the Notice of Petition and who will receive no funds due to the amount of the secured debt, would be unduly burdensome and would serve no purpose under these circumstances.

WHEREFORE, the Assignee respectfully requests that the Court enter an order, substantially in the form attached hereto: (i) closing this case, (ii) discharging the Assignee from any further obligations related to the Assignment of this case, (iii) discharging and terminating the Bond, and (iv) granting such other relief as the Court deems just and proper.

Dated: February 18, 2020

Respectfully submitted,

/s/ Brenna A. Dolphin

POLSINELLI PC

Christopher A. Ward (Del. Bar No. 3877)

Brenna A. Dolphin (Del. Bar No. 5604)

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*Attorneys for DSI Assignments, LLC,
solely in its capacity as the Assignee for
the Benefit of Creditors of BeautyKind
Holdings, Inc., BeautyKind Gives, LLC
and BeautyKind Unites, LLC*

Word Count: 1,517



EXHIBIT A

Assignment for the Benefit of Creditors of Beautykind Holdings, Inc., a Delaware corporation, Beautyking Gives, LLC, a Delaware limited liability company; and Beautykind Unites, LLC, a Texas limited liability company	
Final Accounting 02/07/2020	
<u>Receipts</u>	
Secured Loan Funding	\$ 205,000.00
Accounts Receivable Collections	\$ 2,889.42
Sales Proceeds	\$ 99,500.00
Insurance Refunds	\$ 11,813.02
Tax Refunds	\$ 577.33
Total Receipts	\$ 319,779.77
<u>Disbursements</u>	
Sales and Use Taxes	\$ 1,526.63
Warehouse Expense	\$ 40,579.34
Broker Expense	\$ 13,000.00
Insurance	\$ 903.09
Appraisals	\$ 7,840.74
Bond	\$ 1,523.00
Bank Charge	\$ 558.96
Accounting Fees	\$ 2,460.00
Assignee Fees	\$ 81,918.51
Assignee Expenses	\$ 12,913.65
Assignee Legal	\$ 96,133.34
Accounting Expenses	\$ 4,000.00
Reserve for closing expenses	\$ 3,500.00
Total Expenses	\$ 266,857.26
Funds to be returned to Secured Lender	\$ 52,922.51



EXHIBIT B

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

In re:

BEAUTYKIND HOLDINGS, INC.,
a Delaware corporation,
BEAUTYKIND GIVES, LLC, a
Delaware limited liability company, and
BEAUTYKIND UNITES, LLC, a
Texas limited liability company

Assignors,

To:

DSI ASSIGNMENTS, LLC,
A Delaware Limited Liability Company,

Assignee.

C.A. No. 2019-0200-PWG

**AFFIDAVIT IN SUPPORT OF PETITION FOR APPROVAL
OF FINAL ACCOUNTING, MOTION FOR DISCHARGE OF ASSIGNEE,
MOTION FOR DISCHARGE AND TERMINATION OF BOND, AND
ORDER CLOSING CASE PURSUANT TO 10 DEL. C. § 7385**

I, Geoffrey L. Berman, declare and state:

1. I am a Senior Managing Director of Development Specialists, Inc. (“**DSI**”), the sole and Managing Member of DSI Assignments, LLC (the “**Assignee**”), the assignee for the Benefit of Creditors of BeautyKind Holdings, Inc., BeautyKind Gives, LLC, and BeautyKind Unites (each, an “**Assignor**” and collectively, the “**Assignors**”). If called upon, I can and will competently testify to the facts sated herein from my own personal knowledge, or from a review of the

files and records of Assignee. I facilitated the review of each Assignor's books and records and the creation of the accompanying schedule of assets. As to those matters in this affidavit stated on information and belief, I believe them to be true.

2. I have over 40 years of experience in business restructuring and insolvency case administration, with special emphasis in the area of general assignments for the benefit of creditors. I have served as a Federal Court Receiver and am a Certified Mediator (including the Registrar of Mediators for the U.S. Bankruptcy Court, District of Delaware). I have acted as Chief Restructuring Officer, trustee and assignee in connection with numerous liquidations in state and federal court insolvency proceedings. I served as President of the American Bankruptcy Institute from April 2011 to April 2012 and Chairman of the Board of the American Bankruptcy Institute from April 2013 to April 2014. I chaired the ABI Task Force on General Assignments and wrote the ABI's manual on general assignments, now in its fourth edition (March 2019).

3. On March 13, 2019, Assignors and Assignee executed a certain General Assignment for the Benefit of Creditors (the "**Assignment**"), whereby each Assignor assigned all of its rights, titles, and interests in all remaining assets to Assignee for the purpose of liquidation so that the proceeds thereof could be fairly distributed to their creditors without any preference or priority, except such priority as is established and permitted by applicable law.

4. The Assignment provides that each Assignor is unable to pay its debts in full.

5. On March 13, 2019, Assignee filed its Verified Petition for Assignment for the Benefit of Creditors (the “**ABC Petition**”), in this Court.

6. Prior to the Assignors’ execution of the Assignment, the Assignors were cosmetic retailers who hosted an internet platform that facilitated the purchase and sale of cosmetics and that dedicated five percent (5%) of each sale price to the purchaser’s chosen charitable cause. The Assignors endeavored to host a concert fundraiser; however, given the costs associated with such an event and unfamiliarity with these types of ventures, the event was not successful.

