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

[PROPOSED] ORDER GRANTING ASSIGNEE'S MOTION FOR APPROVAL OF FINAL REPORT, APPROVAL OF DISTRIBUTION TO CREDITORS, AND DISCHARGE OF THE ASSIGNEE

The above-captioned matter came before the Court on the motion of Lighthouse Management Group, Inc. ("Lighthouse" or "Assignee"), for an Order, pursuant to Minn. Stat. § 576.38, approving Assignee's final report, dated December 23, 2020 (the "Final Report"); approving distribution to creditors; discharging Lighthouse as the Assignee and terminating the Assignment for the Benefit of Creditors; and closing the above-captioned case ("Motion"). Because the motion and Final Report were filed on December 23, 2020, and no objection was filed within 21 days of filing of the motion and the Final Report, the Court hereby makes the following Order, without the necessity of a hearing, as provided under Minn. Stat. § 576.38, subd. 4.

FINDINGS OF FACT

1. 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 "Assignor"), as the Assignor, and Lighthouse, as the Assignee, entered into an Assignment for the Benefit of Creditors (the "Assignment").

2. Pursuant to the Assignment, the Assignor assigned to Assignee all of Assignor's 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 Assignor, wherever the property may be located (hereinafter, collectively the "Assignment Property").

3. 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.

4. Following a comprehensive marketing effort, Assignee sold substantially all of the Assignment Property to CliqStudios Cabinets, LLC, an Ohio limited liability company ("Buyer"). On April 28, 2020, the Court entered an Order approving the sale of the Assignment Property to the Buyer. During April 2020, the Assignee sold the remaining assets to other third parties.

5. On June 26, 2020, the Court entered an Order Granting Assignee's Motion to Establish a Claims Process ("Claims Order"). In accordance with the Claims Order and Minnesota Statutes Section 576.49, Subdivision 3, Assignee compiled, solicited, reviewed and reconciled all claims against the Assignment Estate.

6. In November 2020, the Court granted three omnibus objections filed by the Assignee.

7. The Assignee has prepared one interim report during the pendency of this action ("Interim Report"), and a final accounting and report with respect to the Assignment, dated December 23, 2020 ("Final Report"). Assignee has filed the Interim Report and the Final Report with the Court.

8. The Final Report accurately reflects the income and expenses of the Assignment and assets and liabilities held by the Assignee since the Assignment for the Benefit of Creditors was filed with the Court.

9. Lighthouse's Final Report complies with Minn. Stat. § 576.38. In the Final Report, the Assignee provided:

(a) A description of the activities of the Assignee in the conduct of the Assignment;

(b) A schedule of all Assignment Property at the commencement of the Assignment and any Assignment Property added thereafter;

(c) A list of expenditures, including all payments to professionals retained by the Assignee;

(d) A list of any unpaid expenses, if any, incurred during the Assignment;

(e) A list of all dispositions of Assignment Property; and

(f) A list of all distributions made or proposed to be made.

10. In addition, in compliance with Minn. Stat. § 576.38, the Assignee filed a motion requesting approval of final payment of fees and expenses.

11. The Court finds that the Assignee has fulfilled its duties and obligations under the Assignment and Minnesota law.

12. The Assignee's actions in this matter, which includes all of Lighthouse's officers, directors, employees, representatives, attorneys, experts, independent contractors, consultants,

shareholders, partners, principals, and agents, have been within the scope of the Assignment, orders entered by this Court, and in accordance with Minnesota Statutes, Chapters 576 and 577, and Minnesota law.

13. The Assignee proposes to distribute the remaining funds in the Assignment estate in accordance with the distribution schedule ("Distribution Schedule"), attached as Exhibits A-D to the Final Report, submitted to the Court together with the Motion.

CONCLUSIONS OF LAW

14. The Court has jurisdiction in this matter.

15. The Assignee has properly accounted for funds pursuant Minn. Stat. § 576.38, and Rule 137.10 of the Minnesota General Rules of Practice.

16. The Assignee has fulfilled its duties and obligations under the Assignment, orders of this Court, Minnesota Statutes, Chapters 576 and 577, and Minnesota law. The Assignee (including all of Lighthouse's officers, directors, employees, representatives, attorneys, experts, independent contractors, consultants, shareholders, partners, principals, and agents) is: (a) entitled to all defenses and immunities provided at common law as provided for under Minn. Stat. § 576.28, even after the Assignee is discharged; and (b) fully and finally released and discharged in accordance with and to the fullest extent permissible under Minnesota law, of any past, present, or future liabilities and duties relating to any and all acts as an Assignee, which release and discharge includes, but is not limited to managing and liquidating the Assignment Property, and managing the creditor claims process.

17. Lighthouse Management Group, Inc. is entitled to be discharged as Assignee in accordance with Minn. Stat. § 576.38, and Rule 137.10 of the Minnesota General Rules of Practice.

ORDER

1. The Interim Report and the Final Report of Assignee, submitted to this Court by the Assignee, are hereby approved.

2. The fees of the Assignee, and the fees of professionals retained by the Assignee, as reflected in the Final Report, are hereby approved.

3. All transactions of the Assignee reflected in the Final Report are hereby approved and ratified.

4. The Distribution Schedule is hereby approved. The Assignee is authorized to disburse the Assignment proceeds based on what is outlined in the Distribution Schedule to creditors who have a priority claim for the full amount of their allowed claim; and to the unsecured claimants on an amount based on a pro-rata distribution of their allowed claim. Claimants who would otherwise receive a distribution of less than $10 will receive no distribution, and Assignee shall make no distribution of less than $10.

5. Within 30 days of the date of this Order, or as soon thereafter as reasonably practical, Assignee shall make distributions to creditors in accordance with the Distribution Schedule.

6. If any creditors do not cash their distribution checks within 90 days of the date of issuance, the Assignee shall cancel such checks and donate any remaining funds of the Assignment estate to Second Harvest Heartland, a 501(C)(3) nonprofit charity.

7. Following the distribution to creditors in accordance with the Distribution Schedule, Assignee shall turn over any remaining tangible assets of the Assignment estate, and all books and records of the Assignor, to Wayzata Holdings LLC or one of its assigns.

8. After the Assignee makes the distributions in accordance with the Distribution Schedule, the Assignee will file a supplement to the Final Report detailing cash distributions and the disposition of the remaining Assignment Property ("Supplemental Report").

9. Following the submission of the Supplemental Report, the Court, without the necessity of any further hearing, will discharge the Assignee, terminate the Assignment, and dismiss this case with prejudice.

IT IS SO ORDERED.

BY THE COURT:

Dated: _____________, 2021

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David L. Piper
Judge of District Court