

NOTICE OF ASSIGNMENT FOR
THE BENEFIT OF CREDITORS

3/6/2018

NAME/ADDRESS OF DEBTOR/ASSIGNOR

LANGUAGE STARS LLC
125 S. Clark Street
17th Floor
Chicago, IL 60603

NAME/ADDRESS OF ASSIGNEE

Mr. Patrick D. Cavanaugh
HIGH RIDGE PARTNERS, LLC
140 S. Dearborn Street, Suite 420
Chicago, IL 60603
(773) 913-2048

NAME/ADDRESS OF ATTORNEY FOR ASSIGNEE

Ms. Candice Kline
Carpenter Lipps & Leland LLP
180 N. LaSalle St., Suite 2105
Chicago, IL 60601
(312) 777-4300

COMMENCEMENT OF ASSIGNMENT

Language Stars LLC "Language Stars" or the "Company" was founded in 1998 and began offering Spanish and French language programs to children aged 1 to 12 years old in the Chicago metro area. Over the years, the Company expanded its geographical footprint to the Washington DC metro area and its program offerings to German, Italian, Mandarin and Arabic. Language Stars is headquartered in Chicago, Illinois and operated in 13 facilities leased from unrelated parties, 4 satellite locations and 103 partnerships for a total of 119 locations, where the Company conducted 600 programs/classes and for approximately 10,000 students.

The Company experienced significant cash flow issues resulting from a decline in student enrollments combined with a center-based model with significant long-term lease obligations. As a result, the Company was unable to meet its obligations as they became due and ceased operations on February 17, 2018. Therefore, on March 6, 2018, at the specific direction of the board of directors and the shareholder, Language Stars executed a TRUST AGREEMENT AND ASSIGNMENT FOR THE BENEFIT OF CREDITORS (the "Assignment"). Patrick D. Cavanaugh of High Ridge Partners, LLC was appointed as trustee-assignee (the "Trustee-Assignee") to carry out the purpose and duties of the Assignment.

LIQUIDATION OF THE DEBTOR'S/ASSIGNOR'S PROPERTY

The Company is indebted to numerous creditors. The Company is desirous of providing for the payment of its debts, so far as it is possible, by an assignment of all of its assets for that purpose. The Trustee-Assignee will pay all reasonable expenses in connection with the execution and administration of the Assignment and will disburse the remaining proceeds to creditors in accordance with the priorities established by the laws of the State of Illinois. If the proceeds from the liquidation are insufficient to pay the Company's debts and liabilities of a class of creditors in full, then the Trustee-Assignee shall pay the Company's creditors in such class on a pro-rata basis.

SALE OF ASSETS

The Company and the Trustee-Assignee are receiving inquiries from prospective buyers that may be interested in acquiring all or part of the Company's intellectual property. The Trustee-Assignee will secure non-disclosure agreements from all such parties and prepare reports and information to share with prospective buyers that are interested in pursuing due diligence. The Trustee-Assignee will evaluate all indications of interest and offers received and determine the best manner in which to lot and sell the assets.

FINANCIAL CONDITION

With respect to the Company's financial condition as of March 6, 2018, enclosed is a statement of assets and liabilities for your information and review. The Trustee-Assignee compiled this information from the books and records of the Company without auditing or performing any extensive work to validate the information. Therefore, the Trustee-Assignee cannot verify its accuracy.

PROOF OF CLAIM

This notice and the enclosed Affidavit of Claim are being sent to all known creditors of the Company, including all taxing authorities, and all known representatives of creditors. All creditors may execute and return the enclosed Affidavit of Claim form setting forth the amount due to them from the Company as of the date of the assignment, March 6, 2018. Kindly return such claim form by **April 30, 2018**.

If you have any questions regarding this matter, please contact Mr. Chris Ciannella via email at claims@high-ridge.com or at the address below:

HIGH RIDGE PARTNERS, LLC
140 S. Dearborn Street, Suite 420
Chicago, Illinois 60603
(773) 913-2048

Language Stars LLC
Estimated Statement of Assets and Liabilities
As of March 6, 2018 (A)

<u>Assets</u>	
Cash	\$ -
Net realizable accounts receivable	12,500 (B)
Fixed assets - net book value	30,910 (C)
Intellectual property	<u>Unknown</u>
Total Assets	\$ 43,410
<u>Liabilities</u>	
Secured line of credit	\$ 2,420,000 (D)
Due to taxing authority	Unknown
Subordinated debt	1,090,000 (E)
Trade and other payables	<u>1,107,618 (F)</u>
Total Liabilities	\$ 4,617,618
Net Worth (Deficit)	<u>\$ (4,574,208) (G)</u>

- (A) The estimated financial information set forth above was compiled from the limited books and records of Language Stars LLC. This financial information was not audited or reviewed. Accordingly, Patrick D. Cavanaugh, as Assignee does not make any representations or warranties with respect to the accuracy, completeness or any other representation with respect to this information.
- (B) Estimated book value after an estimated reserve for bad debt; the liquidation value may be less than the estimated book value.
- (C) The liquidation value may be substantially less. The value stated above includes leasehold improvements of \$27,100.
- (D) Collateralized by all the assets, personal property, fixtures, rights and interest of the Company. Additional fees, interests and costs will accrue.
- (E) Subordinated to the Company's secured line of credit lender.
- (F) Includes customer tuition prepayments of approximately \$1.06 million. Amount excludes nonresidential third-party operating lease commitments of approximately \$2.5 million.
- (G) The cost of the administration of the estate and the costs of the liquidation of the assets are not reflected in this statement.

AFFIDAVIT OF CLAIM

I, THE UNDERSIGNED, A CREDITOR OF Language Stars LLC do hereby acknowledge a certain **Trust Agreement and Assignment for the Benefit of Creditors** dated March 6, 2018, by and between Language Stars LLC and Patrick D. Cavanaugh, not individually, but solely as the Trustee-Assignee. I acknowledge receipt of notification of the Trust Agreement and Assignment for the Benefit of Creditors.

I hereby represent that the amount of claim provided below is a true and correct statement of the amount owed to me as of March 6, 2018 for all credit extended to Language Stars LLC after making such prior adjustments for credits and set-offs that may be due. In support of my claim, I provide a statement of account attached as Exhibit "A" to this affidavit. I am authorized to file this claim as a creditor or as a principal, officer, or authorized agent of a creditor.

PLEASE TAKE NOTICE that the Trustee-Assignee has fixed **April 30, 2018**, as the Bar Date, or last date for the timely submission of unsecured non-priority claims against Language Stars LLC. Your claim must be received by the Trustee-Assignee on or before April 30, 2018 for you to participate in any distribution, unless the Trustee-Assignee, in his sole discretion, extends or waives the Bar Date.

Dated this _____ day of _____, 2018.

(Please fill in the date of your execution of this affidavit)

AMOUNT OF CLAIM

\$ _____

(U.S. Dollars only)

Attach statement of account showing date or dates when debt was incurred and return this form on or before April 30, 2018 to:

Patrick D. Cavanaugh
As Assignee for the Benefit of Creditors
of Language Stars LLC
HIGH RIDGE PARTNERS, LLC
140 S. Dearborn Street, Suite 420
Chicago, Illinois 60603
Telephone 312-456-5636
Fax 312-456-5630

Its Duly Authorized Agent (Signature)

Printed Name

Title

Name of Creditor (Company Name)

Street Address

City State Zip

Email Address

() - _____
Phone Number