7. Prior to the Assignment Agreement, Buaita Againn, LLLP (the “**Secured Lender**”) agreed to the use of its cash collateral to fund the administration of the Assignment Estates.

8. Assignee has examined the books and records of each Assignor and determined based up on the information provided to the Assignee that each Assignor is insolvent. The Assignee did not do any independent analysis to determine the veracity of the information provided to the Assignee by the Assignor.

9. On March 25, 2019, the Assignee sent out a Notice of Commencement of General Assignment for the Benefit of Creditors (the “**Notice**”

of Petition”) to the creditors of each Assignor, which included an Affidavit of Claim form (“**Claim Form**”) and a copy of the ABC Petition. Within the Notice of Petition, the Assignee alerted creditors that the deadline to file a Claim Form was June 5, 2019 (the “**Claim Form Deadline**”). The Notice of Petition further disclosed that creditors who failed to file a Claim Form by the Claim Form Deadline would not be entitled to share in any distribution made on account of unsecured claims and also cautioned that there mere filing of a timely Claim Form did not guaranty that there would in fact be any recovery for unsecured creditors.

10. On April 1, 2019, Assignee filed an Affidavit of Inventory pursuant to 10 *Del. C.* § 7381 (the “**Inventory Affidavit**”). As more fully described in the Inventory Affidavit, the assets were primarily the inventory, which belonged to BeautyKind Gives, LLC; BeautyKind Holdings, Inc.’s assets consisted of the membership interests in BeautyKind Gives, LLC and in BeautyKind Unites, LLC; and BeautyKind Unites, LLC was believed to have no assets.

11. In administering the Assignment Estates, the Assignee obtained two appraisals of the assets within the Assignment Estates and posted Bond as directed by the Court. Similarly, consistent with the Sales Procedures Order, as part of the administration of the Assignment Estates, the Assignee engaged in efforts to sell substantially all of the assets of the Assignment Estates and succeed in monetizing tangible assets, such as inventory. As a result of the total consideration received

from the sale of the assets and based on the amount of the secured debt owed to the Secured Lender, Assignee has determined that there will be no distribution to unsecured creditors or equity holders.

12. The Assignor will file all final tax returns for the year that ends December 31, 2019 and there are no known outstanding tax issues.

13. Pursuant to 10 *Del. C.* § 7385, the Assignee submits its final accounting for the Assignment Estates, a true and correct copy of which is attached to the Petition as **Exhibit A**.

Dated: February 18, 2020

/s/ Geoffrey L. Berman

Geoffrey L. Berman
Senior Managing Director
DSI Assignments, LLC



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

In re:

BEAUTYKIND HOLDINGS, INC.,
a Delaware corporation, BEAUTYKIND
GIVES, LLC, a Delaware limited
liability company, and BEAUTYKIND
UNITES, LLC, a Texas limited liability
company

Assignors,

To:

DSI ASSIGNMENTS, LLC,
A Delaware Limited Liability Company,

Assignee.

C.A. No. 2019-0200-PWG

**ORDER GRANTING PETITION FOR APPROVAL OF
FINAL ACCOUNTING, MOTION FOR DISCHARGE OF ASSIGNEE,
MOTION FOR DISCHARGE AND TERMINATION OF BOND, AND
ORDER CLOSING CASE**

Upon consideration of the Petition for Approval of Final Accounting, Motion for Discharge of Assignee, Motion for Discharge and Termination of Bond, and Order Closing Case Pursuant to 10 *Del. C.* § 7385 (the “**Petition**”) filed by DSI Assignments, LLC (“**Assignee**”), solely in its capacity as the Assignee for the Benefit of Creditors of BeautyKind Holdings, Inc., BeautyKind Gives, LLC and BeautyKind Unites, LLC (each, an “**Assignor**” and, together the “**Assignors**”)

pursuant to the general assignment for the benefit of creditors, this Court having jurisdiction thereof pursuant to 10 *Del. C.* §§ 7381-7387, and for good cause shown:

IT IS HEREBY ORDERED as follows:

1. The Petition is granted.
2. The above-captioned action is hereby closed.
3. Service of this Order shall be made on the Secured Lender, all parties that filed a proof of claim with the Assignee, and on any party who made an appearance in this matter.

IT IS SO ORDERED.

Dated: _____, 2020

Master in Chancery Patricia W. Griffin



CERTIFICATE OF SERVICE

I, Brenna A. Dolphin, do hereby certify I am not less than 18 years of age and that on the 18th day of February 2020, caused to be served the foregoing *Petition for Approval of Final Accounting, Motion for Discharge of Assignee, Motion for Discharge and Termination of Bond, and Order Closing Case* on the Secured Lender and any party that made an appearance in this matter via U.S. Mail at the addresses below:

Buiate Agaiinn, LLLP
c/o Elevage Capital Management, LLC
7001 Preston Road, Suite 400
Dallas, TX 75205

Spencer Fane LLP
Attn: Eric L. Johnson
1000 Walnut Street, Suite 1400
Kansas City, MO 64106

Eric Lopez Schnabel
Alessandra Glorioso
Dorsey & Whitney (Delaware) LLP
300 Delaware Ave, Suite 1010
Wilmington, DE 19801

Dated: February 18, 2020

/s/ Brenna A. Dolphin
Brenna A. Dolphin (Bar No. 5604)