

CASE TYPE: Civil/Miscellaneous

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

STATE OF MINNESOTA

In Re: Wayzata Home Products, LLC
and cliqstudios.com LLC

Court File No.: 27-CV-20-4326

Judge: David L. Piper

**DECLARATION OF SAMUEL J.H. SIGELMAN IN SUPPORT OF
ASSIGNEE'S MOTION TO ESTABLISH CLAIMS PROCESS**

I, Samuel J.H. Sigelman, hereby declare as follows:

1. I am an adult resident of the State of Minnesota and a Director of Lighthouse Management Group, Inc. ("Lighthouse" or "Assignee"). I make this Declaration of my own personal knowledge, unless otherwise noted, and in support of the Assignee's Motion to Establish Claims Process ("Motion"). I have personal knowledge of the matters stated herein, unless otherwise indicated.

2. On March 13, 2020, in accordance Minnesota Statutes Section 577.12, Wayzata Home Products, LLC, and its subsidiaries, including cliqstudios.com LLC (together with the other subsidiaries, Square Cabinets LLC f/k/a Itasca Cabinets LLC and Wayzata Cabinetry LLC, collectively the "Assignors"), as the assignors, and Lighthouse, as the assignee, entered into an Assignment for Benefit of Creditors (the "Assignment").

3. Pursuant to the Assignment, the Assignors assigned to Assignee all of Assignors' property, including, but not limited to, all real property, fixtures, goods, stock, inventory, equipment, furniture, furnishings, accounts receivable, general intangibles, intellectual property, bank deposits, cash, promissory notes, cash value and proceeds of insurance policies, claims, and

demands belonging to the Assignors, wherever the property may be located (hereinafter, collectively the “Assignment Property”).

4. Pursuant to the Assignment, Assignee agreed to take possession of and administer the Assignment Property, liquidate the Assignment Property, collect all claims and demands assigned as and to the extent they may be collectible, and pay and discharge all reasonable expenses, costs, and disbursements in connection with the execution and administration of the assignment from the proceeds of the liquidations and collections, in accordance with Minnesota Statutes, Chapters 576 and 577.

5. The Assignee has prepared a list of all known creditors and other parties in interest of the Assignors and has, and will continue to, update that list as the Assignee obtains additional information.

6. On March 26, 2020, the Assignee provided formal notice of the Assignment to all known creditors and other parties in interest of the Assignors, as required by Minnesota Statutes Section 577.16.

7. In accordance with its obligations under the Assignment and Minnesota law, Assignee seeks to establish Court-approved procedures by which creditors of the Assignors will be required to file claims in this case only, as described in more detail below, where the creditor disagrees with the Assignee’s calculation of the creditor’s claim.

8. The Assignee estimates that approximately \$1 million-\$1.5 million may be available to pay creditor claims that total approximately \$48 million. These estimates could change significantly as more information is obtained. Any distribution to creditors will be made on a pro-rata basis in their respective orders of priority as defined in Minnesota Statute Chapter 576.49.

Under this scenario, most creditors' claims will most likely be paid based on a pro-rata distribution at 2%-4% of the amount owed to the given claimant.

9. The proposed Proof of Claim Form and Instructions ("Proof of Claim Form") prepared by the Assignee is attached hereto as Exhibit A.

10. The Assignee believes that submitting the claims and supporting documentation in the manner proposed to the Court will best facilitate the review of claims.

11. The Assignee recommends a deadline for submitting claims that is 30 days from the date that the Assignee sends the proposed notice to all known creditors and other parties in interest. The Assignee believes that 30 days provides creditors with sufficient time to prepare and submit their claims, but is short enough so as to not unduly delay the assignment proceeding.

12. The proposed Notice of Claims Procedure ("Notice of Claim Procedure") prepared by the Assignee is attached hereto as Exhibit B.

13. As is evident in the proposed Proof of Claim Form, the Assignee maintains that, as a result of reviewing the Assignors' books and records, each creditor is owed a certain amount by the Assignors. The Assignee is preparing a schedule of claims that will set forth the known creditors of the Assignors and the amounts owing to such creditors based upon the books and records of the Assignors (the "Preliminary Schedule"). The Preliminary Schedule will be utilized to customize each creditor's Proof of Claim Form and thereby notify each creditor of a preliminary claim amount.

