THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11
	:	Case No. 13-13098 (MKV)
SOUNDVIEW ELITE LTD., *et al*.,	:	(Jointly Administered)
Debtors.	:	

(A) FINAL REPORT AND (B) DISCLOSURE STATEMENT WITH RESPECT TO JOINT PLAN OF LIQUIDATION FOR DEBTORS SOUNDVIEW ELITE LTD., SOUNDVIEW PREMIUM, LTD. SOUNDVIEW STAR LTD., ELITE DESIGNATED, PREMIUM DESIGNATED AND STAR DESIGNATED

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GLOSSARY OF DEFINED TERMS

"**510(b) Claim**" means any Claim against a Designated Debtor that is subject to subordination under section 510(b) of the Bankruptcy Code.

"**510(c) Claim**" means any Claim against a Designated Debtor that is subordinated under section 510(c) of the Bankruptcy Code pursuant to an order of the Bankruptcy Court.

"Administrative Bar Date" means:

I. with respect to the Designated Debtors: the date fixed in the Administrative Bar Date Order for the Designated Debtors by which all Persons asserting Administrative Claims against a Designated Debtor arising on and after the Petition Date, but prior to the Confirmation Date, other than Excluded Claims, must have filed proofs of such Administrative Claims against a Designated Debtor or requests for payment of such Administrative Claims against a Designated Debtor or be forever barred from asserting such Claims against the Designated Debtors, their property or their Estates; and

II. with respect to the Limited Debtors: (a) February 23, 2017 at 5:00 p.m. (prevailing Eastern time) or, (b) with respect to any Administrative Claim against a Limited Debtor, other than Administrative Claims to which the Administrative Bar Date does not apply pursuant to the Administrative Bar Date Order, that is incurred in the ordinary course after February 23, 2017, thirty dates after such Administrative Claim against a Limited Debtors has been incurred.

"**Administrative Bar Date Order**" means:

I. with respect to the Designated Debtors, the Final Order entered by the Bankruptcy Court establishing the Administrative Bar Date for the Designated Debtors; and

II. with respect to the Limited Debtors, the Order Establishing Administrative Claims Bar Date with Respect to Claims against Soundview Elite Ltd., Soundview Premium, Ltd. and Soundview Star Ltd. and Approving Form and Manner of Notice Thereof (Docket No. 1279).

"**Administrative Claim**" means, with respect to a Designated Debtor, a Claim for costs and expenses of administration asserted or arising under sections 503(b) or 507(b) of the Bankruptcy Code, or a Claim given the status of an Administrative Claim against a Designated Debtor by Final Order of the Bankruptcy Court, and all fees due under 28 U.S.C. § 1930. With respect to a Limited Debtor, "Administrative Claim" has the meaning given to such term in the Protocol Addendum.

"**Adversary Proceedings**" means the adversary proceedings brought by the Chapter 11 Trustee on behalf of the Debtors as set forth in section IV.B(1)(a).

"**Affiliate**" means an affiliate as such term is defined in section 101(2) of the Bankruptcy Code.

"**Allowed Administrative Claim**" means

I. with respect to a Designated Debtor, all or that portion of an Administrative Claim against a Designated Debtor which either:

(a) has been allowed by a Final Order; or

(b) (1) was incurred in the ordinary course of business during the Chapter 11 Cases of the Designated Debtors to the extent due and owing without defense, offset or counterclaim of any kind; and (2) proof of which was timely filed by the Administrative Bar Date for the Designated Debtors, or deemed timely filed under applicable law or by order of the Bankruptcy Court, pursuant to the Bankruptcy Code, Bankruptcy Rules or applicable law, or filed late, with leave pursuant to a Final Order of the Bankruptcy Court or either (x) is not timely objected to by the date set forth in section 4.2 of the Plan or the Administrative Bar Date Order for the Designated Debtors, as applicable, and is not otherwise a Disputed Claim, or (y) is otherwise allowed by a Final Order.

II. With respect to a Limited Debtor, "Allowed Administrative Claim" has the meaning given to such term in the Protocol Addendum.

Unless otherwise specified herein or by Final Order of the Bankruptcy Court, "Allowed Administrative Claim" shall not, for purposes of computation of distributions under the Plan, include interests or similar charges accrued after the Petition Date.

"**Allowed Claim**" means

I. with respect to a Designated Debtor, a Claim (other than an Allowed Administrative Claim) that is:

(a) listed in the Schedules of the applicable Designated Debtor in an amount greater than zero and as being not contingent, unliquidated, disputed or undetermined, and that it is not otherwise a Disputed Claim;

(b) a Claim, proof of which has been timely filed by the Bar Date, or deemed timely filed under applicable law or by order of the Bankruptcy Court, pursuant to the Bankruptcy Code, Bankruptcy Rules or applicable law, or filed late, with Bankruptcy Court leave pursuant to a Final Order, and either (1) is not objected to by the Objection Bar Date and is not otherwise a Disputed Claim, or (2) is otherwise allowed by a Final Order; or

(c) a Claim that is allowed: (1) in a Final Order; or (2) pursuant to the terms of the Plan.

II. With respect to the Limited Debtors, "Allowed Claim" has the meaning given to such term in the Protocol Addendum.

Unless otherwise specified in the Plan or by Final Order of the Bankruptcy Court, "Allowed Claim" shall not, for purposes of computation of distributions under the Plan, include interest or similar charges accrued after the Petition Date except with respect to an Allowed Secured Claim

against a Limited Debtor or an Allowed Secured Claim against a Designated Debtor as permitted by section 506(b) of the Bankruptcy Code.

"**Allowed Class ___ Claims**" means all Allowed Claims in the referenced class.

"**Allowed General Unsecured Claim**" means a General Unsecured Claim which has become an Allowed Claim.

"**Allowed Priority Claim**" with respect to the Limited Debtors, has the meaning given to such term in the Protocol Addendum.

"**Allowed Priority Tax Claim**" means

I. with respect to the Designated Debtors, a Priority Tax Claim against a Designated Debtor which has become an Allowed Claim; and

II. with respect to the Limited Debtors, "Allowed Priority Tax Claim" has the meaning given to such term in the Protocol Addendum.

"**Allowed Secured Claim**" means a Secured Claim which has become an Allowed Claim.

"**Alpha**" means Fletcher Fixed Income Alpha Fund, Ltd.

"**Alpha JOLs**" means the joint voluntary liquidators of Alpha.

"**Amended Status Report**" means the Amended and Revised Status Report of the Chapter 11 Trustee dated June 15, 2015 (Docket No. 692).

"**Arbitrage**" means Fletcher Income Arbitrage Fund, Ltd.

"**Arbitrage JOLs**" means the joint official liquidators for Arbitrage, Robin McMahon and Kay Bailey of Ernst & Young LLP.

"**Asset Liquidation Procedures**" means the procedures approved by Order of the Bankruptcy Court (Docket No. 921) by which the Chapter 11 Trustee may sell or abandon the Non-Cash Assets of the Designated Debtors.

"**Available Cash**" means with respect to the Designated Debtors, all unrestricted Cash of the Designated Debtors, including the Liquidation Recoveries, after deduction of: (I) Cash to be distributed to or reserved for Holders of Administrative Claims against a Designated Debtor, Priority Tax Claims against a Designated Debtor, Other Priority Claims against a Designated Debtor and Secured Claims against a Designated Debtor; and (II) the Operating Reserve of the Designated Debtors, with each such amount to be determined from time to time. With respect to the Limited Debtors, Available Cash has the meaning given to such term in the Protocol Addendum.

"**Ballot**" means the ballot to be distributed to Holders of Allowed Claims against a Designated Debtor in each impaired and voting Class, on which ballot such Holder may vote for or against the Plan.

"**Bankruptcy Code**" means the Bankruptcy Reform Act of 1978, 11 U.S.C. §§ 101 et. seq., as the same was in effect on the Petition Date, as amended by any amendments applicable to these Chapter 11 Cases.

"**Bankruptcy Court**" means the United States Bankruptcy Court for the Southern District of New York or, to the extent that such Bankruptcy Court ceases to exercise jurisdiction over the Chapter 11 Cases, such other court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases.

"**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedure, effective in accordance with the provisions of 28 U.S.C. § 2075, as now in effect or hereafter amended.

"**Bar Date**" means the applicable bar date by which a proof of Claim must be, or must have been, Filed, as established by an order of the Bankruptcy Court.

"**Bench Order**" means the Bankruptcy Court's Bench Decision on Motions to Dismiss, for Relief from Stay, for Appointment of Chapter 11 Trustee, and on Sanctions for Contempt (Docket No. 156).

"Business Day" means any day, other than a Saturday, Sunday or "legal holiday" (as such term is defined in Bankruptcy Rule 9006(a)); provided, that with respect to the Limited Debtors, "Business Day" has the meaning given to such term in the Protocol Addendum.

"**BVI Funds**" means Richcourt Euro Strategies, Optima Absolute Return Fund Ltd., Richcourt Allweather Fund Inc., American Alternative Investments Ltd, Richcourt Composite Inc. and Richcourt Allweather B. Inc.

"**BVI JLs**" means the joint liquidators of the BVI Funds, John Ayres of PWC (BVI) Ltd. and Matthew Wright of RHSW (Cayman) Limited.

"**California Action**" means the litigation commenced by Pasig and its principals Roger and Julie Corman in the California Court against Citco.

"**California Court**" means Superior Court of the State of California for the County of Los Angeles.

"**Cash**" means, with respect to the Designated Debtors, legal tender of the United States of America and equivalents thereof. With respect to the Limited Debtors, "Cash" has the meaning given to such term in the Protocol Addendum.

"**Cayman Islands Court**" means the Grand Court of the Cayman Islands.

"**Cayman Islands Proceedings**" means the winddown proceedings of the Limited Debtors that are pending in the Cayman Islands Court.

"**Certification Order**" means the Order (I) Compelling Investors in Designated Debtors to Submit Certification of Non-Insider Status for the Purpose of Determining Distributions under Plan of Liquidation and (II) Subordinating Claims of Non-Certifying Investors (Docket No 1190).

"**Chapter 11 Cases**" means, collectively, the above-captioned cases commenced under chapter 11 of the Bankruptcy Code by the Debtors in the Bankruptcy Court, being jointly administered under Case No. 13-13098 (MKV).

"**Chapter 11 Trustee**" or "**Trustee**" means Corinne Ball, not individually but solely in her capacity as chapter 11 trustee in, of and on behalf of the Debtors.

"**Citco**" means Citco Group Limited and its affiliated entities.

"**Citco/Fletcher Adversary Proceeding**" means the adversary proceeding brought by the Chapter 11 Trustee captioned Corinne Ball, as Chapter 11 Trustee of Soundview Elite Ltd., et al. v. Citco Group Limited, et al., Case No. 15-01346 (MKV) (Bankr. S.D.N.Y. Sept. 23, 2015).

"**Citibank**" means Citibank, N.A.

"**Claim**" means a claim, as such terms is defined in section 101(5) of the Bankruptcy Code, against a Debtor; provided that, where such term is used with respect to a Limited Debtor, it includes a debt of a Limited Debtor under applicable Cayman Islands law.

"**Composite Proceeding**" means the adversary proceeding entitled Corinne Ball as Chapter 11 Trustee of Soundview Elite Ltd. vs. Soundview Composite Ltd., Case No. 14-01923(MKV) (Bankr. S.D.N.Y. Apr. 1, 2014), and any and all related Proceedings (including any and all related appeals).

"**Claims Objection Order**" means the Order Granting Motion to Expunge Claims and/or Subordinate Insider Claims and Objection to Claims (Docket No. 1099).

"**Class**" means a class of Claims or Interests, as described in Article V of the Plan.

"**Composite**" means Soundview Composite Ltd.

"**Composite Proceeding**" means the adversary proceeding captioned Corinne Ball as Chapter 11 Trustee of Soundview Elite Ltd. v. Soundview Composite Ltd., No. 14-01923(MKV) (Bankr. S.D.N.Y. Apr. 1, 2014), and any and all related Proceedings (including any and all related appeals).

"**Confirmation**" means entry of the Confirmation Order.

"Confirmation Date" means the date on which the Confirmation Order is entered by the Bankruptcy Court.

"**Confirmation Hearing**" means a hearing before the Bankruptcy Court seeking confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.

"**Confirmation Order**" means an order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

"**Debtors**" means, collectively, the Limited Debtors and the Designated Debtors.

"**Designated Debtors**" means Debtors Elite Designated, Premium Designated and Star Designated.

"**Designated Debtors' Allocation Percentages**" means, the basis for allocation of: (i) Fee Claims asserted against the Designated Debtors and other Administrative Claims against the Designated Debtors which have not been reserved for, and (ii) the Operating Reserve, as follows:

Elite Designated:	39%
Premium Designated:	29%
Star Designated:	32%

"**Disbursing Agent**" means the Plan Administrator, or such other Person appointed as such by the Plan Administrator to disburse property pursuant to the Plan.

"**Disclosure Statement**" means this (A) Final Report and (B) Disclosure Statement with Respect to Joint Plan of Liquidation for Soundview Elite Ltd., Soundview Premium, Ltd., Soundview Star Ltd., Elite Designated, Premium Designated and Star Designated (including all exhibits and schedules annexed or referred therein thereto) that relates to the Plan and has been or will be approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as such Disclosure Statement may be amended, modified or supplemented.

"**Disclosure Statement Hearing**" means the hearing held by the Bankruptcy Court to consider whether the Disclosure Statement contains adequate information as required by section 1125 of the Bankruptcy Code.

"**Disclosure Statement Order**" means any order entered by the Bankruptcy Court approving this Disclosure Statement.

"**Disputed Claim**" means:

I. <u>with respect to the Designated Debtors</u>:

(a) if no proof of Claim or no application for payment of an Administrative Claim or Fee Claim has been filed by the applicable Bar Date or deemed timely filed under applicable law: (1) a Claim that has been listed on the Schedules as other than disputed, contingent or unliquidated, but as to which an objection has been filed in accordance with section 11.2 of the Plan; or (2) a Claim that has been listed on the Schedules as disputed, contingent or unliquidated or as having a zero, unknown or otherwise undetermined value; or

(b) if a proof of Claim or a request for payment of an Administrative Claim or Fee Claim has been filed by the applicable Bar Date, or has otherwise been deemed timely filed under applicable law or leave to file a late Claim has been granted pursuant to a Final Order: (1) a Claim that is listed on the Schedules as other than disputed, contingent or unliquidated, but as to

which the nature or amount of the Claim as asserted in the proof of Claim varies from the nature and amount of such Claim as it is listed on the Schedules; (2) a Claim as to which an objection has been filed in accordance the Administrative Bar Date Order for the Designated Debtors and/or sections 4.2 or 11.2 of the Plan, and which objection has not been withdrawn or denied by a Final Order; (3) a Claim (other than Administrative Claim) for which a proof of Claim has been filed, but for which no Claim has been listed on the Schedules; or (4) a Claim for which a proof of Claim or request for payment has been filed in an amount which is contingent or unliquidated, in whole or in part.

II. With respect to the Limited Debtors, "Disputed Claim" shall have the meaning given to such term in the Protocol Addendum.

"**Distribution**" means a distribution of Available Cash to Holders of Allowed Claims in the Designated Debtors.

"**Distribution Date**" means the date the order approving the Disclosure Statement is signed, unless otherwise ordered by the Bankruptcy Court; provided, that with respect to the Limited Debtors, "Distribution Record Date" shall have the meaning given to such term in the Protocol Addendum.

"**Distribution Record Date**" means the date on which the order approving the Disclosure Statement is signed, unless otherwise ordered by the Bankruptcy Court; provided that, with respect to the Limited Debtors, "Distribution Record Date" shall have the meaning given to such term in the Protocol Addendum.

"Effective Date" means the date specified as such by the Chapter 11 Trustee, which date shall be no later than fifteen (15) days after the Confirmation Date, or if the fifteenth (15) day is not a Business Day, the first Business Day thereafter, unless otherwise ordered by the Bankruptcy Court; provided that the Addendum Effective Date (as defined in the Protocol Addendum) shall not be changed.

"**Entity**" means an entity, as such term is defined in section 101(15) of the Bankruptcy Code.

"**Estate**" means, as to each Designated Debtor, the estate created for such Designated Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code. With respect to the Limited Debtors, "Estate" has the meaning given to such term in the Protocol Addendum.

"**Estimation Order**" means an order or orders of the Bankruptcy Court estimating or otherwise determining Disputed Claims for purposes other than making Plan distributions.

"**Excluded Claim**" means those Administrative Claims listed in the Administrative Bar Date Order for the Designated Debtors or the Administrative Bar Date Order for the Limited Debtors, as applicable, as excluded from compliance with the Administrative Bar Date for the Designated Debtors or the Administrative Bar Date Order for the Limited Debtors, as applicable, which may include Fee Claims and fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930 (a)(6).

"**Fee Claims**" means a Claim for compensation or reimbursement of expenses pursuant to sections 326, 327, 328, 330, 331 or 503(b) of the Bankruptcy Code in connection with an application made to the Bankruptcy Court in the Chapter 11 Cases; provided that, with respect to the Limited Debtors, "Fee Claim" shall have the meaning given to such term in the Protocol Addendum.

"**FILB**" means Fletcher International, Ltd. (Bermuda).

"**FILB Plan Administrator**" means Mr. Richard J. Davis, formerly the chapter 11 trustee for FILB, now in his capacity as plan administrator of FILB.

"**FILB Trustee**" means Richard J. Davis, not individually but solely in his capacity as the chapter 11 trustee in, of and on behalf of FILB.

"**Filed**" or "**Filing**" means filed or filing with the Bankruptcy Court or its authorized designee in these Chapter 11 Cases.

"**Final Distribution**" means the distribution of the remaining Available Cash to Holders of Allowed Claims.

