

GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS

THIS GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS is made this 29th day of March, 2017, by and between Uncle Milton Industries, Inc., a California corporation, located at 29209 Canwood Street, Suite 120, in the City of Agoura Hills, California 91301, Federal Tax Identification Number 95-1958015, hereinafter referred to as "Assignor," and **DSI ASSIGNMENTS, LLC, A DELAWARE LIMITED LIABILITY COMPANY**, located at 333 South Grand Avenue, Suite 4070, Los Angeles, CA 90071, hereinafter referred to as "Assignee."

WITNESSETH: Whereas Assignor is indebted to various persons, corporations and other entities and is unable to pay its debts in full, and has decided to transfer its assets to the Assignee for the benefit of Assignor's creditors so that such assets or the proceeds obtained therefrom, if any, may be distributed to its creditors in accordance with applicable law;

NOW, THEREFORE, in consideration of Assignor's existing indebtedness to its creditors, the covenants and agreements to be performed by Assignee and other consideration, receipt of which is hereby acknowledged, it is hereby **AGREED:**

1. **TRANSFER OF ASSETS.** Assignor hereby assigns, grants, conveys, transfers and sets over to Assignee all of Assignor's right, title and interest in and to all of Assignor's personal property and assets, whatsoever and wheresoever situated (collectively, the "Assigned Assets"), and which Assigned Assets include, but are not limited to, all personal property and any interest therein exempt from execution, including all that certain stock of merchandise, store furniture and fixtures, all "UMI Books and Records" (defined to mean all books and records, including without limitation financial information and records, accounting records, inventory and account information, all electronic files and documents and all electronic mail, of Assignor), bills, accounts receivable, cash on hand, cash in bank, patents, copyrights, trademarks and trade

names, URL's or related website rights, social media platforms, insurance policies, tax refunds, rebates, general intangibles, insurance refunds and claims, and choses in action that are legally assignable, together with the proceeds of any non-assignable choses in action that may hereafter be recovered or received by the Assignor. The Assigned Assets specifically include any and all rights and claims that the Assignor has, had, or may have against SingerLewak, LLP ("SL") arising out of or relating to the Assignor's retention of SL to perform auditing services for the Assignor's financial statements and SL's performance of auditing services with respect to Assignor's financial statements, including but not limited to the claims asserted by the Assignor against SL in that certain action entitled UM Holdings, LLC and Uncle Milton Industries, Inc. vs. SingerLewak, LLP, Case No. BC642439, filed on December 5, 2016, in the Superior Court of California, County of Los Angeles (collectively, the "SL Litigation Claims"). Further, this General Assignment specifically includes all claims for refunds or abatement of all excess taxes heretofore or hereafter assessed against or collected from the Assignor by the United States or any of its departments or agencies, any state or local taxing authority, and, to the extent the Assignor has retained a representative authorized to take actions on its behalf as described in section 8 below, the Assignor agrees to sign and execute a power of attorney or other such document(s) as requested and prepared by Assignee to enable Assignee to file and prosecute, compromise and/or settle all such claims before the respective taxing authority. To the extent the Assignor has retained a representative authorized to take actions on its behalf as described in section 8 below, Assignor agrees to endorse any refund checks relating to the prior operations of Assignor's business and to deliver such checks immediately to Assignee.

2. **LEASES, LEASEHOLD INTERESTS AND CONTRACTS.** This General Assignment includes all leases, leasehold interests and contracts of the Assignor to the extent they are legally assignable by the Assignor to the Assignee (collectively, the "Contracts");

however should the Assignee determine that any such Contracts are of no value to the assignment estate, the Assignee shall have the right to terminate such Contracts in accordance with their terms and not to perform under such Contracts following such termination and thereby not incur any further liability or obligation to the assignment estate.

3. **UNION CONTRACTS.** Any contract or agreement between the Assignor and any Labor or Trade Union remains in force as between the Assignor and the respective Union unless terminated by the Assignor, however the Assignee is not agreeing to be bound to the terms of said contract unless the Assignee specifically so agrees in writing at the time of the acceptance of this General Assignment.

4. **FORWARDING OF MAIL.** Assignor authorizes the forwarding of its mail by the U.S. Postal Service as directed by Assignee.

