

June 23, 2016

*e-mail address: msorenson@dsi.biz*

TO THE CREDITORS AND SHAREHOLDERS OF

PROJECT PIE, LLC & PROJECT PIE 3799, LLC  
5621 PALMER WAY, SUITE G  
CARLSBAD, CA. 92010

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

Please be advised that Project Pie, LLC and Project Pie 3799, LLC (“Project Pie” or the (“Company”)) executed a general assignment for the benefit of creditors in favor of Development Specialists, Inc., (the “Assignee”) on June 16, 2016. This action was taken and approved by the Board of Managers and Managing Member of Project Pie, LLC and the Manager of Project Pie 3799, Inc. pursuant to the requirements in the Project Pie LLC Operating Agreements.

Without additional working capital the Company was not able to service its debts and stay current with its trade and Lender obligations. Efforts to market and locate a strategic buyer were extensive and have been ongoing for over a year. The Company was in discussions with multiple parties as to the opportunity, as well as hired the services of Trinity Capital Investment Banking, to assist with locating other possible buyers. The Company received multiple offers for the purchase of the assets and evaluated all the bids. As a result, the Company negotiated and accepted an offer from R&D Acquisition, LLC (“Buyer”) a division of Pieology.

The Assignee has retained Eve Karasik, Esq. of Levene, Neale, Bender, Yoo, Brill LLP to serve as its counsel in this assignment estate. CSDLP Master Lending Vehicle, LLC and CapitalSpring SBIC, LP (the “Lenders”) are the senior lenders to the Company and which claim to have a security interest on all assets of the Company. The Lenders have advised the Assignee that they are presently owed approximately \$2.0 million. The Assignee and its counsel have spent considerable time reviewing the Lenders’ security documents and have reached the conclusion that the Lenders’ are in fact properly perfected as to the seniority of their claims against the Company’s assets.

Further, the Assignee and counsel spent considerable time analyzing and reviewing the Company’s efforts to locate a buyer of the assets in order to evaluate the adequacy and fairness of the consideration for the Buyer offer. The Assignee reviewed a summary of dozens of contacts with possible suitors, most of which decided to pass on the investment opportunity due to not being the correct fit for their business model.

LOS ANGELES

333 South Grand Avenue, Suite 4070 • Los Angeles, California 90071-1544 • Telephone: 213.617.2717 • Fax: 213.617.2718 • [www.dsi.biz](http://www.dsi.biz)

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The offer presented by the Buyer was to purchase all assets of the Company, including the intellectual property, in exchange for \$800,000 cash. The Buyer is also assuming lease obligations for the Hillcrest and MGM operating stores. Upon completion of the due diligence process and confirmation of the properly perfected security interests, the Assignee determined this sale to be in the best interest of all creditors of the Company. The sale of the assets to the Buyer was approved and closed immediately upon the making of the general assignment, as required by the terms of the Buyer's offer.

Any and all product provided and shipped to Project Pie that is covered under the Perishable Agricultural Commodities Act ("PACA") will be paid in full from the PACA Trust assets. Any vendor that feels it has outstanding invoice(s) that are subject to PACA protection are encouraged to contact the Assignee to make the necessary arrangements for payment.

For those of you unfamiliar with general assignments, the process is similar to liquidations administered under Chapter 7 of the Bankruptcy Code. However California law controls rather than Federal bankruptcy law. Experience has proven that in circumstances such as those in this instance, estates administered through general assignments typically return a greater recovery on the assets of the estate, quicker and more economically than the bankruptcy process. There is no guaranty however in light of the outstanding and un-assumed indebtedness that there will be any recoveries for general unsecured creditors at this time. Creditors should note that California law provides for an assignee to recover preferential transfers made by the Company within the ninety days immediately prior to the making of the general assignment. No review of the transactions that may qualify as recoverable under California law has been undertaken yet.

Attached hereto creditors will find a form Proof of Claim by which creditors can file their claims with the Assignee. If you have received this letter and you are a creditor of the Company, you are deemed to be an unsecured potential creditor of the Company. Please note that pursuant to California law (*see* Code of Civil Procedure §1802) the last day to file proofs of claim in this estate is December 12, 2016. Creditors who fail to file their proofs of claim by that date will not be entitled to share in any distribution arising out of the liquidation of the Company's assets should there in fact be any funds available for distribution to unsecured creditors. The Assignee will accept proofs of claim via facsimile, e-mail, or thru our website so long as they are received by the claims bar date December 12, 2016 and the original signed proof of claim is received by the Assignee shortly thereafter. Please remember to include copies of your supporting invoices or statements with your proof of claim. The fact that the Assignee is accepting *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.

Information regarding the general assignment may also be found at [www.dsiassignments.com](http://www.dsiassignments.com). After returning the form Proof of Claim, creditors are requested to advance their files approximately ninety days, pending our next report.

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Very truly yours,

Development Specialists, Inc., solely in its capacity  
as Assignee for the Benefit of Creditors of Project Pie, LLC & Project Pie 3799 LLC

A handwritten signature in black ink that reads "Matthew P. Sorenson". The signature is written in a cursive style with a long, sweeping underline.

By

Matthew P. Sorenson

Enclosures: (Proof of Claim Form)

***PROOF OF CLAIM***

In the Matter of:

**PROJECT PIE, LLC & PROJECT PIE 3799, LLC  
5621 PALMER WAY, SUITE G  
CARLSBAD, CA. 92010**

The undersigned creditor of Project Pie, LLC & Project Pie 3799, LLC hereby submits its claim in the general assignment estate created upon the execution and acceptance of the general assignment in favor of Development Specialists, Inc. as of June 16, 2016 in the amount as set forth below, and substantiated by the attached invoices or statement of account.

Date Submitted: \_\_\_\_\_

Amount of Claim:\$ \_\_\_\_\_

Name of Creditor: \_\_\_\_\_

By: \_\_\_\_\_  
Title

Address: \_\_\_\_\_

City, State & Zip: \_\_\_\_\_

( ) \_\_\_\_\_ ( ) \_\_\_\_\_  
Telephone Facsimile

***NOTE: Interest is applicable only to the date of the assignment and then only in the event a written agreement exists between you and the debtor providing for the payment of interest.***

*Return completed form to Development Specialists, Inc.  
333 South Grand Avenue, Suite 4070, Los Angeles, CA 90071  
(213) 617-2717/FAX (213) 617-2718*