

MORNINGSIDE RECOVERY, LLC

Frequently Asked Questions (“FAQ”)

CURRENT STATUS OF COMPANY

On September 21, 2018 Morningside Recovery, LLC, (“Morningside”) made a general assignment for the benefit of its creditors naming ABC Services Group, Inc., (“ABC Services”) as Assignee. If you are not familiar with common law general assignments, basically general assignment for the benefit of creditors (“ABC”) is analogous to a common law Chapter 7 under the Bankruptcy Code.¹ In essence, an assignment “vest[s] title in the assignee as trustee for all the creditors of the assignor.” Brainard v. Fitzgerald, 3 Cal.2d 157, 163, 44 P. 2d 336 (1935); see also Jarvis v. Webber, 196 Cal. 86, 98, 236 P. 138 (1925).

ABC’s are a business liquidation device available to an insolvent debtor as an alternative to formal bankruptcy proceedings.” Credit Managers Ass’n v. National Indep. Bus. Alliance, 162 Cal. App. 3d 1166, 1169, 209 Cal. Rptr. 119 (1984); see also Cal. Civ. Proc. Code § 493.010 et seq. This alternative enables a debtor to transfer all legal and equitable title to all of its property to an assignee, who then liquidates the property and makes distribution to creditors in accordance with certain priorities recognized under California law.

SALE PROCESS

Q: What assets are available for sale?

A: All intellectual Property assets of Morningside that can be found in the digital data room.

Q: Who will be the Seller and what document will be used to consummate the sale?

A: ABC SERVICES as Assignee of MORNINGSIDE will be the Seller. The documents used to consummate the sale will be a Bill of Sale and (not materially different from the sample copy attached to the Bid Procedures. The assets will be sold on an “as is” “where is” basis without recourse, without warranty. All due-diligence information provided by ABC SERVICES is for informational purposes only. ABC SERVICES makes no representations or warranty as to the accuracy or completeness of the information provided. The information was taken from the company’s books and records and is believed to be correct to the best of ABC SERVICES’s knowledge and is provided for informational purposes only. All interested parties should conduct ad rely on their own due diligence before making any offer.

Q: How do I get started?

A: See Bid Procedures located in the digital data room.

¹ All references to the “Bankruptcy Code” are to Title 11 of the United States Code.

Q: Is the information located in the digital data room the only information available?
A: Yes: However, upon what the Seller believes is a reasonable request, Seller will make a good faith effort to provide any requested for additional information. Information which the Seller has identified as proprietary or beyond the scope of what it deems to be a reasonable request, such as proprietary technical and business information will only be released upon the requesting party posting a good faith deposit and under certain guidelines set up by Seller to maintain the confidentiality of any proprietary information.

Q: What is the employee situation?
A: All employees of Morningside were terminated on or about August 15, 2018.

Q: What is the geographical breakdown of the company's business?
A: All operations were located at Irvine and Garden Grove, California.

FINANCIAL INFORMATION

Q: How Long was Morningside in Business and is any financial information available ?
A: Morningside was formed in 2002. No Financial Information is available.

INTELLECTUAL PROPERTY

Q: Does MORNINGSIDE own any Domain Names, Trademarks? Patents?
A: Yes. See Asset List in digital data room.