5. **POWERS AND DUTIES OF ASSIGNEE.** Assignee shall have all powers necessary to marshal and liquidate the assets of the assignment estate including but not limited to the following:

a. To collect any and all accounts receivable and obligations owing to Assignor and not otherwise sold by Assignee;

b. To sell or otherwise dispose of all of the Assigned Assets in such manner as Assignee deems best. Assignee shall have the power to execute any and all documents necessary to effectuate the sale of the Assigned Assets and to convey title to same to the buyer(s) of the Assigned Assets. In this regard, Assignee shall have the power, but not the obligation, to employ an auctioneer to appraise any of the Assigned Assets and to conduct any public or private sale of the Assigned Assets and to advertise said sale in such manner as Assignee deems best. Assignee shall have the power to execute bills of sale and any other such documents necessary to convey right, title and interest in to any of the Assigned Assets to any bona fide buyer.

c. To employ attorneys, accountants and any other additional personnel to whatever extent may be necessary to administer the Assigned Assets and claims of the assignment estate and to assist in the preparation and filing of any and all State, County or Federal Tax Returns as required.

d. To require all of Assignor's creditors to whom any balance is owing to submit verified statements to Assignee of said claim(s), pursuant to California Code of Civil Procedure §1802.

e. To settle any and all claims against or in favor of Assignor, with the full power to compromise, or, in the Assignee's sole discretion, to sue or be sued, and to prosecute or defend any claim or claims of any nature whatsoever existing in favor of Assignor.

f. To open bank accounts in the name of the Assignee or its nominees or agents and to deposit Assigned Assets or the proceeds thereof in such bank accounts and to draw checks thereon and with the further power and authority to do such acts and execute such papers and documents in connection with this General Assignment as Assignee may deem necessary or advisable.

g. To conduct the business of the Assignor, should the Assignee deem such operation proper.

h. To apply the net proceeds arising from the operation of and liquidation of Assignor's business and the Assigned Assets in accordance with the law, which Assignee contends is in the following order of priority and as to amounts only and not time of distribution:

(1) FIRST, to deduct all sums which Assignee may at its option pay for the discharge of any lien on any of said property and any indebtedness which under the law is entitled to priority of payment and to reimburse Assignee as to all costs advanced by the Assignee or any third party for the preservation of the assignment

estate's assets, including the maintenance and insurance of said assets and, the expenses of any operation.

(2) SECOND, all costs and expenses incidental to the administration of the assignment estate, including the payment of a reasonable fee to the Assignee, as that term is hereinafter defined and the payment of reasonable compensation for the services of attorneys for the Assignee, accountants to the Assignee, attorneys to the Assignor for services related to the making of and administration of this General Assignment and any other professionals the Assignee deems necessary to properly administer the assignment estate, as well as the cost of defense and satisfaction of indemnification claims pursuant to Paragraph 7 below.

(3) THIRD, all federal taxes of any nature whatsoever owing as of the date of this General Assignment, or other such claim of any federal governmental agency as defined under 31 U.S.C. §3713, including but not limited to federal withholding taxes, federal unemployment taxes and any other federal income, excise, property and employment taxes.

(4) FOURTH, all state, county and municipality taxes of any nature whatsoever owing as of the date of this General Assignment, including but not limited to employment, property and income taxes.

(5) FIFTH, all monies due employees of the Assignor entitled to priority as defined under California Code of Civil Procedure §1204 and §1204.5 up to the statutory maximum.

(6) SIXTH, with the exception of those classes set forth above, all distributions to other creditors shall be, within each class, pro-rata in accordance with the terms of each creditor's indebtedness, until all such debts are paid in full. No payment

shall be made to any creditor whose claim is otherwise disputed until such time as that creditor's claim is resolved. The creditor's otherwise pro-rata share of such distribution in an amount based upon the claim asserted by the creditor shall be fully reserved for by the Assignee until such time as the dispute is resolved. Disputed claims shall include a dispute related to any avoidance action the Assignee may have under state law. The Assignee may make interim distributions whenever the Assignee has accumulated sufficient funds to enable it to make a reasonable distribution, taking into account any appropriate reserve for disputed claims. No distribution shall be in an amount less than \$100,000 (in the aggregate) except the final distribution.

(7) SEVENTH, any monies (distributions) unclaimed by creditors ninety days after the final distribution to unsecured creditors (if any) or the termination of the administration of the assignment estate created by this General Assignment, shall be re-distributed to all known unsecured creditors, being those unsecured creditors who cashed their respective dividend checks from the assignment estate, so long as any such distribution exceeds one percent of each such creditor's allowed claim.

(8) EIGHTH, the surplus, if any, of the assignment estate funds, when all debts of the Assignor shall have been paid in full, shall be paid and transferred to the holders of the equity of Assignor, as per the list of equity holders provided by Assignor with the making of this General Assignment.

i. To do and perform any and all other acts necessary and proper for the liquidation or other disposition of the Assigned Assets, including but not limited to abandonment, and the distribution of the proceeds derived therefrom to Assignor's creditors.

