



Development Specialists, Inc.

Advisory and Fiduciary Services • Corporate Restructuring and Workouts • Interim Management • Insolvency Services

7 May 2013

e-mail address: gberman@dsi.biz

TO THE CREDITORS AND SHAREHOLDERS OF

SVTC TECHNOLOGIES, LLC.
3901 N. FIRST STREET
SAN JOSE, CA 95134

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

We can now report that the liquidation of substantially all of SVTC Technologies, LLC's assets has been completed. As you were previously advised by a notice dated December 13, 2012, the Assignee noticed an auction sale of the San Jose FAB equipment (in bulk) and the owned real property. The auction was conducted on November 1, 2012. The Assignee accepted an offer for both the equipment and the real property submitted jointly by Telefunken Semiconductor, Inc., Counsel RB Capital and BidItUp, Inc. Subsequent to the auction, but before consummation of the sale, Counsel RB Capital and BidItUp, Inc. withdrew from the offer for the assets. The Assignee completed the agreement to sell the equipment and real property to Telefunken on November 15, 2012. The equipment sale closed on November 15, 2012 and realized \$7.25 million, which was paid to Wells Fargo Bank and applied against its outstanding secured claim.

The real property was sold by Wells Fargo Bank through a non-judicial foreclosure initiated by the Bank in late November 2012. The sale took place on April 2, 2013 and title transferred to Telefunken's designee on April 12, 2013. There were a number of mechanics liens that had been filed against the property and those too have been addressed through the non-judicial foreclosure sale process. As a result of the non-judicial foreclosure, Wells Fargo received \$5.25 million plus payment by Telefunken of certain defined carrying costs that totaled over \$1.3 million.

The Assignee has completed the sale of the Company-owned process intellectual property to Abound (BVI), Ltd. that creditors were advised was pending in our prior report. The proceeds from that sale, and the sale of any remaining equipment, will be paid to Wells Fargo Bank and applied against the outstanding loan balance.

The Company was indebted to Wells Fargo Bank in the total amount of \$19,752,517.11, plus interest, attorney's fees and expenses, prior to assignment being made in October 2012. As a result of the proceeds from the sales of the assets as described above, the Bank is presently owed approximately \$750,000 on its secured claim. State and local taxing authorities have also filed over \$1.0 million in priority tax claims against SVTC's estate. Those claims, including a claim for unpaid pre-assignment sales and use taxes, have priority over claims of general unsecured creditors, should the Bank's secured claim be paid in full. Presently there are no funds in the assignment estate to apply to these tax claims or claims of general unsecured creditors.

LOS ANGELES

333 South Grand Avenue, Suite 4070 • Los Angeles, California 90071-1544 • Telephone: 213.617.2717 • Fax: 213.617.2718 • www.dsi.biz

SAN FRANCISCO • CHICAGO • NEW YORK • MIAMI • LONDON • PHILADELPHIA • COLUMBUS • CLEVELAND

SVTC Technologies, LLC

7 May 2013


Page 2

The Assignee has completed its initial review of potential preferential transfers under state law and will begin the process of making demand on affected creditors in the next few weeks. It is too early to determine whether the proceeds of any such recoveries will be sufficient to retire the priority tax claims (the Bank does not have a lien on preference recoveries, though it is entitled to reimbursement of expenses advanced from its collateral for the administration of the assignment estate).

Finally, the bar date for filing claims with the Assignee has now passed. The fact that the Assignee accepted *proofs of claim* is not a guaranty that there will be any recovery by unsecured creditors from the liquidation of the assets of the Company. Indeed, based upon current information, it is unlikely that there will be any recovery for unsecured creditors. A further report will be provided to creditors in approximately ninety days with the status of the Assignee's efforts to recover the potential preferential transfers. Creditors are requested to mark their files accordingly.

Very truly yours,

California Assignments, LLC, solely in its capacity
as Assignee for the Benefit of Creditors of SVTC TECHNOLOGIES, LLC

By 
Geoffrey L. Berman

\\GLB:SVTC \Notice-3