

CASE TYPE: CIVIL OTHER

STATE OF MINNESOTA

COUNTY OF HENNEPIN

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

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
SECOND OMNIBUS OBJECTION
TO CLAIMS (DUPLICATE
CLAIMS)**

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 Second Omnibus Objection to Claims (Duplicate Claims) (the “**Objection**”). I have personal knowledge of the matters stated herein, unless otherwise indicated.

2. On March 13, 2020, in accordance Minnesota Statutes § 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. As part of its duties, the Assignee proposed procedures for the resolution and treatment of claims against the assignment estate. On June 26, 2020, the Court entered that certain Order Granting Assignee’s Motion to Establish a Claims Process (the “**Claims Order**”).

6. The Claims Order required the Assignee to prepare an initial schedule of claims that sets forth the known creditors of the Assignor and the amounts owing to such creditors based upon the books and records of the Assignor entities (the “**Preliminary Schedule**”).

7. In order to prepare the Preliminary Schedule, and in accordance with Minnesota Statutes § 576.49, Subdivision 3, the Assignee relied on the books and records of the Assignor entities to identify all potential creditors of the Assignor. Based on these books and records, the Assignee compiled the Preliminary Schedule of all known creditors that included the following information: the creditor’s name, the creditor’s address, the creditor’s phone number (if available), the creditor’s e-mail address (if available), the Assignor entity against which the creditor had a claim, and the amount of the claim against the particular Assignor.

8. The Preliminary Schedule included claims that were supported by the books and records of the Assignor, and in particular the Assignor’s accounts payable records. The Preliminary

Schedule also included creditors with possible claims of unknown amounts. In cases where the Assignor's books and records were unclear as to a specific amount due to a potential creditor, the liability to the creditor on the Proof of Claim and Instructions was listed at \$0.

9. In addition to known and potential creditors, the Assignee included all Assignor employees, to whom liability would not have been included in the accounts payable records, on the Preliminary Schedule. In the event the Assignee had no evidence of an amount due to an employee, the liability to the employee on the Proof of Claim Form and Instructions was listed at \$0.

10. Once the Preliminary Schedule was prepared, the Assignee then sent those claimants a Notice of Claim, Proof of Claim Form, and Proof of Claim Instructions (as those terms are defined in the Claims Order).

11. In order to notify claimants as required by the Claims Order, the Assignee provided the Preliminary Schedule to Donlin, Recano & Company, Inc. ("Donlin"), the Assignee's claims processing vendor. Donlin sent out the Notice of Claims, Proof of Claim Form, and Proof of Claim Instructions (the "**Claim Notice**") on June 29, 2020.

12. As a matter of efficiency the entire Preliminary Schedule was not served on all claimants, rather the relevant information was sent to each claimant on a per claim basis. Using the information in the Preliminary Schedule, Donlin prepared and delivered the Proof of Claim Form and Proof of Claim Instructions to send to all claimants on that schedule.

13. The Proof of Claim Form and Proof of Claim Instructions delivered by Donlin to claimants were pre-populated with the following information: the claimant's name, the claimant's address, the claimant's phone number (if available), the claimant's e-mail address (if available),

the Assignor entity against which it had a claim, and the amount of the claim against the particular Assignor based on the books and records of the Assignor.

14. Thus each claimant listed on the Preliminary Schedule received a Proof of Claim Form and Proof of Claim Instructions that was already filled out with the relevant claim information, including the liable Assignor entity and the amount of the claim.

15. Those claimants who received a pre-populated Proof of Claim Form and Proof of Claim Instructions based on the Preliminary Schedule were not required to file a claim if they did not object to the claim as listed on the Preliminary Schedule.

16. However, if a claimant disputed the claim as set forth on the Preliminary Schedule, or was not included on the Preliminary Schedule, the claimant was required to file a proof of claim on or before July 29, 2020, which was 30 days after the date that the Assignee sent the Claims Notice (the “**Claims Deadline**”).

17. The Proof of Claim Form and Instructions directed claimants to include copies of all documents in support of their claims when filing their claims. The Instructions explicitly stated, “[y]ou 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.”

18. On August 28, 2020, the Assignee filed a schedule of all claims, which included all claims included on the Preliminary Schedule as well as all claims filed with the Assignee (the “**Schedule of All Claims**”).

19. The Schedule of All Claims represents claims that were included on the Preliminary Schedule as well as claims that were filed with the Assignee. If a claimant filed a proof of claim for a claim that was already included on the Preliminary Schedule, only the filed claim was

included on the Schedule of All Claims and the originally scheduled claim was omitted so as to avoid unnecessary duplication.