14. If the creditor objects to the amount listed in the Proof of Claim Form amount, the Assignee proposes that creditors correct the amount and will have 30 days from the date the Assignee sends the Proof of Claim Form to complete the task. Creditors who do not object to the amount owed as set forth in the customized Proof of Claim Form need not file a proof of claim to

establish their claim. The Assignee recommends that such creditors who do not dispute the amount owed, as set forth on the customized Proof of Claim Form, will be deemed to have made a claim in the stated amount. If a creditor disputes the amount owed, as set forth on the customized Proof of Claim Form, the creditor must file a proof of claim in accordance with the claim process approved by the Court. If a creditor disputes the amount of its claim as set forth on the customized Proof of Claim Form, the Assignee may work with the creditor to stipulate to the amount of its submitted claim. The Assignee believes that permitting non-objections to disputed claims set forth in the customized Proof of Claim Form to establish a claim will reduce duplication, ease the burden on creditors with undisputed claims, and help facilitate an efficient claim process.

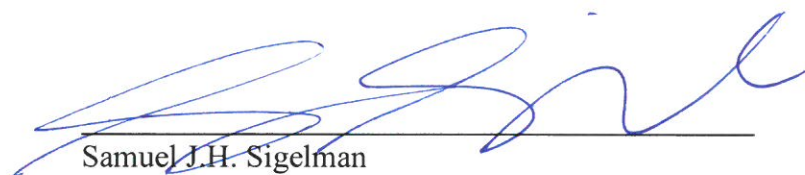
15. Following the claim deadline, the Assignee will file a schedule of all submitted claims. The Assignee proposes that the deadline for filing such a schedule be 30 days after the claim submission deadline.

16. The Assignee recommends that it review each timely submitted claim and may request additional documentation or information from a claimant, as necessary, to verify or determine the allowed amount of the claim. If the amount of a claim as submitted corresponds with the amount verified by the Assignee, and the claim is not disallowed by court order due to an objection or otherwise disallowed, the claim will be deemed an allowed claim. If after review by the Assignee of a submitted claim, the Assignee and the claimant agree that the claim should be allowed in an amount different than the amount of the claim as submitted, the Assignee will notify the Court of the allowed amount of the claim, which notice may be provided by the Assignee on an individual or omnibus basis.

17. The Assignee recommends that to the extent that the Assignee is unable to verify the amount of a submitted claim, or if the claimant does not agree with the Assignee's verified

amount of the submitted claim, the Assignee will file a written objection to the claim pursuant to Minn. Stat. § 576.50. The Assignee may file a written objection on an individual or omnibus basis. The Assignors, or any party in interest, may also file a motion objecting to a claim pursuant to Minn. Stat. § 576.50. Any objection to an asserted claim must be filed within 60 days after the date that all claims are due to the Assignee.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 29th day of May, 2020, at New Brighton, Minnesota.



Samuel J.H. Sigelman

EXHIBIT A

(Proposed Proof of Claim Form)

**PROOF OF CLAIM FORM TO BE SUBMITTED TO THE ASSIGNEE
DO NOT FILE WITH COURT**

**STATE OF MINNESOTA DISTRICT COURT
COUNTY OF HENNEPIN, FOURTH JUDICIAL DISTRICT**

Court File No. 27-CV-20-4326

PROOF OF CLAIM FORM

Wayzata Home Products, LLC and its subsidiaries, including cliqstudios LLC, 6 Square Cabinets LLC f/k/a Itasca Cabinets LLC, and Wayzata Cabinetry LLC (collectively, the "Debtor")

PLEASE READ THE ENCLOSED BAR DATE NOTICE AND ATTACHED INSTRUCTIONS AND REQUIREMENTS FOR PROOFS OF CLAIM BEFORE COMPLETING THIS FORM.

PURPOSE OF COMPLETING THIS PROOF OF CLAIM FORM. You only have to complete this Proof of Claim form if you disagree with the Claim Amount listed in Line 4 below. If you agree with this amount, there is nothing further for you to do and the Assignee will treat the amount listed on Line 4 below as your Claim Amount.

1. Name, Address, of Claimant

[Claimant Name]

[Claimant Address]

2. Other contact information of Claimant

Primary Contact Name: _____

Primary Contact Phone Number: _____

Primary Contact E-mail Address: _____

3. Name, Address, Phone Number and E-Mail Address of Claimant's Attorney (if any)

Name: _____

Address: _____

Phone Number: _____

E-mail Address: _____

4. Amount of Claim as of the Date of this Proof of Claim: \$[AMOUNT]

5. Assignor Entity against which this Claim is made (Check box)

☐ Wayzata Home Products, LLC

☐ cliqstudios.com LLC

☐ Square Cabinets LLC f/k/a Itasca Cabinets LLC

☐ Wayzata Cabinetry LLC

6. Documentation of Claim:

- (a) Date debt was incurred: _____
- (b) Nature / description of claim: _____
- (c) Attach copies of all documents in support of this claim, in accordance with Section 10 below.