"**Final Order**" means an order or judgment of the Bankruptcy Court (or any other court, as applicable) which has not been reversed, stayed, modified or amended and as to which the time to appeal or seek review, rehearing, reargument or certiorari has expired and as to which no appeal or petition for review, rehearing, reargument, stay or certiorari is pending, or as to which any right to appeal or to seek certiorari, review, or rehearing has been waived, or, if an appeal, reargument, petition for review, certiorari or rehearing has been sought, the order or judgment of the Bankruptcy Court (or any other court, as applicable) which has been affirmed by the highest court to which the order was appealed or from which the reargument, review or rehearing was sought, or certiorari has been denied, and as to which the time to take any further appeal or seek further reargument, review or rehearing has expired.

"**General Unsecured Claim**" means:

I. with respect to the Designated Debtor, any Claim that is not (a) an Administrative Claim, (b) a Priority Tax Claim, (c) an Other Priority Claim, (d) a Secured Claim, (e) a 510(b) Claim, (f) a Claim that the Bankruptcy Court determined should be treated or recharacterized as an Interest, (g) a 510 (c) Claim or (h) an Investor Tort Claim; and

II. with respect to a Limited Debtor, "General Unsecured Claim" has the meaning given to such term in the Protocol Addendum.

"**Governmental Unit**" means a governmental unit as such term is defined in section 101(27) of the Bankruptcy Code.

"**Holder**" means a holder of a Claim or Interest.

"**Holder of Record**" means, as of the Distribution Record Date, a Holder entitled to receive a distribution pursuant to the terms of the Plan and, with respect to the Limited Debtors, the Protocol Addendum.

"**Indemnified Person**" means:

I. with respect to the Designated Debtor, any Person who was or is made a party to or is threatened to be made a party to, or is otherwise involved in, any Proceeding by reason of the fact that such Person, or a Person for whom such Person is a legal representative, financial consultant or Professional is or was (a) the Chapter 11 Trustee in her capacity as chapter 11 trustee of the Designated Debtors or (b) the Plan Administrator, whether in an official capacity or in any other capacity; and

II. with respect to the Limited Debtors, "Indemnified Person" has the meaning given to such term in the Protocol Addendum.

"**Initial Distribution**" means

I. with respect to the Designated Debtors, the first distribution of Available Cash to Holders of Allowed Claims against a Designated Debtor that occurs on or after the Effective Date; and

II. with respect to the Limited Debtors, "Initial Distribution" has the meaning given to such term in the Protocol Addendum.

"**Initial Distribution Date**" means the date on which the Initial Distribution is made.

"**Insider**" means:

I. with respect to the Designated Debtors:

(a) Any current or former officer, director, manager, affiliate or holder of 10% or more voting shares of any of the Debtors or entities formerly managing any of the Debtors including, without limitation, Alphonse 'Buddy" Fletcher, Jr.; George Ladner; Floyd Saunders; Stewart Turner; Denis Kiely; Stuart MacGregor; and any current or former officer, director, manager, affiliate or holder of 10% or more of the voting shares in any of Soundview Capital Management Ltd (Bahamas), Soundview Composite Ltd. (Cayman Islands), Richcourt Holding Inc. (British Virgin Islands), Richcourt Acquisitions Inc. (British Virgin Islands), Fletcher Asset Management Inc. (New York), FILB, Fletcher Arbitrage (Cayman Islands), Leveraged (Cayman Islands), Fletcher Fixed Income Alpha Fund (Bermuda), Ltd., Richcourt Capital Management Inc. (British Virgin Islands), Richcourt USA, Inc., Richcourt Fund Advisors SAS (France), Richcourt (Monaco) SAM (Monaco), Citco Richcourt (Lux) SA (Luxembourg), Richcourt Group SA (Luxembourg), Richcourt Suisse (SA) (Switzerland), New Wave Asset Management Ltd. **(**British Virgin Islands), New Wave SPC (Cayman Islands), Richcourt Euro Strategies Inc. (British Virgin Islands), Optima Absolute Return Fund Ltd. (British Virgin Islands), Richcourt Allweather Fund Inc. (British Virgin Islands), America Alternative Investments Inc. (British Virgin Islands), Richcourt Composite Inc. (British Virgin Islands) and Richcourt Allweather B. Inc. (British Virgin Islands); and

(b) and an insider as such term is defined in section 101(31) of the Bankruptcy Code,

provided, however, that the term Insider does not include the BVI Funds.

II. With respect to the Limited Debtors, "Insider" has the meaning given to such term in the Protocol Addendum.

"**Insider Litigation**" means

I. with respect to the Designated Debtors, means litigation against any Insider that the Chapter 11 Trustee has commenced, or may bring, based on the results of her Investigation, including the Citco/Fletcher Adversary Proceeding; and

II. with respect to the Limited Debtors, has the meaning given to such term in the Protocol Addendum.

"**Interest**" means, with respect to the Designated Debtors, an "equity security," as such term is defined in section 101(16) of the Bankruptcy Code. With respect to the Limited Debtors, "Interest" has the meaning given to such term in the Protocol Addendum.

"**Interfund Settlement**" means the interfund settlement dated September 22, 2015 between the Interfund Settlement Parties. The Interfund Settlement was approved by: (I) the Bankruptcy Court in the Debtors' Chapter 11 Cases on September 23, 2015 (Docket No. 816); (II) the Cayman Islands Court in the winding up proceedings of Arbitrage and Leveraged on October 13, 2015; (III) the Cayman Islands Court in the winding up proceedings of the Limited Debtors on January 8, 2016; and (IV) the Eastern Caribbean Supreme Court in the High Court of Justice, British Virgin Islands, Commercial Division in the winding up proceedings of BVI Funds on January 18, 2016. The Interfund Settlement is, by its terms, effective. See Docket No. 1011.

"**Interfund Settlement Parties**" means (I) the Debtors, the Chapter 11 Trustee and the Soundview JOLs, (II) the BVI Funds and the BVI JLs, (III) Arbitrage and the Arbitrage JOLs, (IV) Leveraged and the Leveraged JOLs, (V) Alpha and the Alpha JOLs, (VI) FILB and the FILB Plan Administrator, (VII) MBTARF and (VIII) the Louisiana Pension Funds.

"**Investigation**" refers to the Chapter 11 Trustee's investigation into the Debtors' management and affairs, which is set forth herein and in the Reports. See Docket Nos. 395, 692 and 887.

"**Investor**" means (I) any participating, non-voting investor (including a Designated Debtor) in a Designated Debtor and (II) any custodian that is holding investments in a Designated Debtor on account of an individual investor (including a Designated Debtor) who is the beneficial owner thereof.

"**Investor Tort Claim**" means (I) the tort Claim held by an Investor in a Designated Debtor based on such Investor's Interests and (II) for which the Investor has (a) filed a proof of Claim with the Bankruptcy Court, (b) submitted to the Chapter 11 Trustee a certification of non-Insider status that the Chapter 11 Trustee was able to reconcile with the Designated Debtors' books and records in her possession or (c) reached an agreement with the Chapter 11 Trustee or Plan Administrator,

as the case may be, regarding its Claim, which agreement was approved by the Bankruptcy Court or set forth in the Plan.

For the avoidance of doubt, the Claims held by, or on behalf of, a Debtor against a Designated Debtor shall be classified as Investor Tort Claims and shall be Allowed Claims against a Designated Debtor pursuant to the Plan. All Allowed Class 4A, 4B and 4C Claims and the participating shares of the Holders of Investor Tort Claims in each Designated Debtor are set forth on Exhibit 2.7 to the Plan.

"**IRC**" means the Internal Revenue Code.

"**IRS**" means the Internal Revenue Service.

"**Leveraged**" means FIA Leveraged Fund, Ltd.

"**Leveraged JOLs**" means the joint official liquidators for Leveraged, Robin McMahon and Kay Bailey of Ernst & Young LLP.

"**Limited Debtors**" means Soundview Elite, Soundview Premium and Soundview Star.

"**Liquidation Recoveries**" means the amounts recovered from time to time by the Chapter 11 Trustee or Plan Administrator, as the case may be, on account of the liquidation of the Debtors' assets (including recoveries in any Proceedings or the Citco/Fletcher Adversary Proceeding), net of the costs and expenses of such recoveries, provided, however, that Liquidation Recoveries shall include, with respect to the claims that were pooled in the Citco/Fletcher Adversary Proceeding, only the Designated Debtors' share of the net recoveries after deduction of the Chapter 11 Trustee's fees and expenses in connection therewith that are allocated to the Designated Debtors.

"Local Bankruptcy Rules" means the Bankruptcy Rules for the Bankruptcy Court of the Southern District of New York.

"**Louisiana Pension Funds**" means the Firefighters' Retirement System, New Orleans Firefighters' Pension and Relief Fund, and Municipal Employees' Retirement System of Louisiana.

"**MBTARF**" means the Massachusetts Bay Transportation Authority Retirement Fund.

"**Mr. Fletcher**" means Mr. Alphonse "Buddy" Fletcher.

"**Mr. Muho**" means Mr. Gerti Muho.

"**Muho Removal Motion**" has the meaning given to such term in section IV.B(1)(b) herein.

"**New Wave**" means New Wave Fund Ltd.

"**Non-Cash Assets**" means the non-cash financial assets of the Designated Debtors.

"**Non-U.S. Holder**" has the meaning given to such term in section VIII herein.

"**Objection Bar Date**" means, with respect to the Designated Debtors, the later of: (I) 60 days after the Effective Date; (II) 60 days after the filing of a proof of Claim or Interest, and (III) such other period of limitation for objecting to a Claim or Interest as may be specifically fixed by the Plan, the Confirmation Order, the Bankruptcy Rules or an order of the Bankruptcy Court. With respect to the Limited Debtors, "Objection Bar Date" has the meaning given to such term in the Protocol Addendum.

"**Operating Reserve**" means, with respect to the Designated Debtors, such amount as is reserved by the Chapter 11 Trustee or Plan Administrator, as the case may be, for the Designated Debtors' Estates to meet their obligations as they become due after the Effective Date (to the extent such obligations have not otherwise been reserved for), and to prosecute all claims, causes of action or rights of the Designated Debtors' Estates. The Operating Reserve of the Designated Debtors shall be allocated among the Designated Debtors subject to the Designated Debtors' Allocation Percentages, and may be increased or decreased by the Plan Administrator from time to time.

"**Other Priority Claim**" means, with respect to a Designated Debtor, any Claim against a Designated Debtor that is accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than an Administrative Claim against a Designated Debtor or a Priority Tax Claim against a Designated Debtor.

"**Pasig**" means Pasig Ltd., one of the investors in the Limited Debtors. Specifically, Pasig holds (I) 6.74% of the redemption creditor claims against Soundview Elite, (II) 26.01% of the redemption creditor claims against Soundview Premium and (III) 29.39% of the redemption creditor claims against Soundview Star, pursuant to the common claims adjudication set forth in the Protocol Addendum. Pasig is not an Investor in the Designated Debtors.

"**Person**" means any individual, corporation, partnership, association, indenture trustee, organization, joint stock company, joint venture, estate, trust, Governmental Unit or any political subdivision thereof, the Chapter 11 Trustee, the Plan Administrator, or any other entity; provided, that with respect to the Limited Debtors, "Person" has the meaning given to such term in the Protocol Addendum.

"**Petition Date**" means September 24, 2013.

"**Plan**" means the Chapter 11 Trustee's Joint Plan of Liquidation for Debtors Soundview Elite Ltd., Soundview Premium, Ltd., Soundview Star Ltd., Elite Designated, Premium Designated and Star Designated.

"**Plan Administrator**" means the Person designated or appointed as such under the Plan, and may be the Chapter 11 Trustee.

"**Pooling Agreement**" means the pooling agreement entered into on August 18, 2015 by the Chapter 11 Trustee and the BVI JLs and approved by the Court on September 23, 2015 (Docket No. 816).

"**Priority Tax Claim**" means, with respect to the Designated Debtors, any Claim against a Designated Debtor that is entitled to priority pursuant to section 507(a)(8) of the Bankruptcy

Code. With respect to the Limited Debtors, "Priority Tax Claim" has the meaning given to such term in the Protocol Addendum.

"**Proceeding**" means any threatened, pending or completed action, suit, contested matter, adversary proceeding or other proceeding, whether civil, criminal, administrative or investigative, domestic or foreign, including the Citco/Fletcher Adversary Proceeding and the Composite Proceeding.

"**Professionals**" means those Persons: (I) employed pursuant to an order of the Bankruptcy Court in accordance with sections 326, 327 and 1103 of the Bankruptcy Code providing for compensation for services rendered prior to the Effective Date pursuant to sections 326, 327, 328, 329, 330 and 331 of the Bankruptcy Code; or (II) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(2) of the Bankruptcy Code; provided that, with respect to the Limited Debtors, "Professionals" has the meaning given to such term in the Protocol Addendum.

"**Proponent**" means the Chapter 11 Trustee.

"**Proposed Abandonment**" means the abandonment of assets subject to the Asset Liquidation Procedures.

"**Proposed Sale**" means the sale or transfer of assets subject to the Asset Liquidation Procedures.

"Pro Rata Share" means, as of the date of calculation, with respect to an Allowed Claim against a Designated Debtor of any class of Claims, a proportion equal to the ratio of:

I. that Allowed Claim to

II. the sum of: (a) the aggregate of all Allowed Claims against a Designated Debtor of that particular class as of such date; plus (b) the aggregate of all Claims in that particular class as set forth in the Estimation Order (except to the extent that such Claims have been subordinated, expunged or otherwise disallowed in full) that are not described in clause (a) above, on such date.

"**Protocol**" means the Cross-Border Insolvency Protocol Regarding Soundview Elite Ltd., Soundview Premium, Ltd. and Soundview Star Ltd. (Docket No. 516). The Protocol was approved by the Bankruptcy Court on December 30, 2014 after due notice to all parties in interest, and by the Cayman Islands Court on January 15, 2015. The Plan implements the Protocol and Protocol Addendum as a global settlement with respect to the Limited Debtors. A copy of the Protocol is attached to the Plan as Exhibit 2.90.

"**Protocol Addendum**" means the Addendum to Cross-Border Insolvency Protocol Regarding Soundview Elite Ltd., Soundview Premium, Ltd. and Soundview Star Ltd. as subsequently amended by the Amendment Agreement dated January 20, 2016 (Docket No. 997). The Protocol Addendum was approved by the Bankruptcy Court on February 24, 2016 after due notice to all parties in interest, and by the Cayman Islands Court on February 2, 2016. The Plan implements the Protocol and Protocol Addendum as a global settlement with respect to the Limited Debtors. A copy of the Protocol Addendum is attached to the Plan as Exhibit 2.91.

"**Qualifying Investor**" means an Investor in a Designated Debtor who is not an Insider and whose claims have not been otherwise expunged, disallowed, subordinated, waived or settled pursuant to the Claims Objection Order.

"**Reallocation Order**" means the Second Amended Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals (Docket No. 1042).

"**Redemption Creditors**" has the meaning given to such term in the Protocol Addendum.

"**Removal Appeals**" has the meaning given to such term in section IV.B(1)(b).

"**Removal Order**" has the meaning given to such term in section IV.B(1)(b).

"**Reports**" means, collectively, the Amended and Revised Status Report of the Chapter 11 Trustee dated June 15, 2015 (Docket No. 692) and the Second Status Report of the Chapter 11 Trustee dated November 23, 2015 (Docket No. 887).

"**Reserves**," with respect to the Limited Debtors only, has the meaning given to such term in section 4.1 of the Protocol Addendum.

"**RHI**" means Richcourt Holding Inc.

"**Richcourt Funds**" means the investment funds managed by Richcourt Holdings, Inc. and its affiliates and subsidiaries.

"**Scheduled**" means as set forth in the Schedules.

"**Schedules**" means each of the Schedules of Liabilities and Statement of Affairs, respectively, filed by the Debtors, as they have been or may hereafter be amended from time to time.

"**SCM**" means Soundview Capital Management.

"**Second Status Report**" means the Second Status Report of the Chapter 11 Trustee dated November 23, 2015 (Docket No. 887).

"**Secured Claim**" means, with respect to the Designated Debtors, that portion of a claim against a Designated Debtor that is (I) secured by a valid, perfected and enforceable security interest, lien, mortgage or other encumbrance, that is not subject to avoidance under applicable bankruptcy or non-bankruptcy law, in or upon any right, title or interest of a Designated Debtor in and to property of a Designated Debtor's Estate to the extent of the value of the Holder's interest in such property as of the relevant determination date; or (II) subject to setoff under section 553 of the Bankruptcy Code, to the extent of the amount subject to setoff, each as determined by sections 506(a) and 1111(b) of the Bankruptcy Code and Bankruptcy Rule 3012. With respect to the Limited Debtors, "Secured Claim" has the meaning given to such term in the Protocol Addendum.

"**Soundview Elite**" means Soundview Elite Ltd.

"**Soundview JOLs**" means:

I. Matthew Wright of RHSW (Cayman) Limited; and

II. Christopher Kennedy of RHSW (Cayman) Limited when an application seeking his appointment in replacement of Peter Anderson, who resigned as joint official liquidator of the Limited Debtors on November 30, 2016, is approved by the Cayman Islands Court in the Limited Debtors' winding up proceedings,

in their capacity as joint official liquidators of the Limited Debtors.

"**Soundview Premium**" means Soundview Premium, Ltd.

"**Soundview Premium Holdback**" means the fees and expenses that the Chapter 11 Trustee must holdback pursuant to the Reallocation Order until any recovery of funds is made from Composite.

"**Soundview Star**" means Soundview Star Ltd.

"**Status Report**" means the Status Report of the Chapter 11 Trustee dated November 5, 2014 (Docket No. 395).

"**Subordination Notice**" means the *Notice of Objection to Insider Claims and Subordination of Such Claims* (Docket No. 851).

"**Tax**" means (I) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, employment, payroll, withholding, property, excise, severance, stamp, occupation, premium, environmental, escheat or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever (together in each instance with any interest, penalty, addition to tax or additional amount) imposed by any federal, state, local, provincial or foreign taxing authority; or (II) any liability for payment of any amounts of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other Person.

"**Unclaimed Property**" means any Cash unclaimed on or after the twelfth month following the applicable Distribution Date. Unclaimed Property shall include: (I) checks (and the funds represented thereby) mailed to a Holder of Record and returned as undeliverable without a proper forwarding address; (II) uncashed checks (and the funds represented thereby); or (III) checks (and the funds represented thereby) not mailed or delivered to a Holder of Record because no address was available to which to mail or deliver such property.