6. **RIGHTS OF CREDITORS.** All rights and remedies of the creditors against any surety or sureties for the Assignor are hereby expressly reserved and nothing herein shall prevent

the creditors or any of them from suing any third parties or persons who may be liable to any of the creditors for all or any part of their claims against the Assignor, or from enforcing or otherwise obtaining the full benefit of any mortgage, charge, pledge, lien or other security which they now hold on any property, creditors or effects of the Assignor.

7. **LIABILITY OF ASSIGNEE; INDEMNIFICATION.** It is understood and agreed that neither the Assignee nor any of its employees, officers, agents or representatives will assume any personal liability or responsibility for any of its acts as Assignee herein, but its obligation shall be limited to the performance of the terms and conditions of this General Assignment in good faith and in the exercise of its best business judgment. The Assignee shall be indemnified by the assignment estate for any claims brought by any party against the Assignee for any of its acts as Assignee except for the Assignee's gross negligence or willful misconduct.

8. **REPRESENTATION OF ASSIGNOR.** Assignor hereby represents that to the best of Assignor's knowledge, information and belief, the list of creditors delivered by Assignor concurrently herewith to the Assignee and as required under California Code of Civil Procedure §1802 is complete and correct as reflected by the books and records of the Assignor, as to the names of Assignor's creditors, their addresses and the amounts due them. Assignor agrees to make at least one of its officers or directors, for a limited agreed upon period of time, available to the Assignee to assist the Assignee, as requested by the Assignee, in the Assignee's orderly sale or liquidation of the Assigned Assets, and in collection of any and all monies owing the Assignor; provided, however, that any such designed officer(s) or director(s) of Assignor shall only be required to provide such assistance to the Assignee to the extent, and on the condition that, they are reasonably compensated for such services in an amount and in a manner that is mutually acceptable to the Assignee and such officer(s) and director(s). Further, the agreement

of such officer(s) and/or director(s) to provide such services to the Assignee shall not preclude such officer(s) and/or director(s) from resigning from their position with the Assignor at any time.

9. **POWER OF ATTORNEY.** The Assignor, by this General Assignment, hereby grants the Assignee a general power of attorney, which power of attorney specifically includes the right of the Assignee to prosecute any action in the name of the Assignor as Attorney in Fact. Further, on the date this General Assignment is accepted by the Assignee, the Assignee shall succeed to all of the rights and privileges of the Assignor, including any attorney-client privilege, in respect to any potential or actual claims, cases, controversies, causes of action, etc. and shall be deemed to be a representative of the Assignor with respect to all such potential or actual claims, cases, controversies, causes of action, etc.

10. **ACCEPTANCE BY ASSIGNEE.** By the Assignee's execution of this General Assignment, the Assignee does hereby accept the assignment estate herein created and agrees to faithfully perform its duties according to the best of the Assignee's skill, knowledge and ability. It is understood that the Assignee shall receive reasonable compensation for its services in connection with this assignment estate. Reasonable compensation is defined to mean a fee of (a) \$100,000 from the proceeds from the sale or liquidation of the Assigned Assets, plus (b) five percent (5.0%) of each and every dollar generated from the prosecution and collection of any avoidance action(s), plus (c) a fee of three percent (3.0%) of each distribution made by the Assignee to the general unsecured creditors of the Assignor. All compensation paid to the Assignee in connection with this General Assignment (including all fees and expense reimbursements) shall be solely from the assignment estate. Neither the Assignor, any officers, directors, employees or other representatives of Assignor or any equity holder of Assignor shall have any liability, personal or otherwise, for the payment of any fees and or expense

reimbursements to Assignee. It shall be the Assignee's sole responsibility to obtain any lien release, subordination or carve out from Assignor's secured creditors regarding the payment of any of Assignee's fees or expense reimbursements that Assignee deems necessary or appropriate. Reasonable compensation does not replace or subsume the reimbursement of all the Assignee's expenses incurred as a result of the administration of the assignment estate from the proceeds generated therefrom.

IN WITNESS WHEREOF, the parties have hereunto set their hands effective as of the day and year first above written:

UNCLE MILTON INDUSTRIES, INC.

By: 
Lorin Knell

Its: Secretary

Assignee Acceptance by: Geoffrey L. Berman
Geoffrey L. Berman, Senior Managing Director,
Development Specialists, Inc., sole and Managing
Member of DSI ASSIGNMENTS, LLC,
a Delaware limited liability company

Date of Acceptance: March 29, 2017