

26303

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

ROBERT J. SCLAMA

Plaintiff

vs.

P.M. NO.: 09-5122

DIABETES FOUNDATION OF
RHODE ISLAND, INC.

Defendant

ORDER APPOINTING TEMPORARY RECEIVER

This cause came on to be heard upon the plaintiff's Petition for the Appointment of a Receiver and, upon consideration thereof, it is hereby:

ORDERED, ADJUDGED, AND DECREED

1. That Theodore Olsen, of Providence, Rhode Island be and hereby is appointed Temporary Receiver (the "Receiver") of the defendant.
2. That said Receiver shall, no later than five (5) days from the date hereof, file a bond in the sum of \$ 10,000 with any surety company authorized to do business in the State of Rhode Island as surety thereon, conditioned that the Receiver will well and truly perform the duties of said office and duly account for all monies and property which may come into the Receiver's hands and abide by and perform all things which the Receiver will be directed to do by this Court.
3. That said Receiver is authorized to take possession and charge of the property and assets of the defendant, to collect the debts and property belonging to it, and to preserve the same until further Order of this Court.

True Copy Attest

[Signature]
Office of Clerk of Superior Court
Counties of Providence & Bristol
Providence, Rhode Island

4. That said Receiver is authorized, until further Order of this Court, in the Receiver's discretion and as said Receiver deems appropriate and advisable, to conduct the business of said defendant, to borrow money from time to time, to purchase, for cash or upon credit, merchandise, materials, and other property, to engage appraisers and/or employees and assistants, clerical or otherwise, and to pay all such individuals and entities in the usual course of business, and to do and perform or cause to be done and performed all other acts and things as are appropriate in the premises.

5. That, pursuant to and in compliance with Rhode Island Supreme Court Executive Order No. 95-01, this Court finds that the designation of the aforescribed person for appointment as Receiver herein is warranted and required because of the Receiver's specialized expertise and experience in operating businesses in Receivership and in administering non-routine Receiverships which involve unusual or complex legal, financial, or business issues.

6. That the commencement, prosecution, or continuance of the prosecution of any action, suit, arbitration, proceeding, hearing, or any foreclosure, reclamation, or repossession proceeding, both judicial and non-judicial, or any other proceeding, in law or in equity, or under any statute or otherwise, against said defendant or any of its property, in any court, agency, tribunal, or elsewhere, or before any arbitrator or otherwise, by any creditor, stockholder, corporation, partnership, or any other person, or the levy of any attachment, execution, or other process upon or against any property of said defendant, or the taking or attempting to take into possession any property in the possession of the defendant or of which the defendant has the right to possession, or the cancellation at any time during the Receivership proceeding herein of any insurance policy, lease, or other contract with the defendant, by any of such parties as aforesaid, other than the Receiver designated as aforesaid, or the termination of telephone,

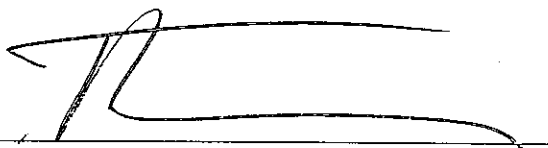
electric, gas, or other utility service to defendant, by any public utility, without obtaining prior approval thereof from this Honorable Court, in which connection said Receiver shall be entitled to prior notice and an opportunity to be heard, are hereby restrained and enjoined until further order of this Court.

7. That a Citation be issued to said defendant, returnable to the Superior Court sitting at 250 Benefit Street, Providence, Rhode Island, on 9/24, 2009, at 9:30 a.m. at which time and place this cause is set down for hearing on the prayer for the Appointment of a Permanent Receiver; that the Clerk of this Court shall give Notice of the pendency of the Petition herein by publishing this Order Appointing Temporary Receiver once in The Providence Journal on or before 9/10, 2009, and the Receiver shall give further notice by mailing, on or before 9/17, 2009, a copy of said Order Appointing Temporary Receiver to each of defendant's creditors and stockholders whose address is known or may become known to the Receiver.

ENTERED as an Order of this Court this 3rd day of September, 2009.

ENTER:

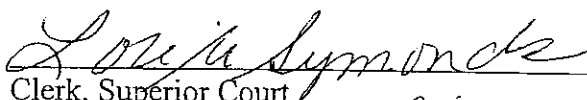
BY ORDER:



Michael A. Silverstein
Associate Justice/Business Calendar

Presented by:

9/16/09


Clerk, Superior Court
Deputy Clerk

Jeffrey A. Mega (#6441)
Hinckley, Allen & Snyder LLP
50 Kennedy Plaza, Suite 1500
Providence, RI 02903
Tel: (401) 274-2000
Fax: (401) 277-9600



2009 SEP 18 AM 11:36
CLERK OF COURT
STATE
DIV

September 17, 2009

TO CREDITORS AND OTHER PARTIES IN INTEREST:

Re: Diabetes Foundation of Rhode Island, Inc.

On September 3, 2009, the Rhode Island Superior Court, sitting in Providence County (the "Court"), entered an Order appointing the undersigned as Temporary Receiver of the assets of Diabetes Foundation of Rhode Island, Inc. ("Diabetes Foundation"). Diabetes Foundation operated a non-profit corporation for charitable and educational purposes with an office located at 1117 Douglas Avenue, Unit #2, North Providence, Rhode Island. All business operations terminated prior to the appointment of a Receiver.

As the Receiver, I am an Officer of the Court, appointed to represent the interests of all creditors and parties in interest. I do not now, nor have I ever represented Diabetes Foundation or its stockholder. I have been appointed as a neutral and impartial Receiver for the purpose of marketing and selling the assets of Diabetes Foundation for the highest value, in order to maximize recovery for creditors. It is my intention to immediately market and sell the real estate in its "as is" condition within 60 to 90 days. If you have any interest in receiving a bid packet for the real estate, please contact the undersigned.

Preliminarily, it appears that Diabetes Foundation has no secured debt of approximately the amount of its priority tax debt and general unsecured debt is not currently known.

In connection with the Receivership, as set forth in Paragraph 6 of the enclosed Order Appointing Temporary Receiver, all creditors are enjoined and stayed from taking any action to enforce their claims against Diabetes Foundation and/or its assets.

No claims will be approved and no distribution to creditors will take place without notice to all creditors and other parties in interest who file a Proof of Claim with the Receiver, after a Hearing thereon before the Rhode Island Superior Court.

INTERESTED PARTIES

September 17, 2009

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In order that your interests be protected and to make sure that you receive notice of all appropriate court filings in connection with this case, I am taking the liberty of enclosing a Proof of Claim form which I suggest that you complete, execute before a Notary Public, and return to me at the earliest possible date.

As indicated in the enclosed Order, the Rhode Island Superior Court has scheduled a Hearing on continuation of the undersigned as Permanent Receiver for 9:30 a.m. on **September 24, 2009**. Creditors and other interested parties are welcome to attend, but are not required to do so.

If you have any questions regarding any aspect of the foregoing, please feel free to contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to be 'Theodore Orson', with a long horizontal flourish extending to the right.

Theodore Orson,
Receiver of Diabetes Foundation of Rhode Island,
Inc.

Enclosures