"**U.S. Holder**" has the meaning given to such term in section VIII herein.

"**U.S. Trustee**" means the United States Trustee for the Southern District of New York.

"**Voting Deadline**" means __:__ p.m. (prevailing Eastern time) on _____, 2017, which is the deadline for submitting Ballots to accept or reject the Plan, in accordance with section 1126 of the Bankruptcy Code.

"**Wilmington Trust**" means Wilmington Trust, N.A.

"**Wilmington Trust Consent Order**" means the Stipulation and Agreed Order by and between the Chapter 11 Trustee and Wilmington Trust, National Association Authorizing the Release of Funds and for Related Relief (Docket No. 188).

"**Wilmington Trust Interpleader**" means the interpleader action brought by Wilmington Trust, captioned Wilmington Trust, National Association v. Soundview Elite Ltd. et al., Case No. 13C-06-156-JTV-CCLD (Sup. Ct. Del. Jun. 17, 2013).

CHAPTER 11 TRUSTEE'S FINAL STATUS REPORT
AND DISCLOSURE STATEMENT WITH RESPECT TO THE DEBTORS

Corinne Ball, the Chapter 11 Trustee of the Debtors, respectfully submits this Final Status Report and Disclosure Statement with respect to the Debtors pursuant to sections 704, 1106 and 1125 of the Bankruptcy Code.

I. INTRODUCTION AND SUMMARY

A. Final Status Report

The Designated Debtors are three Cayman Islands investment funds formed by SCM and RHI on March 19, 2009, as "side pockets" of the Limited Debtors. They commenced their chapter 11 cases on the Petition Date. On January 23, 2014 the Chapter 11 Trustee was appointed with a clear mandate with respect to the Debtors, i.e. to "pursue investigations and litigation in the U.S." See Bench Order, at 16. The Chapter 11 Trustee's Investigation, from the securing of the Debtors' books and records to her Investigation of claims of the Debtors and her retention of special litigation counsel, is summarized in the Chapter 11 Trustee's Reports that are attached hereto as Exhibit A and Exhibit B and incorporated herein by reference.

A final update of the Chapter 11 Trustee's Investigation and the litigation pursued by her in the United States with respect to the Debtors is set forth herein and includes the Citco/Fletcher Adversary Proceeding, the enforcement of the automatic stay, the Interfund Settlement, the liquidation of the Designated Debtors' Non-Cash Assets, the reallocation of postpetition fees and expenses among the six Debtors that was approved by the Bankruptcy Court, an Administrative Bar Date for the Limited Debtors[1] and the settlement between the Limited Debtors and the Designated Debtors regarding certain prepetition expenses.

As of the date hereof, the Chapter 11 Trustee has made substantial progress in realizing meaningful recoveries for the Debtors' Estates. Specifically, the Chapter 11 Trustee has made the following recoveries:

SOURCE OF RECOVERY	ACTUAL RECOVERY
Citco Curaçao	$1,984,977.10
Interfund Settlement[2]	$1,000,000.00
Leveraged Hawk and Mr. Muho[3]	$526,312.76
Composite Proceeding[4]	Anticipated to be $3,775,525.54

1 On January 20, 2017, the Bankruptcy Court entered an order establishing Administrative Bar Date for the Limited Debtors only. See Docket No. 1279. The Administrative Bar Date for the Limited Debtors is February 23, 2017 at 5:00 p.m. (Eastern Time).

2 See Sec. II.D. The Chapter 11 Trustee subsequently transferred $500,000 thereof to the Soundview JOLs. Id.

3 See Amended Status Report, Sec. III.A.(4). Approximately $2.7 million remains outstanding pursuant to the default judgments entered by the court in those actions. Id.

4 This total comprises of (a) $49,918 that the Bankruptcy Court ordered Composite to pay in connection with certain contempt proceedings (Composite Proceeding, Docket No. 83) and (b) $3,725,607.54 that the Bankruptcy Court order Composite to pay in connection with the Composite Proceeding (id. at Docket No.

SOURCE OF RECOVERY	ACTUAL RECOVERY
Adversary Proceedings[5]	$1,453,737.80
Wilmington Trust[6]	$12,925,593.60 €3,871,111.91 CHF 1,964,937.71
Non-Cash Assets of Designated Debtors[7]	Sale pending
Reduction of certain Administrative Claims[8]	$1,010,309.72
Disallowance and Subordination of Claims[9]	$6,028,403.46 €243,350.34

B. Summary of the Plan of Liquidation

The Chapter 11 Trustee is proposing a liquidating Plan for the Debtors, that is described in more detail in section VI below. She has collected the Debtors' cash assets and a majority of the Non-Cash Assets, and is in the process of selling substantially all of these Non-Cash Assets of the Designated Debtors. She has obtained an order setting forth the procedures to liquidate the Designated Debtors' Non-Cash Assets. She is pursing recoveries on causes of action brought as part of the Insider Litigation and will continue to pursue the causes of action that remain unliquidated on the Effective Date of the Plan under supervision and discretion of a Plan Administrator. These causes of action consist primarily of breach of fiduciary duty claims, fraud, unjust enrichment and fraudulent conveyance claims, among others.[10]

The Designated Debtors' Available Cash, including the Liquidation Recoveries, will be used (1) first to satisfy Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Secured Claims and Allowed Other Priority Claims, (2) then to make distributions to Holders of Allowed General Unsecured Claims and (3) to be distributed pro rata to Holders of Allowed Investor Tort Claims. Claims of Insiders and their Affiliates, as well as Interests, will be subordinated, and no distributions will be made on account of these Claims and Interests.

(continued…)

134). See also Sec. II.C. Given that the Bankruptcy Court does not have authority to enter a Final Order in the Composite Proceeding absent consent of the parties, which consent has not been given, the Bankruptcy Court's decision has been treated as proposed findings of fact and conclusions of law, and final judgment must be entered by the District Court for the Southern District of New York.

5 See Sec. IV.B(1)(a). These amounts include claims that were waived as part of settlements reached in certain Adversary Proceedings.

6 See Sec. III.C; see also Wilmington Trust Consent Order.

7 See Sec. II.E.

8 See Amended Status Report, Sec. VII.B.

9 See Sec. IV.B(2).

10 Pursuant to the Pooling Agreement, the BVI Funds and the Chapter 11 Trustee (on behalf of the six Debtors) will share equally in the net recoveries actually received in the Citco/Fletcher Adversary Proceeding described in further detail in Section II.A.

Subject to the resolution of the objections of Mr. Floyd Saunders (Docket No. 869) and the Citco International Pension Plan (Docket No. 871) to the Subordination Notice, the cash and assets of the Limited Debtors will be distributed as set forth in the Protocol Addendum.

The Chapter 11 Trustee believes that the Plan is fair and equitable to all Holders of Claims and Interests and is in the best interests of all creditors and stakeholders. All creditors entitled to vote are urged to vote in favor of the Plan by no later than the Voting Deadline. The Bankruptcy Court will confirm the Plan only if it finds, at the Confirmation Hearing, that all of the applicable requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan of liquidation are that the plan: (1) is accepted by the requisite holders of claims and interests in impaired classes of claims and interests that have accepted or rejected the plan; (2) is in the "best interests" of each holder of a claim or interest in an impaired class; and (3) complies with the applicable provisions of the Bankruptcy Code. See Section VII.C of this Disclosure Statement for a discussion of the Bankruptcy Code requirements for Confirmation of the Plan. There can be no assurance that these conditions will be satisfied.

II. FINAL STATUS REPORT WITH RESPECT TO THE DEBTORS

A. The Citco/Fletcher Adversary Proceeding and Retention of Jones Day as Mediation Counsel

On September 23, 2015, the Chapter 11 Trustee filed, together with the BVI JLs, the Citco/Fletcher Adversary Proceeding against certain of the Debtors' insiders, managers, key individuals of those managers and insiders, including Citco and certain of its officers and directors, and administrators and other service providers. Through the Citco/Fletcher Adversary Proceeding, the Chapter 11 Trustee alleges, among other claims: (1) breaches of fiduciary duty, (2) aiding and abetting breaches of fiduciary duty, (3) fraud, (4) aiding and abetting fraud, (5) conversion, (6) unjust enrichment, (7) avoidance and fraudulent conveyance claims for both constructive and intentional fraud, (8) disallowance of claims and (9) subordination of claims. The Citco/Fletcher Adversary Proceeding is the product of the Chapter 11 Trustee's diligent investigation, including the review of approximately 18,000 documents that Mr. Muho apparently uploaded to a public website (including documents that were not previously produced despite being responsive to prior subpoenas served on Mr. Fletcher and his Affiliates). The Citco/Fletcher Adversary Proceeding is being funded pursuant to the Pooling Agreement between the Chapter 11 Trustee (on behalf of the six Debtors) and the BVI JLs, that provides for the joint prosecution of the Citco/Fletcher Adversary Proceeding and equal sharing of recoveries after accounting for certain costs and fees to be divided.

On May 20, 2016, the Chapter 11 Trustee retained Jones Day as mediation and settlement counsel nunc pro tunc to September 1, 2015 to, among other matters, represent the Chapter 11 Trustee in connection with the Citco/Fletcher Adversary Proceeding mediation (Docket No. 1096). Retaining Jones Day allowed the Chapter 11 Trustee to capitalize on that firm's knowledge and expertise gained as a result of the representation of the Chapter 11 Trustee during her investigation and throughout the Chapter 11 Cases, while also allowing the Chapter 11 Trustee's special litigation counsel to prepare for and continue to prosecute the Citco/Fletcher Adversary Proceeding. The mediation was not successful at the time.

The Citco/Fletcher Adversary Proceeding remains pending before the Bankruptcy Court. On September 13, 2016, the Bankruptcy Court conducted a hearing on the defendants' motion to dismiss the Citco/Fletcher Adversary Proceeding. On September 16, 2016, the Bankruptcy Court entered the Order Regarding Supplemental Briefing (Citco/Fletcher Adversary Proceeding Docket No. 113), which required the parties to submit supplemental briefing with respect to certain arguments that were made as part of (and in defense of) the motions to dismiss.[11] The parties submitted their supplemental briefing on October 11, 2016. The Bankruptcy Court has yet to rule on the motion to dismiss.

On December 8, 2016, the Chapter 11 Trustee and the BVI JLs filed the Plaintiffs' Motion for Orders of Default against (A) Soundview Capital Management Ltd; (B) Richcourt Capital Management Ltd; (C) Richcourt Holding Inc.; (D) Fletcher Asset Management, Inc.; and (E) Fletcher International, Inc. (Citco/Fletcher Adversary Proceeding, Docket No. 130), that will be heard by the Bankruptcy Court on February 9, 2017.

More information on the Citco/Fletcher Adversary Proceeding can be found in the Amended Status Report, Sec. II.B (3) and the Second Status Report, Sec. II.

B. Enforcement of Automatic Stay against Pasig and the Cormans

On March 23, 2015, Pasig and its principals Roger and Julie Corman commenced the California Action against various Citco entities, directors and officers in the California Court. It is the Chapter 11 Trustee's position that the California Action asserts claims and seeks damages which belong to the Debtors' estates, which have been improperly usurped by Pasig. To preserve these claims, the Chapter 11 Trustee initially tried to reach a consensual resolution and, when this proved impossible, ultimately filed a motion to enforce the automatic stay pursuant to section 362 of the Bankruptcy Code.

The Chapter 11 Trustee's first motion to enforce the automatic stay (Docket No. 908) was made in respect of a complaint that was subsequently dismissed in its entirety by the California Court. On April 19, 2016, the Bankruptcy Court held a hearing on the Chapter 11 Trustee's motion to enforce the stay. At that hearing, Pasig represented, on the record, that it had reached a memorandum of understanding with Citco with respect to the California Action. On April 22, 2016, the Bankruptcy Court entered an Order (Docket No. 1051), referring, among other things, the Chapter 11 Trustee's first motion to stay or enjoin the state California Action, to mediation pursuant to Local Bankruptcy Rule 9019-1. Since that time, mediation has been suspended.

On September 14, 2016, Pasig renewed its efforts to lift the automatic stay with respect to the California Action and filed the Amended Motion of Pasig Ltd., Roger Corman and Julie Corman for Relief from the Automatic Stay, to the Extent Applicable, to Permit Litigation of their Second Amended Complaint in the California State Court (Docket No. 1179). In support of its

[11] Specifically, the Bankruptcy Court requested supplemental briefing on, among other matters: (i) whether any of the defendants were alter egos of each other for the purposes of determining personal jurisdiction; (ii) the implications of certain rulings in the California Action; (iii) the implications of certain rulings in litigation brought by the MBTARF against Citco; (iv) the implications of Anwar v. Fairfield Greenwich Ltd., 728 F. Supp. 2d 372 (S.D.N.Y. 2010); (v) certain choice of law issues; (vi) certain forum selection clause issues; and (vii) the impact of section 108 of the Bankruptcy Code on the Chapter 11 Trustee's claims.

amended motion, Pasig reiterated its stance that the stay should be lifted because it had reached a settlement with Citco with respect to claims held by Pasig only. The Chapter 11 Trustee, through her special litigation counsel, objected to Pasig's renewed efforts to lift the stay (Docket No. 1210) because of her concerns that the pending settlement would be used by Citco to adversely affect the Debtors' recoveries against Citco in the Citco/Fletcher Adversary Proceeding. A hearing took place on October 20, 2016 and the Bankruptcy Court took the matter under advisement.

C. Composite Proceeding

As set forth in the Second Status Report, the Chapter 11 Trustee brought the Composite Proceeding to recoup Debtor Soundview Elite's investment in Composite by preparing and filing a complaint seeking a turnover, and an accounting, of estate property and attorneys' fees.[12] Since that time, the Chapter Trustee 11 has continued her efforts in the Composite Proceeding against Composite to recover Debtor Soundview Elite's significant investment in Composite. See Amended Status Report, Sec. I. On January 4, 2016, the Court entered an order granting partial summary judgment in favor of the Chapter 11 Trustee and a preliminary injunction freezing Composite's assets until full determination of the issues in the case.[13] On November 28, 2016, the Court issued a decision[14] granting the Chapter 11 Trustee's motion for summary judgment against Composite and certain Insiders and the Chapter 11 Trustee's request for a ruling that she may recover, on behalf of Debtor Soundview Elite, all of the remaining assets held by Composite in its account at Wilmington Trust. Given that the Bankruptcy Court does not have authority to enter a Final Order in the Composite Proceeding absent consent of the parties, which consent has not been given, the Bankruptcy Court's decision has been treated as proposed findings of fact and conclusions of law, and final judgment must be entered by the District Court for the Southern District of New York.

D. Interfund Settlement

On August 24, 2015, the Chapter 11 Trustee entered into the Interfund Settlement, which settles a major claim which the Chapter 11 Trustee prepared against FILB, in exchange for the release by FILB of major claims that FILB had filed against the BVI Funds, the payment of $1 million by the BVI JLs at the direction of the Chapter 11 Trustee for the benefit of Soundview Elite,[15] and the release by FILB, Alpha, Leveraged and Arbitrage of claims in excess of $19 million asserted by them against the Limited Debtors and the Richcourt Funds.

The Interfund Settlement was approved by Order of the Bankruptcy Court dated September 23, 2015 (Docket No. 816) and the Cayman Islands Court as part of the winding up proceedings of Leveraged and Arbitrage on October 13, 2015. On January 8, 2016, the Cayman Islands Court approved the Interfund Settlement in the winding up proceedings of the Limited Debtors. Finally, on January 18, 2016, the Eastern Caribbean Supreme Court in the High Court

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12 See Composite Proceeding, Docket No. 1.

13 See id., Docket No. 88.

14 See id., Docket No. 134.

15 This payment constituted compensation of Soundview Elite's settling of claims owned by Soundview Elite for the benefit of all Debtors. See Docket No. 769, ¶ 2.

of Justice, British Virgin Islands, Commercial Division, entered an order approving the Interfund Settlement in the winding up proceedings of the BVI Funds. The Interfund Settlement is now effective. On March 8, 2016, the Chapter 11 Trustee received $1 million from the BVI JLs. On March 9, 2016, the Chapter 11 Trustee transferred $500,000 thereof to the Soundview JOLs.

E. Liquidation of Designated Debtors' Non-Cash Assets

On December 14, 2015, the Bankruptcy Court entered an Order (Docket No. 921) approving procedures to liquidate the Designated Debtors' Non-Cash Assets. These procedures apply to both (1) the sale or transfer of Non-Cash Assets in any one transaction or in a series of related transactions and (2) the abandonment of Non-Cash Assets, and require the Chapter 11 Trustee to serve a sale notice or abandonment notice on the U.S. Trustee and all entities that have formally appeared and requested service in the Chapter 11 Cases pursuant to Bankruptcy Rule 2002, in the event that the Chapter 11 Trustee seeks a sale or abandonment of Non-Cash Assets of the Designated Debtors, as applicable.

The Chapter 11 Trustee's financial consultant has run a process to market these Non-Cash Assets. Specifically, the financial consultant has reached out to fourteen parties, four of which signed a non-disclosure agreement. Three parties completed due diligence. The Chapter 11 Trustee is currently negotiating the terms of the sale with the winning bidder and expects to file a notice of the sale with the Bankruptcy Court in the near future.

F. Reallocation of Postpetition Fees and Expenses among Debtors

As a result of the Chapter 11 Trustee's continued Investigation into the actions of the Debtors' former management, it became necessary to realign the extent to which the Debtors' estates benefit from professional services rendered after the Petition Date with the extent to which each Debtor's estate pays for those services. Specifically, discovery of certain documents in 2015 that had not been previously disclosed to the Chapter 11 Trustee illustrated, together with documents that had been previously disclosed, how the Non-Cash Assets of Soundview Premium and Soundview Star had been consolidated into Soundview Elite for the benefit of management and to the detriment of investors. As a consequence of this consolidation, investors in Soundview Premium and Soundview Star became mere indirect investors in Soundview Elite without an accompanying benefit.