7. Security Interests:

- (a) If any portion of your claim is secured by property of the Debtor, or any other entity, check this box: ☐
- (b) Attach copies of all documents on which you rely to establish that your claim is secured in whole or in part.

8. Setoffs / Counterclaims. If you are aware of any setoffs or counterclaims the Debtor may have against your claim, check this box and provide details and documentation of such setoff or counterclaim: ☐9. Credits. By submitting this Proof of Claim, you are confirming that the amount of all payments made by the Debtor on this claim has been credited and deducted for the purpose of making this Proof of Claim.10. Supporting Documentation. Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. You may also attach a summary. DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain.11. Date-Stamped Copy. To receive an acknowledgement of filing of your claim, enclose a stamped, self-addressed envelope and a copy of this Proof of Claim.

Date: _____, 2020

Sign and print the name and title, if any, of the
creditor or other person authorized to file this
claim (attach copy of power of attorney, if any)

Sign _____

Print Name _____

Print Company _____

Print Title _____

By signing this Proof of Claim form you are representing that your claim is not subject to a charge back credit from a credit card company; or setoff from another supplier, or any other source. Providing false, misleading or incomplete information or incomplete documentation will delay any disbursement made from this Assignment and could jeopardize your distribution altogether.

DEADLINE FOR FILING PROOF OF CLAIM: The completed original Proof of Claim form must be received by the Assignee no later than 5:00 p.m. CDT on July __, 2020. Failure to timely file a claim by submitting a completed Proof of Claim form shall result in a waiver of any rights to revise the claim amount identified on your notice.

INSTRUCTIONS

1. Where to File a Proof of Claim

This form should only be completed only if disagree with the claim amount indicated on line 4 of the Claim Form. If this form is to be completed, it must be completed in accordance with the instructions below and timely filed with Lighthouse Management Group, Inc. (the "Assignee"), as assignee for Wayzata Home Products, LLC. The claim form may be submitted by email at: Cliqclaim@lighthousemanagement.com; or by sending it to the Assignee by U.S. Mail at the following mailing address:

Lighthouse Management Group, Inc.
Attn: Cliq Claims Processing
900 Long Lake Road, Suite 180
New Brighton, MN 55112

2. Deadline for Filing a Proof of Claim

The deadline for filing this Proof of Claim is 5:00 p.m. CDT on July __, 2020. Any Proof of Claim not received by the Assignee on or before July __, 2020, will be considered untimely and may result in disallowance of the claim.

3. Information and Documentation to be Provided by Claimant

Each item of information and documentation provided by the Claimant will be used by the Assignee in determining the Claimant's eligibility to participate in any distribution of the assets of the Debtor, and in calculating the appropriate amount of the Claimant's Allowed Claim. Please be as detailed and complete as possible with regard to submissions, as it may affect the amount of your allowed claim, if any. You must identify the specific Debtor entity against which You are making Your claim (i.e. Wayzata Home Products, LLC or identify the affiliate or subsidiary entity). Providing false, misleading or incomplete information or documentation will delay any disbursement made from Debtor's assets and could jeopardize your distribution altogether.

4. "You" or "Your"

The terms "you" or "your" contained in the Proof of Claim form refer to the Claimant on whose behalf the Proof of Claim is being submitted. A Claimant can be a company, an individual, or represent a married couple.

5. Claimant Contact Information

Complete the information section on the first page of the Proof of Claim form, giving the name, address, telephone number and address of the Claimant to whom the Debtor allegedly owes money or property.

6. Claim Amount

If you are vendor, the Claim Amount listed on line 4 of the Proof of Claim form is that amount indicated in the Debtor's records for services or materials provided as of the filing date of March 13, 2020, less any credits or other applicable setoffs. If you believe you are owed a different amount, please cross out the amount shown and write in the amount you believe due to you along with supporting documentation.

If you are a customer that paid in advance for a product but did not receive it, your Claim Amount is likely, in most cases, equal to the amount you paid the Debtor less any reimbursement you received from your credit card provider or any other source; or if delivery of your product was eventually made to you. Your Claim Amount may also include amounts due for properly documented warranty issues. If your Claim Amount listed in line 4 of the Proof of Claim is listed as "Unknown," it does not mean you are not owed anything, but rather it means that the amount is still being calculated due to potential chargebacks and other issues the Assignee is currently reviewing.