20. As of the Claims Deadline, the Assignee received approximately 150 claims filed against one or more of the Assignor entities.

21. The Assignee reviewed those claims, as well as late filed claims, including the supporting documentation, to determine and verify the amount and validity of the claim as filed. As part of that process the Assignee reconciled the filed claims with the Assignor's books and records, past business practices, and consultation with staff.

22. Based on its review, the Assignee has identified certain claims that are objectionable, 17 of which are fully duplicative (the "**Duplicate Claims**") of at least one other claim filed with or scheduled by the Assignee (the "**Surviving Claims**"). A list of the Duplicate Claims and Surviving Claims is attached hereto as **Exhibit A**.

23. Each of the Duplicate Claims are similarly situated in that the liability claimed in the Duplicate Claims is duplicative of the Surviving Claims.

24. Fourteen of the seventeen Duplicate Claims were received from claimants that also filed claims against their credit card provider and received chargebacks equal to the full amount of their claim. The claims filed by Wells Fargo Merchant Services and American Express include the amounts of the chargeback provided to these fourteen claimants.

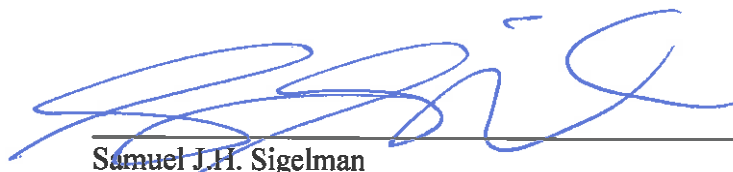
25. The fully duplicative claims seek the same dollar amount as other claims. Claim number 5889 filed by Ohio Valley Gas Corp is fully duplicative of claim 6073 filed by Wayzata Connersville RE, LLC, Assignor's former landlord. Assignee seeks that claim 5889, filed by Ohio Valley Gas Corp be deemed to be duplicative and landlord's claim 6073 treated as a Surviving Claim.

26. Claim number 6345 filed by Bill Kabernagel is fully duplicative of claim number 5139 filed by CDS Logistics in the amount of \$110,025.30. Assignee seeks to have claim 6345 filed by Bill Kabernagel to be deemed to be duplicative and to treat claim 5139 filed by CDS Logistics as a Surviving Claim.

27. Claim 6089 in favor of Hays Companies ("Hays") is duplicative to claim 6354, the claim filed by Employers Mutual Casualty Company ("EMC") in the amount of the \$20,621.81 balance. Because EMC holds the claim, and not Hays, the Assignee seeks to have claim 6089 in favor of Hays to be deemed to be duplicative and to treat claim 6354 filed by EMC as a Surviving Claim.

28. As such, upon Assignee's review of the books, records and documentation available, Assignee has determined the Duplicate Claims should be disallowed in their entirety.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 25 day of September, 2020, at New Brighton, Minnesota.



Samuel J.H. Sigelman

Exhibit A
Schedule of Duplicate Claims

No.	Duplicate Claim #	Claimant Name	Submitted Claim Amount	Surviving Claim #
1	6345.00	Bill Kabernagel	\$110,025.30	5139.00
2	5799.00	Cheryl Hilleshiem	\$7,260.26	5906.00
3	5282.00	Erika Curran	\$0.00	5906.00
4	5261.00	Esther Dormer	\$9,001.71	5906.00
5	6089.00	Hays Companies	\$103,557.48	6354.00
6	5127.00	Jeffrey Rogers	\$10,884.94	5906.00
7	5148.00	Judi Kozlowski	\$12,145.26	5906.00
8	5829.00	Julia Lynch	\$5,036.39	5906.00
9	5785.00	Katie Cava	\$3,723.95	5906.00
10	5588.00	Marcela Scott	\$19,792.02	5906.00
11	5527.00	Megan Crabtree	\$2,299.97	5906.00
12	5490.02	Mikayla McGill	\$6,920.42	5906.00
13	5723.00	Nicky Apap	\$15,000.00	5906.00
14	5889.00	Ohio Valley Gas Corp	\$83,853.75	6073.00
15	6200.00	R E Griesemer Inc	\$15,760.00	6073.00
16	5096.00	Todd Paige	\$17,917.74	5906.00
17	5526.00	Tyson Goodridge	\$13,209.72	6306.00
	Total		\$436,388.91	