Therefore, the Chapter 11 Trustee proposed, and the Bankruptcy Court approved on April 15, 2015, the Reallocation Order, which provides that: (1) for the purposes of expenses, Soundview Premium and Soundview Star are treated like other investors in Soundview Elite; and (2) pursuant to the Protocol Addendum, the distribution of Soundview Premium's assets is an additional event terminating the Soundview Premium Holdback. Specifically, the Reallocation Order provides that all payments made by the Chapter 11 Trustee other than for services rendered solely to the Designated Debtors or the Limited Debtors, shall be allocated between the Debtors, as follows:

DEBTOR	PERCENTAGE
Soundview Elite	42%

DEBTOR	PERCENTAGE
Soundview Premium	2%[16]
Soundview Star	10%
Elite Designated	18%
Premium Designated	13%
Star Designated	15%

Fees for services rendered solely to the Limited Debtors shall be allocated between the Limited Debtors, as follows:

LIMITED DEBTOR	PERCENTAGE
Soundview Elite	79%
Soundview Premium	3%
Soundview Star	18%

Fees for services rendered solely to the Designated Debtors shall be allocated between the Designated Debtors, as follows:

DESIGNATED DEBTOR	PERCENTAGE
Elite Designated	39%
Premium Designated	29%
Star Designated	32%

Finally, the Reallocation Order provides that the Chapter 11 Trustee is permitted to pay the fees and expenses allocated to Soundview Premium upon the recovery of funds in the Composite Proceeding.

G. Settlement between Limited Debtors and Designated Debtors Regarding Prepetition Expenses

The Chapter 11 Trustee's Investigation has shown that, prior to the Petition Date, significant legal fees that were due by the Designated Debtors were actually paid by the Soundview Elite and, to a lesser extent, Soundview Premium. The Chapter 11 Trustee first sought to recover these fees from third parties. Based on the results of the litigation brought by the Chapter 11 Trustee in connection with her Investigation, $1,453,737.80 has already been recovered. Under the Plan, Holders of Allowed General Unsecured Claims receive 99% of the amount of their Allowed Claim in Cash. Therefore, the Chapter 11 Trustee is proposing a settlement between the six Debtors, based on the prepetition fees that were actually paid, and the fees that should have been paid, by each Debtor. Specifically, the schedule below sets forth: (1) the actual, paid fees by each Debtor; (2) these fees as reallocated between the Debtors pursuant to the allocation percentages set forth in the Reallocation Order; (3) the difference between (1) and (2); (4) the amounts recovered by the Chapter 11 Trustee in the adversary

[16] All amounts paid by Soundview Premium are subject to the Soundview Premium Holdback.

proceedings commenced by her special litigation counsel, and (5) the net amounts overpaid or underpaid by each Debtor.

Description	Soundview Elite Ltd.	Soundview Premium Ltd.	Soundview Star Ltd.	Elite Designated	Premium Designated	Star Designated	Grand Total
Legal Fees – Actual/Paid	(2,594,558.19)	(56,969.85)	(89,077.43)	(16,000.82)	(2,123.38)	(2,123.38)	(2,760,853.05)
Legal Fees - Reallocated	(1,159,558.28)	(55,217.06)	(276,085.30)	(496,953.55)	(358,910.90)	(414,127.96)	(2,760,853.05)
Difference between Actual/Paid and Reallocated	**1,434,999.91**	**1,752.79**	**(187,007.87)**	**(480,952.73)**	**(356,787.52)**	**(412,004.58)**	**-**
Legal Fees – Recovered in Adversary Proceedings	526,890.00	25,090.00	125,450.00	225,810.00	163,085.00	188,175.00	1,254,500.00
Amounts to be Settled	**707,389.91**	**26,842.79**	**(61,557.87)**	**(255,142.73)**	**(193,702.52)**	**(223,829.58)**	**-**

In light of the foregoing, the Chapter 11 Trustee proposes the following settlement between the Debtors:

(1) Soundview Elite has an Allowed General Unsecured Claim of $34,715.08 against Soundview Star.

(2) Soundview Elite has an Allowed General Unsecured Claim of $255,142.73 against Elite Designated.

(3) Soundview Elite has an Allowed General Unsecured Claim of $193,702.52 against Premium Designated.

(4) Soundview Elite has an Allowed General Unsecured Claim of $223,829.58 against Star Designated.

(5) Soundview Premium has an Allowed General Unsecured Claim of $26,842.79 against Soundview Star.

III. EVENTS LEADING UP TO THE COMMENCEMENT OF THE DESIGNATED DEBTORS' CHAPTER 11 CASES

A. Master Chronology of Events

A chronology of certain key events concerning the Debtors is attached to the Second Status Report as Exhibit B and incorporated herein by reference. See Exhibit B.

B. The Chapter 11 Filings of FILB, Leveraged and Arbitrage

On June 29, 2012, FILB, an affiliate of the Debtors, filed a petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. After failing to negotiate a resolution with respect to parallel proceedings initiated by investors of Leveraged and Arbitrage in the Bahamas, on September 7, 2012, the Bankruptcy Court directed the appointment of the FILB Trustee. Upon the Chapter 11 Trustee's appointment in the Debtors' Chapter 11 Cases, the FILB disclosure statement had already been approved by the Bankruptcy Court and two versions

of the proposed FILB plan of liquidation were on file. As set forth in the Amended Status Report, the Chapter 11 Trustee worked diligently to preserve the Debtors' claims against FILB, among other parties. See Trustee's Amended Status Report, Sec. IV.A. The Chapter 11 Trustee subsequently secured key amendments to the FILB plan, which, among other things, extended the bar date to bring claims against the FILB estate, amended certain release provisions in favor of the Debtors and the BVI Funds and changed the classification of claims of the Debtors, the BVI Funds and certain of their affiliates against FILB. See id. at Sec. IV.C (2).[17] As set forth above, the Debtors' claims against FILB were settled in the Interfund Settlement.

Earlier, on January 31, 2012, the Louisiana Pension Funds had filed a winding-up petition against Leveraged in the Cayman Islands. On May 9, 2012, Gregoreuo Ltd., successor to the MBTARF, in its capacity as sole shareholder of Alpha, caused Alpha to enter into a voluntary liquidation. Subsequently on June 29, 2012, Alpha and Leveraged, as the two shareholders of Arbitrage, elected to place Arbitrage into a voluntary liquidation in the Cayman Islands. The Arbitrage JOLs were appointed to liquidate Leveraged and Arbitrage. The claims between the Debtors, Alpha, Leveraged and Arbitrage were also settled in the Interfund Settlement.

C. Wilmington Trust's Interpleader

On June 17, 2013, Wilmington Trust, seeking clarification with respect to the distribution of funds held in the Debtors' custodial accounts, brought the Wilmington Trust Interpleader, which froze the Debtors' custodial accounts at Wilmington Trust. The Wilmington Trust Interpleader was stayed with respect to the Debtors as a result of the Debtors' Chapter 11 Cases.

On February 20, 2014, the Bankruptcy Court entered the Wilmington Trust Consent Order, authorizing Wilmington Trust to transfer all of the funds held in custody for the Debtors to the Chapter 11 Trustee's checking accounts at Citibank, except with respect to $92,963.24 deducted by Wilmington Trust on a pro rata basis from the Debtors' accounts to pay for attorneys' fees, custodian fees and costs associated with the maintenance of accounts through January 31, 2014. See Amended Status Report, Sec. III.A(1).

IV. THE CHAPTER 11 CASES

On the Petition Date, each of the Designated Debtors filed a petition for relief pursuant to chapter 11 of the Bankruptcy Code with the Bankruptcy Court. The Chapter 11 Cases were initially assigned to Judge Robert E. Gerber. On February 1, 2016, the Chapter 11 Cases were reassigned to Chief Judge Cecelia Morris and thereafter, on or about April 11, 2016, to Judge Mary Kay Vyskocil.

A. Events Described in the Chapter 11 Trustee's Reports

On November 5, 2014, the Chapter 11 Trustee filed the Status Report that was amended and revised by her Amended Status Report dated June 15, 2015. On November 23, 2015, the

[17] On March 28, 2014, the Bankruptcy Court entered its Findings of Fact, Conclusions of Law and Order Confirming the Trustee's Second Amended Plan of Liquidation pursuant to Chapter 11 of the Bankruptcy Code (FILB Docket No. 490), confirming the FILB Plan with the changes sought by the Chapter 11 Trustee.

Chapter 11 Trustee filed her Second Status Report. These Reports contain a detailed overview of the developments in the Debtors' Chapter 11 Cases and are incorporated herein by reference. See also Section II of this Disclosure Statement, Exhibits A and B.

B. Events that Occurred with Respect to the Debtors after the Chapter 11 Trustee's Second Status Report[18]

(1) Pending Litigation Other Than Citco/Fletcher Adversary Proceeding

(a) Adversary Proceedings Other Than Citco/Fletcher Adversary Proceeding

The following chart summarizes the litigation, other than the Citco/Fletcher Adversary Proceeding, brought by the Chapter 11 Trustee through her special litigation counsel on behalf of the Debtors over the course of the Chapter 11 Cases and the status of such litigation:

THIRD PARTY DEFENDANT AND ADVERSARY PROCEEDING NO.	STATUS	TOTAL AMOUNT OF SETTLEMENT OR DEFAULT JUDGMENT	DEBTORS' ACTUAL RECOVERY
Brown Rudnick LLP No. 15-01328	Settlement approved by Bankruptcy Court on April 22, 2016.	$112,500	$112,500
Collas Crill No. 15-01320	Default entered by clerk of the Bankruptcy Court. Motion for default judgment filed and hearing scheduled for March 7, 2017.	$45,022 default judgment	None yet
Cohen & Gresser LLP No. 15-01333	Settlement approved by Bankruptcy Court on February 25, 2016.	$355,000	$355,000
De Feis O'Connell & Rose, P.C. No. 15-01316	Settlement approved by Bankruptcy Court on April 22, 2016.	$2,000	$2,000
DMS Corporate Services Ltd. et al. No. 15-01315	Settlement approved by the Bankruptcy Court on August 22, 2016.	$12,000	$12,000
Empire Valuation Consultants, LLC No. 15-01313	Settlement approved by Bankruptcy Court on May 20, 2016.	$2,000	$2,000
Forbes Hare No. 15-01314	Default entered by clerk of the Bankruptcy Court. Motion for default judgment filed and hearing scheduled for March 7, 2017.	$31,600	None yet

[18] See also Section II hereof.

THIRD PARTY DEFENDANT AND ADVERSARY PROCEEDING NO.	STATUS	TOTAL AMOUNT OF SETTLEMENT OR DEFAULT JUDGMENT	DEBTORS' ACTUAL RECOVERY
Giacomo LaFata Jr. No. 15-01317	Settlement approved by Bankruptcy Court on April 22, 2016.	$16,500	$16,500
GM Cap. Mgmt, Inc No. 15-01332	Default judgment entered by Bankruptcy Court on October 14, 2016.	$557,000	$49,966.29[19]
James Crosson No. 15-01312	Settlement approved by Bankruptcy Court on August 22, 2016. No payment received to date.	$3,000	None yet
James Mintz Group, Inc., No. 15-01319	Settlement approved by Bankruptcy Court on February 25, 2016.	$5,500	$5,500
Kirkland & Ellis LLP No. 15-01331	Settlement approved by Bankruptcy Court on April 22, 2016.	$210,000	$210,000
KPMG N.V. the Netherlands No. 15-01324	Settlement approved by the Bankruptcy Court on April 22, 2016.	$7,500	$7,500
Lampost Financial Group No. 15-01327	Settlement approved by Bankruptcy Court on April 22, 2016.	$43,500 plus $1,460,000 in claims asserted by defendant against Debtors' estates waived	$43,500
Petrillo Klein & Boxer LLP No. 15-01322	Settlement approved by Bankruptcy Court on May 20, 2016	$25,000	$25,000
Pinnacle Fund Administration LLC No. 15-01311	Settlement approved by the Bankruptcy Court on February 25, 2016.	$65,400 in claims asserted by defendant against Debtors' estates waived	-
Quantal Int'l No. 15-01318	Settlement approved by Bankruptcy Court on February 25, 2016.	$25,000	$25,000

[19] The amount set forth above represents the amounts recovered by the U.S. Marshall in connection with the Chapter 11 Trustee's enforcement of the default judgment entered by the Bankruptcy Court.

THIRD PARTY DEFENDANT AND ADVERSARY PROCEEDING NO.	STATUS	TOTAL AMOUNT OF SETTLEMENT OR DEFAULT JUDGMENT	DEBTORS' ACTUAL RECOVERY
RF Services, LLC No. 15-01330	Default judgment entered by Bankruptcy Court on October 14, 2016.	$303,000	None yet
Ritch & Conolly. No. 15-01323	Settlement approved by Bankruptcy Court on May 20, 2016.	$15,000, plus $106,000 in claims asserted by defendant against Debtors' estates waived	$15,000
Skadden, Arps, Slate, Meagher & Flom LLP No. 15-01235	Settlement approved by the Bankruptcy Court on October 6, 2016.	$250,000	$250,000
Solon Group No. 15-01310	Settlement approved by the Bankruptcy Court on April 22, 2016	$82,296 in claims asserted by defendants against Debtors' estates waived	-
Tower Legal Staffing No. 15-01329	Settlement approved by Bankruptcy Court on February 25, 2016.	$135,000	$135,000
Transperfect Doc. Center Mgmt. No. 15-01321	Settlement approved by Bankruptcy Court on February 25, 2016.	$32,637.80	$37,637.80
Walkers Global a/k/a Walkers No. 15-01309	Settlement approved by the Bankruptcy Court on January 6, 2017.	$135,000	$135,000
Weil, Gotshal & Manges LLP No. 15-01326	Settlement approved by Bankruptcy Court on May 20, 2016.	$75,000	$75,000

(b) Other Pending Litigation Involving the Debtors

On July 7, 2014, Mr. Muho filed a motion to, among other things, remove the Chapter 11 Trustee and dismiss these Chapter 11 Cases (Docket No. 291) (the "**Muho Removal Motion**"), a motion which Mr. Fletcher joined (Docket No. 302). After the Bankruptcy Court denied the Muho Removal Action (Docket No. 306) on August 7, 2014, Messrs. Muho and Fletcher separately appealed the Bankruptcy Court's order to the District Court for the Southern District of New York (the "**Removal Appeals**"). The District Court denied the Removal Appeals on December 12, 2014 (the "**Removal Order**").[20]

[20] Muho v. Ball, as Ch. 11 Trustee, Case No. 14-cv-7045 (JPO) (S.D.N.Y. Dec. 12, 2014) (Docket No. 12); Fletcher v. Ball, as Ch. 11 Trustee, Case No. 14-cv-7666 (JPO) (S.D.N.Y. Dec. 12, 2014) (Docket No. 20).

Although the Chapter 11 Trustee obtained consolidation of the Removal Appeals in the District Court, Messrs. Muho and Fletcher then separately appealed the Removal Order to the Court of Appeals for the Second Circuit.[21] On May 4, 2015, the Second Circuit dismissed the portion of Mr. Muho's appeal that sought to dismiss these Chapter 11 Cases.[22] The Chapter 11 Trustee drafted a letter requesting consolidation of the Removal Appeals that was filed with the Second Circuit on July 2, 2015.[23] On July 23, 2015, the Second Circuit dismissed the remainder of Mr. Muho's appeal when Mr. Muho failed to file a scheduling notification letter.[24] Mr. Fletcher filed his brief in support of his appeal on September 8, 2015,[25] to which the Chapter 11 Trustee responded on December 8, 2015.[26] The Second Circuit affirmed the District Court's opinion with respect to Mr. Fletcher's appeal seeking to remove the Chapter 11 Trustee on April 14, 2016.[27]

In addition to the Muho Removal Action (and related appeals), Mr. Muho filed a complaint against the Chapter 11 Trustee in the District Court for the Southern District of Florida (the "**Florida Action**").[28] In the Florida Action, Mr. Muho principally brought claims under the Racketeer Influenced and Corrupt Organizations Act, 28 U.S.C. § 1961 against the Chapter 11 Trustee and her counsel in these Chapter 11 Cases, Jones Day, among others.[29] On June 5, 2015, the Chapter 11 Trustee and Jones Day filed a motion to dismiss the Florida Action as against them.[30] On January 5, 2016, the District Court for the Southern District of Florida granted the Chapter 11 Trustee and Jones Day's motion to dismiss.[31] On January 28, 2016, Mr. Muho filed an appeal to the Eleventh Circuit.[32] On March 28, 2016, the Eleventh Circuit dismissed the appeal for failure to prosecute.[33] The Chapter 11 Trustee and Jones Day split the fees and expenses incurred in defending the Florida Action, approximately $86,000, evenly as between them.

(2) **Disallowance and Subordination of Claims**

On October 21, 2015, the Chapter 11 Trustee filed the Subordination Notice.

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21 Muho v. Ball, as Ch. 11 Trustee, Case No. 14-4675 (2d Cir.). Mr. Fletcher had filed a motion for reconsideration of the Removal Order. Fletcher v. Ball, as Ch. 11 Trustee, Case No. 14-cv-7666 (JPO) (S.D.N.Y.). After denial of such motion for reconsideration, Mr. Fletcher appealed to the Second Circuit. Fletcher v. Ball, as Ch. 11 Trustee, Case No. 15-1559 (2d Cir.).