If you are an employee, the Claim Amount listed on line 4 of the Proof of Claim form is the known amount you are owed for PTO, commissions, or any other amounts due based on the Debtor's records. If you believe you are owed a different amount, please cross out the amount shown and write in the amount you believe due to you along with supporting documentation.

7. Claim Status

If this Proof of Claim form is submitted to change, replace, or supplement a Proof of Claim form previously filed by you, provide the date the previous Proof of Claim form was submitted.

8. Supporting Documents

You must attach to the Proof of Claim form all documents that show the Debtor owes the amount claimed. If documents are not available, you must attach an explanation as to why they are not available. DO NOT SEND ORIGINAL DOCUMENTS.

9. Signatures – Legal Authority to Submit Claim

The Proof of Claim form must be signed and dated by the Claimant, or a duly-authorized officer or legal representative, in the space provided. To the extent the signature is authorized pursuant to a power of attorney or court appointment, documentation of such authority must be provided.

Providing false, misleading or incomplete information or documentation will delay any disbursement made from Debtor's assets and could jeopardize your distribution altogether.

10. Independent Verification of Claims – Requests for Supplemental Information

All claims are subject to verification by the Assignee. It is important to provide complete and accurate information to facilitate this effort. Claimants may be asked to supply additional information to complete this process. Claims will not be considered for payment until they have been verified.

11. Acknowledgment of Filing Proof of Claim

To receive acknowledgment by the Assignee of receipt of a Proof of Claim, submit to the Assignee concurrently with the original Proof of Claim (a) a copy of the Proof of Claim, and (b) a self-addressed, stamped return envelope.

12. Communications with the Assignee

Any questions about this form or process (including supporting documentation) should be directed by email to the Assignee at Clqiclaim@lighthousemanagement.com.

EXHIBIT B

(Proposed Notice of Claim Procedure)

CASE TYPE: CIVIL OTHER

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

In Re: Assignment for Benefit of Creditors of
Wayzata Home Products, LLC *et al.*

Court File No.: 27-CV-20-4326
Hon. David L. Piper

NOTICE OF CLAIM

THIS NOTICE OF CLAIM is being provided to you because you are a possible creditor of Assignor, Wayzata Home Products, LLC and its subsidiaries, including cliqstudios.com LLC, 6 Square Cabinets LLC f/k/a Itasca Cabinets LLC, and Wayzata Cabinetry LLC (collectively "Assignor").

THE VALUE OF YOUR CLAIM: On March 13, 2020, the Assignor assigned its assets to Lighthouse Management Group, Inc., ("Assignee") pursuant to Minnesota Statute Chapter 577.11. The Assignee is responsible for liquidating all of the Assignor's assets and distributing the remaining proceeds to the Assignor's creditors. The Assignee estimates that approximately \$1 million-\$1.5 million may be available to pay creditor claims totaling approximately \$48 million. These estimates could change significantly as more information is obtained. Any distribution to creditors will be made on a pro-rata basis in their respective orders of priority as defined in Minnesota Statute Chapter 576.49. Under this likely scenario, most creditors' claims will be paid based on a pro-rata distribution at 2%-4% of the amount owed to the claimant.

The Assignee has reviewed all of the available records to determine the amounts the Assignor may owe you ("Claim Amount"). Your Claim Amount is identified on line 4 of the attached Proof of Claim form.

If you agree with the information on line 4 of the attached Proof of Claim form, there is nothing more for you to do. If, however, you disagree with the Claim Amount, you must complete and submit the Proof of Claim form to the Assignee. The Proof of Claim form must be completed by you, sent via U.S. Mail (or by email at Cliqclaim@lighthousemanagement.com) and received by the Assignee no later than 5:00 p.m. CDT on July __, 2020. With any completed Proof of Claim Form, you should also include copies of documents that support your claim. If the address is incorrect, you do not have to complete a Proof of Claim Form, but instead, please notify the Assignee at: Cliqclaim@lighthousemanagement.com.

UPDATES ON THE ASSIGNMENT FOR BENEFIT OF CREDITORS: If you want to stay up to date with this matter regarding new information and pleadings filed in the court case (Hennepin County Court File No. 27-CV-20-4326), visit:
<https://www.donlinrecano.com/cliq>.

Dated: June ____, 2020

BARNES & THORNBURG LLP

By: _____

Michael A. Cavallaro (#0389995)

225 South Sixth Street, Suite 2800

Minneapolis, MN 55402

Telephone: (612) 367-8767

Facsimile: (612) 333-6798

mcavallaro@btlaw.com

COUNSEL FOR ASSIGNEE

LIGHTHOUSE MANAGEMENT GROUP, INC.

EXHIBIT 1

(Proof of Claim)