22 Muho v. Ball, as Ch. 11 Trustee, Case No. 14-4675 (2d Cir.) (Docket No. 29).

23 Id. (Docket No. 42).

24 Id. (Docket No. 47).

25 Fletcher v. Ball, as Ch. 11 Trustee, Case No. 15-1559 (2d Cir.) (Docket No. 46)

26 Id. (Docket No. 59).

27 Id. (Docket No. 74).

28 See Muho v. Fletcher et al., No. 15-CV-21396 (S.D. Fla. Apr. 13, 2015) (Docket No. 1).

29 See id.

30 See id. at Docket No. 16.

31 See id. at Docket No. 58.

32 See id. at Docket No. 60.

33 See Muho v. Fletcher, et al., No. 16-10377-FF (11th Cir. Mar. 28, 2016) (Docket No. 8).

On May 20, 2016, the Court entered the Claims Objection Order that expunged, disallowed, subordinated, waived or settled certain claims, including the Claims of certain Investors in the Debtors. Specifically, certain (i) duplicate claims were expunged and disallowed (the "**Duplicate Claims**"), (ii) late filed claims were expunged and disallowed (the "**Late Filed Claims**"), (iii) satisfied claims were expunged in their entirety (the "**Satisfied Claims**"), (iv) waived, amended, withdrawn and/or no prima facie claims were expunged and disallowed (the "**Waived Claims**") or (v) insider claims were subordinated (the "**Subordinated Claims**"), as follows:[34]

DEBTOR	DUPLICATE CLAIMS	LATE FILED CLAIMS	SATISFIED CLAIMS	WAIVED CLAIMS	SUBORDINATED CLAIMS
SOUNDVIEW ELITE	$453,142.31 €243,350.34	$24,016.53	$181,540.61	$691,586.26	$196,747.30
SOUNDVIEW PREMIUM	$453,142.31	$24,016.53	-	$527,107.48	-
SOUNDVIEW STAR	$453,142.31	$24,016.53	-	$527,091.48	-
ELITE DESIGNATED	$453,142.31	-	-	$522,321.73	-
PREMIUM DESIGNATED	-	-	-	$521,823.73	-
STAR DESIGNATED	$453,142.31	-	-	$522,423.73	-

(3) **Certification Order for Designated Debtors**

On September 20, 2016, the Bankruptcy Court entered the Certification Order, pursuant to which all Qualifying Investors in the Designated Debtors were directed to submit a certification under the penalty of perjury by November 3, 2016, certifying that the Investor is not an Insider.[35] The Certification Order also provides that the Chapter 11 Trustee may allow any Claim of a Qualifying Investor that has not submitted the certification by November 3, 2016, in case the Chapter 11 Trustee, through (i) a proof of Claim filed by such Qualifying Investor, (ii) communications between such Qualifying Investors and the Chapter 11 Trustee or (iii) otherwise has sufficient information, to determine that such Qualifying Investor is not an Insider. Finally, the Certification Order provides that any Claim of a Qualifying Investor in the Designated Debtors (x) who fails to return the certification by November 3, 2016 or (y) whose Claims are not otherwise allowed by the Chapter 11 Trustee, shall be subordinated to all other Claims against the applicable Designated Debtor pursuant to section 510(c) of the Bankruptcy Code.

The Chapter 11 Trustee received 39 certifications from Investors or their custodian. Specifically, the Chapter 11 Trustee has received (i) 14 certifications from Investors in Elite Designated or their custodian, (ii) 10 certifications from Investors in Premium Designated or their custodian and (iii) 11 certifications from Investors in Star Designated or their custodian. Four of

[34] The claims that were ultimately disallowed, subordinated, waived or settled pursuant to the Subordination Notice are included in the amounts set forth in this chart.

[35] The Chapter 11 Trustee extended the deadline to submit certifications for two parties to November 18, 2016.

the certifications that the Chapter 11 Trustee received are from Investors or their custodian that (i) the Chapter 11 Trustee believes received a full distribution of their respective positions based on the books and records in the Chapter 11 Trustee's possession or (ii) the Chapter 11 Trustee has not yet been able to reconcile or identify with such books and records.[36]

V. CERTAIN RISK FACTORS TO BE CONSIDERED

As discussed in detail in section II.A, the Chapter 11 Trustee's investigation has uncovered potential claims against certain Insiders, including the claims brought by the Chapter 11 Trustee in the Citco/Fletcher Adversary Proceeding. While the Chapter 11 Trustee believes that these claims have merit, there are significant risks associated with these claims and the Chapter 11 Trustee cannot guarantee success on the merits or any recovery. For example, the Citco/Fletcher Adversary Proceeding defendants have raised numerous defenses which may affect the Chapter 11 Trustee's ability to maintain that action, which in turn may affect potential recoveries. Moreover, some of the claims brought in the Citco/Fletcher Adversary Proceeding intertwine with the claims brought by Pasig and the Cormans in the California Action. While the Chapter 11 Trustee has continued her efforts to enforce the stay with respect to the California Action, there is no guarantee that the Bankruptcy Court will ultimately rule in the Chapter 11 Trustee's favor. Even if the Chapter 11 Trustee is able to maintain these claims, some of the Citco/Fletcher Adversary Proceeding defendants may have insufficient assets to satisfy the claims against them. In addition, certain of the defendants in the Citco/Fletcher Adversary Proceeding asserted counterclaims in their answer to the Chapter 11 Trustee's complaint, which, were the Bankruptcy Court to rule in such defendants' favor, may reduce recoveries.

Furthermore, there is a risk that the contemplated sale of the Non-Cash Assets does not close. In that case, the Designated Debtors' estates will not receive the potential proceeds from such sale, which would potentially affect creditor recoveries.

VI. THE PLAN

A. Classification of Claims Against and Interests in the Designated Debtors and General Provisions

(1) General Rules of Classification.

Generally, a Claim or Interest against a Designated Debtor is classified in a particular class for voting and distribution purposes only to the extent the Claim or Interest qualifies within the description of that class, and is classified in another class or classes to the extent the Claim or Interest qualifies within the description of such other class or classes. Unless otherwise provided, to the extent a Claim or Interest against a Designated Debtor qualifies for inclusion in a more specifically defined class and a more generally defined class, it shall be included in the more specifically defined class. A Claim or Interest against a Designated Debtor is classified in a particular class only to the extent that the Claim or Interest is an Allowed Claim or Interest in that class and has not been paid, released or otherwise satisfied before the Effective Date.

[36] With respect to the Limited Debtors, investors who are Insiders are governed by the Protocol Addendum.

(2) **Administrative Claims and Priority Tax Claims against the Designated Debtors.**

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims against the Designated Debtors have not been classified and are excluded from the classes set forth in Article V of the Plan.

(3) **Satisfaction of Claims against the Designated Debtors.**

The treatment to be provided for respective Allowed Claims against the Designated Debtors pursuant to the Plan shall be in full satisfaction, settlement, release and discharge of such Allowed Claims.

B. Classification and Treatment of Unclassified Claims against and Interests in the Designated Debtors

(1) **Treatment of Allowed Administrative Claims against the Designated Debtors.**

Unless otherwise provided for in the Plan, each Holder of an Allowed Administrative Claim against a Designated Debtor shall be paid by the applicable Designated Debtor 100% of the unpaid allowed amount of such Administrative Claim in Cash on or as soon as reasonably practicable after the later of: (i) the Effective Date; and (ii) the first Business Day after the date that is 30 calendar days after the date such Administrative Claim becomes an Allowed Administrative Claim. Notwithstanding the immediately preceding sentence, (i) Administrative Claims for services rendered representing liabilities incurred by the Designated Debtors' Estates in the ordinary course of business during the Designated Debtors' Chapter 11 Cases, subject to compliance with any applicable Bar Date, shall be paid in accordance with the terms and conditions of any agreements relating thereto; and (ii) the Holder of an Allowed Administrative Claim against a Designated Debtor may receive such other, less favorable treatment as may be agreed upon by the Holder and the Chapter 11 Trustee or the Plan Administrator, as the case may be.

(2) **Bar Date for Administrative Claims against the Designated Debtors.**

Proofs of Administrative Claims against the Designated Debtors and requests for payment of Administrative Claims against the Designated Debtors which have arisen on or after the Petition Date must be filed and served on the Chapter 11 Trustee (and the Plan Administrator after the Effective Date), pursuant to the procedures set forth in the Administrative Bar Date Order. Objections to proofs of Claim or applications for payment of Administrative Claims against a Designated Debtor must be filed and served on the Chapter 11 Trustee (and the Plan Administrator after the Effective Date) and the applying party by the later of: (a) one (1) day prior to the Initial Distribution Date for the Designated Debtors, and (b) 60 days after the Filing of the applicable proof of Claim or request for payment of Administrative Claim, unless otherwise ordered or extended by the Bankruptcy Court. Notwithstanding anything to the contrary herein, no proof of Claim or application for payment of an Administrative Claim against a Designated Debtor need be filed for the allowance of any: (a) Administrative Claims of Jones Day, Duff & Phelps LLC (formerly Kinetic Partners US LLP) or DiConza Traurig Kadish LLP constituting a Fee Claim against a Designated Debtor; (b) Administrative Claims of Porzio, Bromberg & Newman, P.C. constituting a Fee Claim that were previously allowed by order of the Bankruptcy

Court (Docket Nos. 329 and 494); or (c) fees of the United States Trustee arising under 28 U.S.C. § 1930. All Claims described in clause (c) of the immediately preceding sentence shall be paid by the Chapter 11 Trustee on behalf of the applicable Designated Debtor when due. Fee Claims shall be paid in accordance with section 4.3 of the Plan. The Chapter 11 Trustee and, after the Effective Date, the Plan Administrator may extend the Administrative Bar Date without further order of the Bankruptcy Court.

(3) **Bar Date for Fee Claims against the Designated Debtors.**

Any Person or entity (including a Professional other than Jones Day, Duff & Phelps LLC, DiConza Traurig Kadish LLP or Porzio, Bromberg & Newman, P.C.) that fails to file a proof of Claim, application or compensation estimate on account of a Fee Claim against a Designated Debtor as and to the extent required by the Bankruptcy Court shall be forever barred from asserting such Claim against a Designated Debtor, its Estate, or its property, and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset or recover such Claim against such Designated Debtor, subject to allowance of such Fee Claim by Final Order of the Bankruptcy Court.

(4) **Treatment of Allowed Priority Tax Claims against the Designated Debtors.**

Each Holder of an Allowed Priority Tax Claim against a Designated Debtor shall be paid, at the sole option of the Chapter 11 Trustee or Plan Administrator, by the Chapter 11 Trustee or Plan Administrator on behalf of the applicable Designated Debtor:

(i) equal Cash payments made on the last Business Day of every three month period following the Effective Date, over a period not exceeding six years after the assessment of the tax on which such Claim is based, totaling the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date, calculated at the interest rate available on 90 day United States Treasuries on the Effective Date;

(ii) such other treatment authorized by the Bankruptcy Court; or

(iii) 100% of the unpaid amount of such Allowed Claim in Cash on or as soon as reasonably practicable after the later of: (a) the Effective Date and (b) the first Business Day after the date that is 30 calendar days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim.

Any claim or demand for penalty shall be disallowed pursuant to the Plan, and the Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from a Designated Debtor, its Estate or its property.

C. Classification and Treatment of Classified Claims against and Interests in the Designated Debtors

(1) Summary of Classification and Treatment of Classified Claims against and Interests in the Designated Debtors

(i) Pursuant to §§ 1122 and 1123 of the Bankruptcy Code, Claims and Interests are classified for all purposes, including, without limitation, voting, Confirmation and distribution pursuant to the Plan, as set forth in the Plan. A Claim or Interest shall be deemed classified in a particular class only to the extent that the Claim or Interest qualifies within the description of that class and shall be deemed classified in a different class to the extent that any remainder of such Claim or Interest qualifies within the description of such other class.

(ii) Except as otherwise specifically provided for in the Plan, the Confirmation Order or other order of the Bankruptcy Court that is a Final Order, or required by applicable bankruptcy law, in no event shall any Holder of an Allowed Claim against a Designated Debtor be entitled to receive payments under the Plan that, in the aggregate, exceed the Allowed amount of such Holder's Claim.

(iii) The Plan constitutes a joint chapter 11 plan of liquidation for each Designated Debtor. For convenience, the Plan assigns a letter to each Designated Debtor and a number to each of the classes of Claims against or Interests in the Designated Debtors. For consistency, similarly designated classes of Claims and Interests are assigned the same number across each of the Designated Debtors. Claims against and Interests in the Designated Debtors are classified in separate classes as follows:

Class Number	Designation	Description
1.	Other Priority Claims	See Section 2.80 of the Plan
2.	Secured Claims	See Section 2.97 of the Plan
3.	General Unsecured Claims	See Section 2.57 of the Plan
4.	Investor Tort Claims	See Section 2.71 of the Plan
5.	Insider Claims	Claims held by Insiders of the Designated Debtors
6.	Equity Interests	Interests held by Investors in the Designated Debtors

Designated Debtor Name	Designated Debtor Letter
Elite Designated	A.
Premium Designated	B.
Star Designated	C.

(a) ***Identification of Classes of Claims Against and Interests in Elite Designated (Designated Debtor A)***. The following table designates the classes of Claims against and Interests in Elite Designated and specifies which classes are (i) impaired or unimpaired under the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code or (iii) deemed to accept or reject the Plan.

Class	Designation	Impairment/Voting
1A	Other Priority Claims	Unimpaired/Non-Voting (deemed to accept)
2A	Secured Claims	Unimpaired/Non-Voting (deemed to accept)
3A	General Unsecured Claims	Impaired/Voting
4A	Investor Tort Claims	Impaired/Non-Voting (deemed to reject)
5A	Insider Claims	Impaired/Non-Voting (deemed to reject)
6A	Equity Interests	Impaired/Non-Voting (deemed to reject)

(b) ***Identification of Classes of Claims Against and Interests in Premium Designated (Designated Debtor B)***. The following table designates the classes of Claims against and Interests in Premium Designated and specifies which classes are (i) impaired or unimpaired under the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code or (iii) deemed to accept or reject the Plan.

Class	Designation	Impairment/Voting
1B	Other Priority Claims	Unimpaired/Non-Voting (deemed to accept)
2B	Secured Claims	Unimpaired/Non-Voting (deemed to accept)
3B	General Unsecured Claims	Impaired/ Voting
4B	Investor Tort Claims	Impaired/Non-Voting (deemed to reject)
5B	Insider Claims	Impaired/Non-Voting (deemed to reject)
6B	Equity Interests	Impaired/Non-Voting (deemed to reject)

(c) ***Identification of Classes of Claims Against and Interests in Star Designated (Debtor C)***. The following table designates the classes of Claims against and Interests in Star Designated and specifies which classes are (i) impaired or unimpaired under the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with § 1126 of the Bankruptcy Code, or (iii) deemed to accept or reject the Plan.

Class	Designation	Impairment/Voting
1C	Other Priority Claims	Unimpaired/Non-Voting (deemed to accept)
2C	Secured Claims	Unimpaired/Non-Voting (deemed to accept)
3C	General Unsecured Claims	Impaired/ Voting
4C	Investor Tort Claims	Impaired/Non-Voting (deemed to reject)

Class	Designation	Impairment/Voting
5C	Insider Claims	Impaired/Non-Voting (deemed to reject)
6C	Equity Interests	Impaired/Non-Voting (deemed to reject)

(2) **Treatment of Claims against and Interests in the Designated Debtors**

(i) Other Priority Claims against the Designated Debtors (Classes 1A-1C).

(a) Classification: Classes 1A, 1B and 1C consist of all Other Priority Claims against the applicable Designated Debtor.

(b) Treatment: Unless otherwise agreed to by the Holder of an Allowed Other Priority Claim and the Chapter 11 Trustee or the Plan Administrator, as the case may be, each Holder of an Allowed Other Priority Claim against the applicable Designated Debtor shall be paid 100% of the unpaid amount of such Allowed Claim in Cash by the appropriate Designated Debtor on or as soon as reasonably practicable after the later of: (1) the Effective Date or (2) the first Business Day after the date that is 30 calendar days after the date such Other Priority Claim becomes an Allowed Other Priority Claim.

(c) Impairment and Voting: Classes 1A, 1B and 1C are unimpaired. Holders of the Allowed Class 1A, 1B and 1C Claims shall be conclusively presumed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

(ii) Secured Claims against the Designated Debtors (Classes 2A-2C).

(a) Classification: Classes 2A, 2B and 2C consist of all Secured Claims against the applicable Designated Debtor.

(b) Treatment: Unless otherwise agreed to by the Holder of an Allowed Secured Claim against a Designated Debtor and the Chapter 11 Trustee or the Plan Administrator, as the case may be, each Holder of an Allowed Secured Claim against a Designated Debtor shall be paid 100% of the unpaid amount of such Allowed Claim in Cash by the appropriate Designated Debtor on or as soon as reasonably practicable after the later of: (1) the Effective Date or (2) the first Business Day after the date that is 30 calendar days after the date such Secured Claim against a Designated Debtor becomes an Allowed Secured Claim against a Designated Debtor.

(c) Impairment and Voting: Classes 2A, 2B and 2C are unimpaired. Holders of the Allowed Class 2A, 2B and 2C Claims shall be conclusively presumed to have accepted the Plan pursuant to § 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

(iii) General Unsecured Claims against the Designated Debtors (Classes 3A-3C).

(a) Classification: Classes 3A, 3B and 3C consist of all General Unsecured Claims against the applicable Designated Debtor.

(b) Treatment: Except to the extent that a Holder of an Allowed Class 3A, 3B and 3C Claim agrees to less favorable treatment, each Holder of an Allowed Class 3A, 3B and 3C Claim shall receive on or as soon as reasonably practicable after the Effective Date, and from time to time thereafter, 99% of the amount of its Allowed Claim from the applicable Designated Debtor's Available Cash.

(c) Impairment and Voting: Classes 3A, 3B and 3C are impaired. Each Holder of an Allowed Class 3A, 3B and 3C Claim (or a Class 3A, 3B and 3C Claim temporarily Allowed for voting purposes only pursuant to Bankruptcy Rule 3018) is entitled to vote to accept or reject the Plan.

(iv) Investor Tort Claims against the Designated Debtors (Classes 4A-4C).

(a) Classification: Classes 4A, 4B and 4C consist of all Investor Tort Claims against the applicable Designated Debtor.

(b) Treatment: Each Allowed Class 4A, 4B and 4C Claim will be compromised and settled and each Holder of an Allowed Class 4A, 4B and 4C Claim shall receive its Pro Rata Share of the remaining Available Cash of the applicable Designated Debtor.

(c) Impairment and Voting: Classes 4A, 4B and 4C are impaired and are deemed to have voted to reject the Plan.

(v) Insider Claims against the Designated Debtors (Classes 5A-5C).

(a) Classification: Classes 5A, 5B and 5C consist of all Claims by Insiders against the applicable Designated Debtor.

(b) Treatment: Unless otherwise agreed by the Chapter 11 Trustee or ordered by the Bankruptcy Court, all Insider Claims against the Designated Debtors will be subordinated, cancelled or extinguished.

(c) Impairment and Voting: Classes 5A, 5B and 5C are impaired and are deemed to have voted to reject the Plan.

(vi) Equity Interests in the Designated Debtors (Classes 6A-6C).

(a) Classification: Classes 6A, 6B and 6C consist of all Interests in the applicable Designated Debtor.

(b) Treatment: Unless otherwise agreed by the Chapter 11 Trustee or ordered by the Bankruptcy Court, all Interests in the Designated Debtors will be subordinated, cancelled or extinguished.

(c) Impairment and Voting: Classes 6A, 6B and 6C are impaired and are deemed to have voted to reject the Plan.

D. Claims against and Interests in the Limited Debtors

(1) **Classification and Treatment of Claims.**

The provisions of the Protocol and the Protocol Addendum apply to the classification and treatment of Claims against and Interests in the Limited Debtors.

(2) **Bar Date for Administrative Claims against Limited Debtors.**

Proofs of Administrative Claims against the Limited Debtors and requests for payment of Administrative Claims which have arisen on or after the Petition Date must be filed and served on the Chapter 11 Trustee (and the Plan Administrator after the Effective Date), pursuant to the procedures set forth in the Administrative Bar Date Order with respect to the Limited Debtors. Notwithstanding anything contrary in the Administrative Bar Date Order that applies to the Limited Debtors, objections to proofs of Claim or applications for payment of Administrative Claims must be filed and served on the Chapter 11 Trustee (and the Plan Administrator after the Effective Date) and the applying party by the later of: (i) one (1) day prior to the Initial Distribution Date for the Limited Debtors, and (ii) 60 days after the Filing of the applicable proof of Claim or request for payment of Administrative Claim, unless otherwise ordered or extended by the Bankruptcy Court. Notwithstanding anything to the contrary herein, no proof of Claim or application for payment of an Administrative Claim need be filed for the allowance of any: (i) Administrative Claims of Jones Day, Duff & Phelps LLC (formerly Kinetic Partners US LLP) or DiConza Traurig Kadish LLP constituting a Fee Claim; (ii) Administrative Claims of Porzio, Bromberg & Newman, P.C. constituting a Fee Claim that were previously allowed by order of the Bankruptcy Court (Docket Nos. 329 and 494); and (iii) fees of the United States Trustee arising under 28 U.S.C. § 1930. All Claims described in clause (iii) of the immediately preceding sentence shall be paid by the Chapter 11 Trustee on behalf of the applicable Limited Debtor when due. Fee Claims shall be paid in accordance with section 6.3 of the Plan. The Chapter 11 Trustee and, after the Effective Date, the Plan Administrator may extend the Administrative Bar Date without further order of the Bankruptcy Court.

(3) **Bar Date for Fee Claims against Limited Debtors.**

Any Person or entity (including a Professional other than Jones Day, Duff & Phelps LLC, DiConza Traurig Kadish LLP or Porzio, Bromberg & Newman, P.C.) that fails to timely file a proof of Claim, application or compensation estimate on account of a Fee Claim against a Limited Debtor as and to the extent required by the Bankruptcy Court shall be forever barred from asserting such Claim against a Limited Debtor, its Estate, or its property, and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset or recover such Claim against such Limited Debtor, subject to the allowance of such Fee Claim by Final Order of the Bankruptcy Court.

E. Plan Consummation

In addition to the provisions set forth elsewhere in the Plan, the following shall constitute the means of implementing and consummating the Plan.

(1) **Fund of Reserves.**

(i) With respect to the Designated Debtors, to the extent not otherwise provided for herein or ordered by the Bankruptcy Court, the Chapter 11 Trustee or the Plan Administrator, as the case may be, shall estimate appropriate reserves of Cash to be set aside in order to (a) fund the Operating Reserve and (b) pay or reserve for the payment of expenses which accrued prior to the Effective Date, including Fee Claims, Administrative Claims, Priority Tax Claims, Other Priority Claims and Secured Claims. Such reserves shall be in the initial amounts of $1,103,188 for Elite Designated, $751,929 for Premium Designated and $937,926 for Star Designated. Such reserves shall be in Cash, subject to change at the Chapter 11 Trustee or Plan Administrator's discretion. Subject to the terms and conditions of the Plan, the Plan Administrator shall release Available Cash, to the extent available, to fund distributions.

(ii) With respect to the Limited Debtors, the Reserves provisions and guidelines for the Limited Debtors' Chapter 11 Cases and the Cayman Islands Proceedings, set forth in section IV of the Protocol Addendum, shall apply.

(2) **No Segregation of Available Cash.**

The Chapter 11 Trustee or Plan Administrator, as the case may be, shall not be obligated to physically segregate and maintain separate accounts for reserves. Reserves may be merely bookkeeping entries or accounting methodologies, which may be revised from time to time, to enable the Chapter 11 Trustee or Plan Administrator to determine Available Cash and amounts to be distributed to Holders of Allowed Claims pursuant to the Plan.

(3) **Post Consummation Management by Plan Administrator.**

(i) Appointment of Plan Administrator and Discharge of Chapter 11 Trustee. Corinne Ball, Esq. shall be appointed as the Plan Administrator pursuant to the terms set forth in the Plan. The Chapter 11 Trustee shall be deemed discharged as of the Effective Date, including with respect to the Investigation of the Debtors.

(ii) Powers. On the Effective Date, and except to the extent otherwise ordered by the Bankruptcy Court, the Plan Administrator shall be deemed the sole Interest Holder (for all purposes other than with respect to any rights of the Interest Holders established under the Plan), officer and director of the Designated Debtors. With respect to the Limited Debtors, the Plan Administrator shall have all the powers given to the Chapter 11 Trustee pursuant to the Protocol and the Protocol Addendum.

The Plan will be administered and actions will be taken in the name of the Debtors through the Plan Administrator, irrespective of whether the Debtors are dissolved. In general, the Plan Administrator shall act for the Debtors and their Estates in a fiduciary capacity as applicable to a board of directors, subject to the provisions hereof.

Subject to the provisions of the Protocol and the Protocol Addendum with respect to the Limited Debtors, the duties and powers of the Plan Administrator shall include the following:

(a) To exercise all power and authority that may be exercised, commence or continue all Proceedings that may be commenced or continued, and take all actions that may be taken, by any officer, director or Interest Holder of the Debtors with like effect as if authorized, exercised and taken by unanimous action of such officers, directors and Interest Holder, including, without limitation, the amendment of the certificate of incorporation, by-laws or other applicable organizational document of the Debtors and the dissolution of the Debtors;

(b) To take all reasonable steps to maximize Liquidation Recoveries including, without limitation, commencing, settling or otherwise resolving all Claims and Proceedings;

(c) To continue to maintain accounts, make distributions and take other actions consistent with the Plan, including the establishment, re-evaluation, adjustment and maintenance of appropriate reserves and Operating Reserve and the Reserves, in the name of the applicable Debtors, even in the event of the dissolution of the Debtors;

(d) To collect and liquidate all assets of the Debtors and their Estates, make distributions, wind-up the affairs of the Debtors and make decisions regarding the retention or destruction of the books and records, including the Books and Records;

(e) To make decisions regarding the retention or engagement of professionals and consultants by the Estates, including a Disbursing Agent, and to pay their fees and expenses;

(f) To take such steps to safeguard Estate funds or investments as the Plan Administrator, in her discretion, deems prudent; and

(g) To take all other actions not inconsistent with the provisions of the Plan which the Plan Administrator deems reasonably necessary or desirable with respect to administering the Plan.

(iii) Compensation and Reimbursement. The Plan Administrator shall be compensated as follows:

(a) The Plan Administrator will cap her fees at $35,000 per month, subject to provisions 0-0 set forth below. These fees will be allocated between the Debtors pursuant to the allocation percentages set forth in the Reallocation Order.

(b) If the sum of (1) the total Liquidation Recoveries and (2) the net amounts recovered by the Chapter 11 Trustee or Plan Administrator, as the case may be, in the Citco/Fletcher Adversary Proceeding on account of the Limited Debtors exceeds $20,000,000, the Plan Administrator will be entitled to receive payment from the Debtors' Estates for all hours incurred on account of services rendered for such Estates for which she was not compensated due to the cap on Chapter 11 Trustee compensation set forth in section 326(a) of the Bankruptcy Code.

These fees will be allocated between the Debtors pursuant to the allocation percentages set forth in the Reallocation Order.

(c) If the sum of (1) the total Liquidation Recoveries and (2) the net amounts recovered by the Chapter 11 Trustee or Plan Administrator, as the case may be, in the Citco/Fletcher Adversary Proceeding on account of the Limited Debtors exceeds $35,000,000 in the aggregate, the Plan Administrator will be entitled to receive an additional payment from the Debtors' Estates equal to 25% of the total amount of billed time based upon the Plan Administrator's ordinary hourly rate. These fees will be allocated between the Debtors pursuant to the allocation percentages set forth in the Reallocation Order.

(d) The Plan Administrator will be reimbursed for all out-of-pocket expenses.

(e) Any recoveries from the Insider Litigation allocated to the Debtors shall be transferred to the Plan Administrator for distribution, after deduction of the Chapter 11 Trustee's and the Plan Administrator's, as the case may be, fees and expenses in connection therewith.

(iv) Resignation, Death or Removal. The Plan Administrator may resign at any time upon written notice to the United States Trustee and the Bankruptcy Court. In the event of any such resignation, or the death or incapacity of a Plan Administrator, the Bankruptcy Court shall select a replacement. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of any of his predecessors. Every successor Plan Administrator appointed pursuant hereto shall execute, acknowledge and deliver to his predecessor and to the Debtors an instrument in writing accepting such appointment hereunder, and thereupon such successor Plan Administrator, without any further act, shall become fully vested with all of the rights, powers, duties and obligations of his or her predecessor.

(v) Reports. Unless otherwise ordered by the Bankruptcy Court, the Plan Administrator shall file semi-annual status reports until such time as the Chapter 11 Cases have been closed. The Plan Administrator shall not be required to file monthly operating reports for the Debtors.

(4) **Investments.**

With respect to the Designated Debtors, all Cash and Available Cash shall be invested in accordance with section 345 of the Bankruptcy Code or as otherwise permitted by the Bankruptcy Court. With respect to the Limited Debtors, section 4.3 of the Protocol Addendum shall apply.

(5) **Indemnification and Insurance.**

(i) With Respect to the Designated Debtors:

(a) The Estates shall indemnify and hold harmless any Indemnified Person who was or is made a party or is threatened to be made a party to, or is otherwise involved in, any Proceeding or any appeal in such a Proceeding or any inquiry or investigation that could

lead to such a Proceeding against any and all expenses, liability and loss (including attorneys' fees, judgments, excise and similar taxes and punitive damages, fines or penalties and amounts paid in settlement) actually incurred or suffered by him or her in connection with the investigation, defense, appeal or settlement of any such Proceeding, provided that such Indemnified Person acted in good faith and in a manner the Indemnified Person reasonably believed to be in, or not opposed to, the best interests of the Estates and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnified Person did not act in good faith and in a manner which is reasonably believed to be in or not opposed to the best interests of the Estates or, with respect to any criminal action or proceeding, that the Indemnified Person had reasonable cause to believe that the conduct was unlawful.

(b) The right to indemnification conferred in section 7.5 of the Plan shall be a contractual right, and shall include the right to be paid or reimbursed by the Estates for any expenses incurred in investigating, defending, appealing or settling, being a witness in or participating in any such Proceeding in advance of the final disposition of such Proceeding and without any determination as to the Indemnified Person's ultimate entitlement to indemnification. Expenses (including attorneys' fees) incurred by an Indemnified Person in defending a Proceeding shall be paid by the Estates in advance of the final disposition of such Proceeding upon receipt of a written undertaking, by or on behalf of such Indemnified Person, to repay all amounts so advanced if it shall ultimately be determined that he or she is not entitled to be indemnified by the Estates under section 7.5 of the Plan or otherwise.

(c) The Plan Administrator is authorized to purchase commercially reasonable liability insurance respecting the implementation of her duties and obligations under the Plan.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including Appendix B thereof, shall apply.

(6) **No Revesting of Assets.**

Except as is otherwise expressly provided herein, on the Effective Date, title to all property and assets of the Estates including, without limitation, any claims, rights and causes of action of any Debtor and its Estate and any moneys held in escrow or separate segregated accounts during the pendency of the Chapter 11 Cases, shall not revest in the applicable Debtor, shall not be released or waived and shall remain property of the applicable Estate.

(7) **Exoneration.**

Neither the Chapter 11 Trustee, the Plan Administrator, nor any of their agents, Professionals, attorneys, financial consultants, accountants, or other professionals employed by any of them, shall have or incur any liability to any Person for any act taken or omission occurring in good faith in connection with or related to (i) formulating, implementing, confirming or consummating the Plan (including soliciting acceptances or rejections thereto), (ii) this Disclosure Statement or any contract, instrument, release or other agreement or document entered

into in connection with the Plan, (iii) any act or omission during these Chapter 11 Cases or (iv) any distributions made pursuant to the Plan, except for acts constituting willful misconduct or gross negligence, and in all respects such parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. The entry of the Confirmation Order shall constitute the determination by the Bankruptcy Court that such parties shall have acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code, pursuant to section 1125(e) and 1129(a)(3) of the Bankruptcy Code, with respect to the foregoing.

(8) **Setoffs.**

(i) With respect to the Designated Debtors: Except as otherwise provided in (a) the Plan, (b) agreements entered into in connection therewith, (c) the Confirmation Order or (d) agreements previously approved by Final Order of the Bankruptcy Court, the Plan Administrator may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, offset against the distribution on any Allowed Claim against a Designated Debtor, before any distribution is made on account of such Claim, any and all of the claims, rights and causes of action of any nature that a Designated Debtor or its Estate may hold against the Holder of such Claim; provided, however, that neither the failure to effect such a setoff, the allowance of any Claim hereunder, any other action or omission of the Chapter 11 Trustee or Plan Administrator, nor any provision of the Plan, shall constitute a waiver or release by a Designated Debtor, its Estate, the Chapter 11 Trustee or Plan Administrator of any such claims, rights and causes of action that a Designated Debtor or its Estate may possess against such Holder. To the extent the Chapter 11 Trustee or Plan Administrator fails to set off against a Holder and seeks to collect a Claim from such Holder after a distribution is made pursuant to the Plan, the Plan Administrator shall be entitled to full recovery on the Claim against such Holder.

(ii) With respect to the Limited Debtors: The Protocol Addendum, including section 5.5 thereof, applies.

(9) **Avoidance Actions.**

(i) With Respect to the Designated Debtors: Except as expressly set forth in the Plan, Confirmation shall not constitute the waiver of any right, claim or cause of action belonging to a Designated Debtor or its Estate against any Person, including, but not limited to, any right, claim or cause of action respecting the avoidance of a transfer under section 544, 547, 548, 549 or 553(b) of the Bankruptcy Code or otherwise described or referenced in this Disclosure Statement. All such rights, claims and causes of action shall remain property of the Estates under the Plan, to be preserved and prosecuted subject to the direction and control of the Plan Administrator.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including section 7.3 thereof, shall apply.

(10) **Maintenance of Principal Office of Designated Debtors.**

(i) The Designated Debtors retain the right to maintain their principal office in the Cayman Islands which may perform the functions described in Treas. Reg. sec. 1.864-

2(c)(2)(iii), including but not limited to, maintenance of their principal corporate records and books of accounts, auditing their books of accounts, disbursements of dividends, certain legal and accounting fees, directors' fees, if any, conducting meetings of their shareholders and board of directors, and making distributions with respect to their stock. In the event that the Plan Administrator has custody of any funds of the Designated Debtors which would be distributable to the shareholders of such corporations, the Plan Administrator retains the right to remit such funds to the applicable principal office for distribution to such shareholders.

(ii) The Designated Debtors and each of their respective directors and shareholders hereby acknowledge and confirm that, notwithstanding any agreement or understanding to the contrary, the Plan Administrator shall have such power and authority, as set forth in the Plan, to prosecute, settle or otherwise resolve any and all claims and causes of action on behalf of and in the name of the Designated Debtors, and the Plan Administrator shall take any other action required or appropriate in connection with the Plan.

F. Claims Litigation and Settlements

(1) **Insider Claims, Affiliate Claims, Equity Interests.**

(i) For the reasons set forth in this Disclosure Statement, the Chapter 11 Trustee objects to all Claims against the Designated Debtors by Insiders and Affiliates, and to Interests in Classes 6A, 6B and 6C. The Chapter 11 Trustee will seek to subordinate or disallow all such Claims and Interests as part of the Confirmation.

(ii) With respect to the Limited Debtors, the Protocol and Protocol Addendum shall apply.

(2) **Settlement between the Limited Debtors and the Designated Debtors Regarding Prepetition Expenses.**

The Plan contains a settlement between the Limited Debtors and the Designated Debtors with respect to prepetition expenses paid by certain Debtors while due by other Debtors. Specifically, the Plan reallocates such prepetition expenses in accordance with the allocation percentages between all six Debtors that were approved in the Reallocation Order. Confirmation of the Plan shall be deemed to constitute approval of this settlement. Pursuant to such settlement,

(i) Soundview Elite has an Allowed General Unsecured Claim of $34,715.08 against Soundview Star;

(ii) Soundview Elite has an Allowed General Unsecured Claim of $255,142.73 against Elite Designated;

(iii) Soundview Elite has an Allowed General Unsecured Claim of $193,702.52 against Premium Designated;

(iv) Soundview Elite has an Allowed General Unsecured Claim of $223,829.58 against Star Designated; and

(v) Soundview Premium has an Allowed General Unsecured Claim of $26,842.79 against Soundview Star.

(3) **Incorporation of Settlements.**

The terms of the Interfund Settlement, which was previously approved by the Bankruptcy Court, the Cayman Islands Court and the Eastern Caribbean Supreme Court in the High Court of Justice, Virgin Islands, Commercial Division and which has become effective, shall be deemed incorporated into and made a part of the Plan as if set forth therein, in full.

(4) **Implementation of Protocol and Protocol Addendum.**

The Plan implements the terms of the Protocol and the Protocol Addendum, which were previously approved by the Bankruptcy Court and the Cayman Islands Court and which both have become effective.

(5) **Compromise of Controversies.**

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each such compromise or settlement, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Estates, and any Person holding Claims against a Debtor, and are fair, equitable and within the range of reasonableness.

G. Executory Contracts and Unexpired Leases

(1) **Assumption or Rejection of Executory Contracts and Unexpired Leases.**

(i) With respect to the Designated Debtors: On the Effective Date, all executory contracts and unexpired leases of the Designated Debtors shall be rejected pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, except: (a) any executory contract or unexpired lease that is the subject of a separate motion to assume such executory contract or unexpired lease filed pursuant to section 365 of the Bankruptcy Code before the entry of the Confirmation Order, which motion is not thereafter withdrawn or denied; (b) all executory contracts or unexpired leases assumed by order of the Bankruptcy Court entered before the Confirmation Date and not subsequently rejected pursuant to an order of the Bankruptcy Court; or (c) any agreement, obligation, security interest, transaction or similar undertaking that the Chapter 11 Trustee or Plan Administrator, as the case may be, believes is not an executory contract or lease that is later determined by the Bankruptcy Court to be an executory contract or unexpired lease under section 365 of the Bankruptcy Code, which agreements shall be subject to assumption or rejection within 30 days of any such determination. Any order entered after the Confirmation Date by the Bankruptcy Court, after notice and hearing, authorizing the rejection of an executory contract or unexpired lease even if such rejection takes place after the Effective Date as provided above, shall cause such rejection to be a prepetition breach under sections 365(g) and

502(g) of the Bankruptcy Code, as if such relief were granted and such order were entered prior to the Confirmation Date.

(ii) With respect to the Limited Debtors: The Protocol Addendum, including section 5.8 thereof, shall apply.

(2) **Bar Date for Rejection Damages.**

Any Claim arising from the rejection of any executory contract or unexpired lease under the Plan shall be forever barred and shall not be enforceable against a Debtor or its Estate unless a proof of Claim is filed and served on the Plan Administrator and the Chapter 11 Trustee within 30 days after the date of notice of the entry of the order of the Bankruptcy Court rejecting the executory contract or unexpired lease (which may include, if applicable, the Confirmation Order) or such other date established by the Bankruptcy Court.

H. Waivers, Releases and Indemnification

(1) **Waiver of Claims.**

(i) With Respect to the Designated Debtors: As of the Confirmation Date, but subject to the occurrence of the Effective Date, and except as otherwise expressly provided in the Confirmation Order or the Plan, all Persons who have held, hold or may hold Claims against or Interests in the Designated Debtors shall be deemed, by virtue of their receipt of distributions and other treatment contemplated under the Plan, to have forever covenanted with the Designated Debtors and the Chapter 11 Trustee and with each of their present agents, employees, representatives, financial advisors, accountants and attorneys, to waive and not to (a) sue, or otherwise seek any recovery from the Designated Debtors, the Estates, or the Chapter 11 Trustee, or any of their present agents, employees, representatives, financial advisors, accountants or attorneys, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, based upon any act or occurrence or failure to act taken before the Effective Date arising out of the business or affairs of the Designated Debtors, or (b) assert any Claim, obligation, right or cause of action and liability which any such Holder of a Claim against or Interest in the Designated Debtors may be entitled to assert against any such Person, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, based in whole or in part upon any act or omission, transaction or occurrence taking place on or before the Effective Date in any way relating to the Designated Debtors, their Chapter 11 Cases, or the Plan, to the fullest extent permitted by applicable law.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including Appendix B thereof, shall apply.

(2) **Releases.**

(i) With Respect to the Designated Debtors: As of the Confirmation Date, but subject to the occurrence of the Effective Date, and except as otherwise expressly provided in the Confirmation Order or the Plan, all Persons who, directly or indirectly, hold or who have held any Claim against or Interest in the Designated Debtors shall hereby release the Designated Debtors, their Estates, the Chapter 11 Trustee, and their present employees, agents, representatives,

financial consultants, attorneys, accountants and Professionals from (a) any and all claims or liabilities arising from actions taken in their capacity as such; and (b) any and all claims, obligations, rights, causes of action and liabilities which any Holder of a Claim against or Interest in a Designated Debtor may be entitled to assert, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, based in whole or in part upon any act or omission, transaction or occurrence taking place on or before the Effective Date in any way relating to the Designated Debtors, their Chapter 11 Cases, or the Plan, to the fullest extent permitted by applicable law.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including Appendix B thereof, shall apply.

(3) **Injunction.**

(i) With Respect to the Designated Debtors. Except as otherwise provided in the Plan or the Confirmation Order, and subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Designated Debtors are, with respect to any such Claims or Interests, permanently enjoined from and after the Confirmation Date from:

(a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in any judicial, arbitral, administrative or other forum, wherever located) against or affecting the Designated Debtors, their Estates, or the Chapter 11 Trustee, or any of their property, or any direct successor in interest to the Designated Debtors or their Estates, or any property of any such successor;

(b) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, of any judgment, award, decree or order against the Designated Debtors, their Estates, or the Chapter 11 Trustee, or any of their property, or any direct successor in interest to the Designated Debtors or their Estates, or any property of any such successor;

(c) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Designated Debtors, their Estates, or the Chapter 11 Trustee, or any of their property, or any direct successor in interest to the Designated Debtors or their Estates, or any property of any such successor;

(d) asserting any right of setoff, subrogation or recoupment of any kind, directly or indirectly, against any obligation due the Designated Debtors, their Estates, or the Chapter 11 Trustee, or any of their property, or any direct successor in interest to the Designated Debtors or their Estates, or any property of any such successor; and

(e) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including Appendix B thereof, shall apply.

(4) **Indemnification.**

Notwithstanding anything to the contrary in the Plan, the obligations of the Debtors and their Estates to indemnify the Chapter 11 Trustee or the professional Persons (including the Professionals) retained by the Chapter 11 Trustee, pursuant to the Debtors' certificate of incorporation, by-laws, or other organizational documents, applicable statutes and pre-confirmation agreements with respect to all present and future actions, suits and Proceedings against any of such indemnified Persons, based upon any act or omission related to service with, for, or on behalf of any such Debtor at any time, as such obligations were in effect at the time of any such act or omission, in all cases net of applicable insurance proceeds, shall not be discharged or impaired by Confirmation or consummation of the Plan but shall survive unaffected by Confirmation and the consummation of the Plan.

(5) **Exculpation.**

(i) With Respect to the Designated Debtors: The Chapter 11 Trustee, the Plan Administrator and the professional Persons retained by them (including the Professionals) shall have no liability to any Holder of a Claim against or Interest in the Designated Debtors for any act or omission in connection with or arising out of their administration of the Chapter 11 Cases, the Plan or the property to be distributed under the Plan except for willful misconduct or gross negligence and, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including Appendix B thereof, shall apply.

(6) **Existing or Future Claims.**

(i) With Respect to the Designated Debtors: Notwithstanding anything to the contrary in the Confirmation Order or the Plan, the waiver of claims, releases and injunctions provided for herein shall not operate to waive, release, enjoin or in any way determine or limit as to quantum or measure of damages any claims against any Person or entity other than against the Designated Debtors, their Estates and the Chapter 11 Trustee.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including Appendix B thereto, shall apply.

(7) **Reservation of Rights.**

Notwithstanding anything to the contrary in the Confirmation Order or the Plan, it is expressly recognized and accepted that the value ascribed to any Claim in the Plan shall not be determinative of the actual value of any such Claim or of any other issue in any other Proceeding.

(8) **Government Enforcement Actions.**

(i) With Respect to the Designated Debtors: Notwithstanding anything to the contrary contained in the Plan, the waiver of claims, releases and injunctions provided for herein shall not operate to waive, release or enjoin any pending or future enforcement actions of the

United States Securities and Exchange Commission or any other governmental enforcement agency against any Person other than against the Designated Debtors, the Estates, the Chapter 11 Trustee and her present financial advisors, attorneys, accountants, consultants and Professionals.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including Appendix B thereto, shall apply.

(9) **Pre-Confirmation Settlement Agreements.**

Notwithstanding anything to the contrary contained herein, the waiver of Claims, releases and injunctions provided for herein shall not affect any pre-Confirmation settlement agreements, including the Protocol and the Protocol Addendum, entered into by the Chapter 11 Trustee and approved by Final Order of the Bankruptcy Court or operate to expand, diminish or otherwise have any effect on any party to those agreements' rights, claims or defenses.

I. Distributions

(1) **Distributions**

(i) With Respect to the Designated Debtors: Except as otherwise provided in the Plan, on the Effective Date or as soon as practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim against a Designated Debtor shall receive the Distribution that the Plan provides for Allowed Claims in the applicable class.

(ii) With Respect to the Limited Debtors: The Protocol Addendum, including section 5.1 thereof, shall apply.

(2) **Objections to Claims and Interests.**

An objection to a Claim (other than an Administrative Claim) or Interest shall be in writing and may only be filed (i) by the Chapter 11 Trustee or the Plan Administrator, as the case may be, at any time on or before the Objection Bar Date; and (ii) as to any other appropriate party in interest, at any time prior to the Effective Date (to the extent such party is entitled to do so under applicable law, as a result of the Chapter 11 Trustee's consent or otherwise). The objecting party shall serve a copy of such objection upon the Holder of the Claim or Interest to which it pertains and the Chapter 11 Trustee or Plan Administrator, as the case may be.

(3) **Amendments to Claims against the Designated Debtors or their Estates.**

A Claim may be amended prior to the Confirmation Date only as agreed upon by the Chapter 11 Trustee and the Holder of such Claim, or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable law. After the Confirmation Date, a Claim may not be filed or amended without the authorization of the Bankruptcy Court. Any new or amended Claim filed after the Confirmation Date shall be deemed disallowed in full and expunged without any action by the Chapter 11 Trustee or Plan Administrator, as the case may be, unless the Claim Holder has obtained prior Bankruptcy Court authorization for the filing.

(4) **Estimation of Disputed Claims.**

The Chapter 11 Trustee or Plan Administrator, as the case may be, and any other appropriate party in interest (to the extent such party is entitled to do so under applicable law, as a result of the Chapter 11 Trustee's or Plan Administrator's consent or otherwise) shall have the right to seek an order or orders from the Bankruptcy Court, which may be the Estimation Order, estimating the maximum dollar amount of Allowed Claims and Disputed Claims. This estimate shall be used to calculate and fix distributions to Holders of Allowed Claims. Such a procedure may also be utilized, in the sole discretion of the Chapter 11 Trustee or Plan Administrator, for Administrative Claims, Other Priority Claims, Priority Tax Claims or other Claims. No distributions on account of a Claim shall be made unless and until such Claim becomes an Allowed Claim.

(5) **Funding of the Plan.**

(i) With respect to the Designated Debtors: The Cash distributions to be made pursuant to the Plan and the Cash necessary to fund reserves for Other Priority Claims against the Designated Debtors, Priority Tax Claims against the Designated Debtors, Administrative Claims against the Designated Debtors and the Operating Reserve of the Designated Debtors will be available from funds realized in connection with past operations of the Designated Debtors and the liquidation of the non-Cash assets of the Designated Debtors, including the Liquidation Recoveries.

(ii) With respect to the Limited Debtors: The Protocol Addendum, including sections 5.2 and 5.3 thereof, shall apply.

(6) **Transmittal of Distributions and Notices.**

(i) Any property or notice which a Person is or becomes entitled to receive pursuant to the Plan shall be delivered by regular mail, postage prepaid, in an envelope addressed to that Person at the address indicated on any notice of appearance filed by that Person or his authorized agent prior to the Effective Date. If no notice of appearance has been filed, notice shall be sent to the address indicated on a properly filed proof of Claim or certificate of non-insider status or, absent such a proof of Claim or certification, the address that is Scheduled for that Person. The date of distribution shall be the date of mailing, and property distributed in accordance with section 11.6(a) of the Plan shall be deemed delivered to such Person regardless of whether such property is actually received by that Person. Distributions shall only be made to Holders of Record, unless otherwise ordered by the Bankruptcy Court.

(ii) A Holder of a Claim or Interest may designate a different address or beneficiary for notices and distributions (if applicable) by notifying the Chapter 11 Trustee or the Plan Administrator of that address in writing. The new address shall be effective only upon *receipt*.

(iii) Except to the extent otherwise provided herein, payments under the Plan shall commence on the Initial Distribution Date and thereafter shall be made on the applicable Distribution Date. Payments may be made, at the sole option of the Chapter 11 Trustee or Plan Administrator, as the case may be, by wire transfer or check.

(7) **Nontransferability and Abandonment of Interests.**

Unless otherwise ordered by the Bankruptcy Court, the Designated Debtors shall not be required to honor any:

(i) transfer of an Interest made in violation or contravention of an agreement with any Designated Debtor or the Chapter 11 Trustee, or applicable law, including Bankruptcy Rule 3001, governing such transfer; or

(ii) request for or notice of abandonment, whether given on or after the Petition Date or prior to the Petition Date unless, with respect to section 11.7(b) of the Plan, such request or notice:

(a) has been given in accordance with applicable law and agreement, and

(b) is confirmed in writing to the Plan Administrator prior to the Initial Distribution Date of the Designated Debtors.

(8) **No *De Minimis* Distributions.**

Except as otherwise directed by the Plan Administrator, no distribution shall be made to the Holder of an Allowed Claim if the total aggregate amount of Cash to be distributed on account of such Claim is less than $25. Any holder of an Allowed Claim on account of which the total aggregate amount of Cash to be distributed is less than $25 shall have its Claim for such distribution deemed satisfied, waived and released and shall be forever barred from asserting any such Claim against the Designated Debtors, the Estates, the Chapter 11 Trustee or the Plan Administrator, or their respective assets or property. Any Available Cash not distributed pursuant to section 11.8 of the Plan will be returned to the Available Cash subject to treatment pursuant to the Plan.

(9) **Fractional Dollars.**

Notwithstanding anything to the contrary herein, the Plan Administrator shall not be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar otherwise would be required hereunder, the actual payment shall be rounded to the nearest whole dollar (up or down), with half dollars being rounded down.

(10) **Unclaimed Property.**

If any distribution remains unclaimed for a period of one year after it has been delivered (or attempted to be delivered) in accordance with the Plan to the Holder entitled thereto, such Unclaimed Property shall be forfeited by such Holder whereupon all right, title and interest in and to the Unclaimed Property shall immediately and irrevocably be available for future distributions to Holders of Allowed Claims against the applicable Debtor and the Holder previously entitled to such Unclaimed Property shall cease to be entitled thereto.

(11) **Withholding Taxes.**

In connection with the Plan and distributions thereunder, to the extent applicable, each of the Disbursing Agent or any other party making any distributions under the Plan will comply with all applicable Tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan and all related agreements will be subject to applicable withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, each of the Disbursing Agent or any other party making any distributions under the Plan, as applicable, will be authorized to take any actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, applying a portion of any Cash distribution to be made under the Plan to pay applicable withholding Taxes. Any amounts withheld pursuant to the immediately preceding sentence will be deemed to have been distributed and received by the applicable recipient for all purposes of the Plan. The Disbursing Agent or any party making any distribution pursuant to the Plan has the right, but not the obligation, to not make a distribution until the applicable recipient has made arrangements satisfactory to the disbursing party for the payment of any Tax obligations.

Notwithstanding any other provision of the Plan, each Holder of an Allowed Claim receiving a distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on it by any Governmental Unit on account of the distribution, including income, withholding and other Tax obligations.

Any party entitled to receive any distribution from Disbursing Agent or any party making any distribution pursuant to the Plan will be required, if so requested, to deliver to the Disbursing Agent (or such other entity designated by the Plan Administrator, which entity will subsequently deliver to the Disbursing Agent) an appropriate Internal Revenue Service Form W-9 (if the party entitled to receive such distribution is a "United States person" within the meaning of section 7701(a)(30) of the Internal Revenue Code) or an Internal Revenue Service Form W-8 (if the party entitled to receive such distribution is not a "United States person" within the meaning of section 7701(a)(30) of the Internal Revenue Code), and any other tax forms, documentation or certifications that may be requested by the Disbursing Agent to establish the amount of withholding or exemption therefrom. Unless a properly completed Internal Revenue Service Form W-9 or Internal Revenue Service Form W-8, as appropriate, and such other requested tax forms, documentation or certifications are delivered to the Disbursing Agent (or such other entity), the Disbursing Agent, in its sole discretion, may (i) make a distribution net of any applicable withholding, including backup withholding or (i) reserve such distribution.

If the Disbursing Agent or any party making any distribution pursuant to the Plan reserves a distribution and the Holder fails to either establish an exemption from withholding to the satisfaction of the disbursing party or make arrangements satisfactory to the disbursing party for the payment of any Tax obligations within 180 days after the Effective Date, such distribution will be deemed to be Unclaimed Property subject to section 11.10 of the Plan.

(12) **Disputed Payment.**

If any dispute arises as to the identity of a Holder who is to receive any distribution, the Disbursing Agent or any party making any distribution pursuant to the Plan may, in lieu of

making such distribution to such Person, make such distribution into an escrow account until the disposition thereof shall be determined by Bankruptcy Court order or by written agreement among the interested parties to such dispute.

(13) **Application of Distributions.**

To the extent applicable, all distributions to a Holder of an Allowed Claim will apply first to the principal amount of such Claim until such principal amount is paid in full and then to any interest accrued on such Claim prior to the Petition Date, and the remaining portion of such distributions, if any, will apply to any interest accrued on such Claim after the Petition Date.

J. Effective Date

(1) **Conditions to Confirmation.**

The following conditions shall be met prior to the occurrence of Confirmation:

(i) The Bankruptcy Court shall have entered an order finding that this Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code.

(ii) The Composite Proceeding shall be resolved and the funds pursued therein released to the Chapter 11 Trustee or the Estates.

(2) **Conditions to the Effective Date.**

The following conditions shall be met prior to the occurrence of the Effective Date:

(i) The Bankruptcy Court shall have entered an order confirming the Plan, as such Plan may have been modified by the Proponent.

(ii) The Confirmation Order shall be in full force and effect, and no stay thereof shall be in effect.

(3) **Waiver of Conditions.**

(i) General. The Chapter 11 Trustee, in her sole discretion, shall have the right to waive any conditions to Confirmation or the Effective Date.

(ii) Mootness. The Chapter 11 Trustee and the Plan Administrator shall enjoy the benefit of the mootness doctrine with respect to any conditions waived by the Chapter 11 Trustee.

(4) **Non-Consensual Confirmation.**

In the event that any Impaired Class of Claims rejects the Plan, the Chapter 11 Trustee reserves the right, without any delay in the occurrence of the Confirmation Hearing or Effective Date, to (i) request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Class, in which case the Plan shall

constitute a motion for such relief and/or (ii) amend the Plan in accordance with section 14.1 of the Plan.

K. Retention of Jurisdiction

(1) **With Respect to the Designated Debtors.**

Following Confirmation and until such time as all payments and distributions required to be made and all other obligations required to be performed under the Plan have been made and performed by the Plan Administrator, the Bankruptcy Court shall retain jurisdiction as is legally permissible, including, without limitation, for the following purposes:

(i) Claims and Interests: To determine the allowability, classification, or priority of Claims against and Interests in any of the Designated Debtors;

(ii) Distributions: To ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(iii) Injunctions: (a) To issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with the Plan, its execution or implementation by any Person or the Confirmation Order, (b) to construe and to take any other action to enforce and execute the Plan, the Confirmation Order or any other order of the Bankruptcy Court, (c) to issue such orders as may be necessary for the implementation, execution, performance and consummation of the Plan, all matters referred to herein and the Confirmation Order, and (d) to determine all matters that may be pending before the Bankruptcy Court in the Chapter 11 Cases on or before the Effective Date with respect to any Person;

(iv) Fees: To grant or deny any and all applications for allowance of compensation and expense reimbursement of Professionals for periods ending on or before the Effective Date;

(v) Dispute Resolution: To resolve any dispute or matter (a) arising under or related to the implementation, execution, consummation or interpretation of the Plan and the making of distributions hereunder or (b) concerning whether a Person had sufficient notice of the Chapter 11 Cases, the applicable Bar Date, the Disclosure Statement Hearing, the Confirmation Hearing, for any purpose;

(vi) Actions: To determine all applications, motions, adversary proceedings, contested matters, actions, Proceedings and any other litigated matters instituted prior to the closing of the Chapter 11 Cases, including any remands;

(vii) Leases and Executory Contracts: (a) To determine any and all motions for the rejection, assumption or assignment of executory contracts or unexpired leases, including post Effective Date assignments, or (b) to determine any motion to reject an executory contract or unexpired lease pursuant to sections 9.1 or 9.2 of the Plan where (1) the parties cannot resolve the cure amount therefor or (2) the Chapter 11 Trustee had mistakenly determined that any such agreement was not an executory contract or unexpired lease, or (c) to determine the allowance of any Claims resulting from the rejection of executory contracts and unexpired leases;

(viii) Interfund Settlement. To determine such matters as may arise out of, or are in connection with or related to, the Interfund Settlement.

(ix) Assets. To recover all assets, wherever located, of the Designated Debtors and their Estates.

(x) Plan Modification. (a) To modify the Plan under section 1127 of the Bankruptcy Code; (b) to modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order; or (c) to remedy any defect, cure any omission or reconcile any inconsistency in the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into, delivered or created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary to carry out its intent and purposes or otherwise;

(xi) Aid Consummation: To issue such orders in aid of consummation of the Plan and the Confirmation Order notwithstanding any otherwise applicable non-bankruptcy law, with respect to any Person, to the full extent authorized by the Bankruptcy Code;

(xii) Avoidance Actions: To enable the prosecution of any and all Proceedings which have been or may be brought prior to the Effective Date to set aside liens or encumbrances or to recover any transfers, assets, properties or damages to which the Estates may be entitled under applicable provisions of the Bankruptcy Code or any other federal, state or local laws except as may be waived pursuant to the Plan;

(xiii) Implementation of Confirmation Order: To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(xiv) Determine Tax Liability: To determine any tax liability pursuant to section 505 of the Bankruptcy Code;

(xv) Prior Orders: To enforce or clarify any orders previously entered by the Bankruptcy Court in the Chapter 11 Cases;

(xvi) General Matters. To determine such other matters, and for such other purposes, as may be provided in the Confirmation Order or as may be authorized under provisions of the Bankruptcy Code; and

(xvii) Final Order: To enter a Final Order closing the Chapter 11 Cases.

(2) **With Respect to the Limited Debtors**

The Protocol and Protocol Addendum shall apply.

L. Miscellaneous Provisions

(1) **Defects, Omissions, Amendments and Modifications.**

(i) Pre-Confirmation Modification. The Plan may be altered, amended or modified before the Confirmation Date as provided in section 1127 of the Bankruptcy Code.

(ii) Post-Confirmation Immaterial Modification. The Plan Administrator or the Chapter 11 Trustee, as the case may be, may, with the approval of the Bankruptcy Court and without notice to all Holders of Claims and Interests, insofar as it does not materially and adversely affect the interest of Holders of Claims and Interests, correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary to expedite the execution of the Plan.

(iii) Post-Confirmation Material Modification. The Plan may be altered or amended after the Confirmation Date by the Chapter 11 Trustee or the Plan Administrator in a manner which, in the opinion of the Bankruptcy Court, materially and adversely affects Holders of Claims or Interests, provided that such alteration or modification occurs after a hearing as provided in section 1127 of the Bankruptcy Code.

(2) **Withdrawal or Revocation of the Plan.**

The Chapter 11 Trustee reserves the right to revoke or withdraw the Plan prior to the Effective Date in whole or in part. If the Chapter 11 Trustee revokes or withdraws the Plan, then (i) the result shall be the same as if the Confirmation Order were not entered and (ii) the Effective Date did not occur.

(3) **Successors and Assigns.**

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors or assigns of such Person.

(4) **Final Orders.**

The Chapter 11 Trustee or the Plan Administrator, as the case may be, may waive any requirement in the Plan for a Final Order.

(5) **Governing Law.**

Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the State of New York.

(6) **Notices.**

Subject to section 11.6 of the Plan, all notices, requests or demands for payments provided for in the Plan shall be in writing and shall be deemed to have been given when

personally delivered by hand or deposited in any general or branch post office of the United States Postal Service or received by courier service or telecopier. Notices, requests and demands for payments shall be addressed and sent, postage prepaid or delivered, to:

Corinne Ball, Esq.
Chapter 11 Trustee
JONES DAY
250 Vesey Street
New York New York 10281-1047

With copies to:

JONES DAY
Attn. Stephen J. Pearson, Esq.
Peter Saba, Esq.
250 Vesey Street
New York New York 10281-1047

or to any other address designated by the Plan Administrator by notice to each affected Holder of a Claim or Interest at the last known address according to the books and records or at any other address designated by a Holder of a Claim on its proof of Claim, provided that any notice of change of address shall be effective only upon receipt thereof by the Chapter 11 Trustee or the Plan Administrator, as the case may be.

(7) **Severability.**

Except as to terms which would frustrate the overall purpose of the Plan, should any provision in the Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any or all other provisions of the Plan.

(8) **Interpretation, Rules of Construction, Computation of Time and Choice of Law.**

(i) The provisions of the Plan and the exhibits thereto (including any supplemental exhibits) shall control over any descriptions thereof contained in this Disclosure Statement.

(ii) Any term used in the Plan that is not defined in the Plan, either in Article II (Definitions), in this Disclosure Statement or elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in (and shall be construed in accordance with the rules of construction under) the Bankruptcy Code or the Bankruptcy Rules. Without limiting the foregoing, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Plan, unless superseded hereby.

(iii) The words "herein," "hereof," "hereto," "hereunder" and other words of similar import, as used in the Plan, refer to the Plan as a whole and not to any particular article, section, subsection or clause contained in the Plan, unless the context requires otherwise.

(iv) Unless specified otherwise in a particular reference, all references in the Plan to Articles, Sections and Exhibits are references to articles, sections and exhibits of or to the Plan.

(v) Any reference in the Plan to a contract, document, instrument, release, bylaw, certificate, indenture or other agreement being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions.

(vi) Any reference in the Plan to an existing document or exhibit means such document or exhibit as it may have been amended, restated, modified or supplemented as of the Effective Date.

(vii) Captions and headings to articles and sections in the Plan are inserted for convenience of reference only and shall neither constitute a part of the Plan nor in any way affect the interpretation of any provisions hereof.

(viii) Whenever from the context it is appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and each pronoun stated in the masculine, feminine or neuter includes the masculine, feminine and neuter.

(ix) In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

(x) All exhibits to the Plan are incorporated into the Plan, and shall be deemed to be included in the Plan, regardless of when filed.

(xi) Subject to the provisions of any contract, certificate, bylaws, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules.

(xii) No Admissions. Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by the Debtors or the Chapter 11 Trustee with respect to any matter set forth herein, including, without limitation, liability on any Claim, the impairment of any Claim or the propriety of a Claim's classification

VII. CONFIRMATION OF THE PLAN

A. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold the Confirmation Hearing to determine whether or not to approve the Plan and hear any objections thereto. As set forth in the Disclosure Statement Order, the Confirmation Hearing has been scheduled for [__], 2017, commencing at [__] [a.m./p.m.], before the Honorable Mary Kay Vyskocil at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Room 501, New York, New York 10004, or such other location as the

Bankruptcy Court directs.[37] The Confirmation Hearing may be adjourned from time-to-time by the Chapter 11 Trustee or the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

B. Objections

Section 1128 of the Bankruptcy Code provides that any party in interest may object to the confirmation of a plan. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules and the Local Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the applicable Designated Debtor's Estate or property, the basis for the objection and the specific grounds therefore, and must be filed with the Bankruptcy Court, with a copy to the Honorable Mary Kay Vyskocil at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Room 501, New York, New York 10004, together with proof of service thereof, and served upon (1) the Chapter 11 Trustee, (2) counsel to the Chapter 11 Trustee; (3) the Designated Debtors; (4) the Office of the United States Trustee for the Southern District of New York; and (5) all parties that have requested notice pursuant to Bankruptcy Rule 2002, so as to be received by no later than the objection deadline of [_ _], 2017 at [_]:00 p.m. (Eastern Time).

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

C. Requirements for Confirmation of the Plan

(1) Requirements of Section 1129(a) of the Bankruptcy Code

(a) General Requirements

At the Confirmation Hearing, the Bankruptcy Court will determine whether the following confirmation requirements specified in section 1129 of the Bankruptcy Code have been satisfied:

(i) The plan complies with the applicable provisions of the Bankruptcy Code.

(ii) The proponent of the plan complies with the applicable provisions of the Bankruptcy Code.

(iii) The plan has been proposed in good faith and not by any means forbidden by law.

(iv) Any payment made or to be made by the proponent, by a debtor or by a person issuing securities or acquiring property under the plan, for services or for costs and

[37] While Investors in the Designated Debtors were noticed of the Confirmation Hearing and related scheduling matters, the Chapter 11 Trustee was not required to notice Investors in the Limited Debtors because the Protocol and Protocol Addendum have already been approved by the Bankruptcy Court.

expenses in or in connection with the case, has been approved by, or is subject to approval of, the Bankruptcy Court as reasonable.

(v) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as director, officer, or voting trustee of the debtor participating in a joint plan with the debtor or a successor to the debtor under the plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity security holders and with public policy.

(vi) The proponent of the plan has disclosed the identity of any insider (as defined in section 101 of the Bankruptcy Code) that will be employed or retained by the reorganized debtor (if applicable), and the nature of any compensation for such insider.

(vii) Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor, has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

(viii) With respect to each impaired class of claims or interests,

- each holder of a claim or interest of such class (a) has accepted the plan; or (b) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so received or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or

- if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan on account of such claim, property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

(ix) With respect to each class of claims or interests, such class has (a) accepted the plan; or (b) such class is not impaired under the plan (subject to the "cramdown" provisions discussed below; see Sec. VII.C.(2).

(x) Except to the extent that the holder of a particular claim has agreed to a different treatment on account of such claim, the plan provides that:

- with respect to a claim of the kind specified in sections 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of the claim will receive on account of such claim cash equal to the allowed amount of such claim;

- with respect to a class of claim of the kind specified in sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive (a) if such class has accepted the plan, deferred cash payments of a value, on the effective date of the plan, equal to the allowed amount of such claim; or (b) if such class has not accepted the

plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

- with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim, regular installment payments in cash,
    - of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;
    - over a period ending not later than 5 years after the date of the order for relief under section 301, 302 or 303 of the Bankruptcy Code; and
    - in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and
- with respect to a secured claim that otherwise would meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed above.

(xi) At least one class of impaired claims has accepted the plan, determined without including any acceptance of the plan by any insider (as defined in section 101 of the Bankruptcy Code) holding a claim in such class.

(xii) Unless liquidation is proposed under the plan, confirmation of the plan is not likely to be followed by liquidation, or the further need for financial reorganization, of the debtor or any successor to the debtor under the plan. See Sec. VII.C.(1)(c).

(xiii) All fees payable under 28 U.S.C. § 1930, as determined by the court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.

(xiv) The plan provides for the continuation after the effective date of the plan of payment of all retiree benefits (as defined in section 1114 of the Bankruptcy Code), at the level established pursuant to subsection 1114(e)(l)(B) or 1114(g) of the Bankruptcy Code at any time prior to confirmation of the plan, for the duration of the period that the debtor has obligated itself to provide such benefits.

(xv) All transfers of property under the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

The Chapter 11 Trustee believes that she will be prepared to prove at the Confirmation Hearing that the application provisions of section 1129(a) of the Bankruptcy Code are satisfied with respect to the Plan.

(b) Best Interests Test

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired claim or equity interest either (i) accepts the plan or (ii) receives or retains under the plan property of a value, as of the effective date of the plan, that is not less than the amount such holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such effective date. Ordinarily, this requires a "liquidation analysis." However, because the Plan is a liquidating plan, no liquidation analysis has been performed, and no liquidation analysis is necessary.

(c) Feasibility

Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if the Bankruptcy Court finds that the plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor, unless contemplated by the plan. Because the Designated Debtors' Plan provides for the liquidation of the Designated Debtors, the Bankruptcy Court will find that the Plan is feasible if it determines that the Designated Debtors (a) will be able to satisfy the conditions precedent to the Effective Date and (b) otherwise have sufficient funds to meet their post-Effective Date obligations to pay for the costs of administering and fully consummating the Plan and closing their Chapter 11 Cases. The Chapter 11 Trustee believes that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Court.

(2) **Requirements of Section 1129(b) of the Bankruptcy Code**

Section 1129(b) of the Bankruptcy Code sets forth the so-called "cramdown" provisions for confirmation of a plan even if it is not accepted by all impaired classes, as long as (i) the plan otherwise satisfies the requirements for confirmation, (ii) at least one impaired class of claims has accepted it without taking into consideration the votes of any insiders in such class, and (iii) the plan is "fair and equitable" and does not "discriminate unfairly" as to any impaired class that has not accepted the plan. The Chapter 11 Trustee believes that she will be prepared to prove the applicable requirements of section 1129(b) to the extent necessary and applicable, at the Confirmation Hearing.

(a) Fair and Equitable Test

This test applies to classes of different priority and status (e.g., secured claims versus unsecured claims) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. The test sets forth different standards for what is fair and equitable, depending on the type of claims or interests in such class. In order to demonstrate that a plan is fair and equitable, the plan proponent must demonstrate:

i. Secured Creditors. With respect to a class of secured claims, the plan provides: (1) that the holders of secured claims retain their liens securing such claims, whether

the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property, (2) for the sale, subject to section 363 of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (1) or (3) of this paragraph, or (3) that the holders of secured claims receive the "indubitable equivalent" of their allowed secured claim.

ii. General Unsecured Creditors. With respect to a class of unsecured claims: (1) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim or (2) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan.

iii. Holders of Interests. With respect to a class of equity interests: (1) the plan provides that each holder of an equity interest receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest or (2) the holder of any interest that is junior to the interests of the class of equity interests will not receive or retain under the plan on account of such junior interest any property.

The Chapter 11 Trustee believes the Plan will satisfy the "fair and equitable" requirement with respect to any class of claims that is deemed to reject the Plan. With respect to the Designated Debtors, the Plan proposes to subordinate the Claims of Insiders pursuant to section 510 of the Bankruptcy Code to the Investor Tort Claims. With respect to the Limited Debtors, the Protocol Addendum shall apply.

(b) No Unfair Discrimination

This test applies to dissenting classes of claims or equity interests that are of equal priority and that are rejecting the plan insofar as there are classes of claims with equal priority receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair."

The Chapter 11 Trustee believes that under the Plan all impaired classes of Claims and Interests are treated in a manner that is fair and consistent with the treatment of other classes of claims and interests having the same priority. Moreover, the Chapter 11 Trustee believes that the Protocol and Protocol Addendum, which call for Allowed General Unsecured Claims to be paid ahead of Redemption Creditors, are fair and consistent with Cayman Islands' law. Accordingly, the Chapter 11 Trustee believes the Plan does not discriminate unfairly as to any impaired class of Claims or Interests.

(c) Application to the Plan

The Chapter 11 Trustee believes the Plan will satisfy both the "no unfair discrimination" requirement and the "fair and equitable" requirement notwithstanding that Classes 4, 5 and 6 will receive no distribution and are deemed to reject the Plan.

Indeed, as to Class 4, Cayman Islands law treats Redemption Creditors and Holders of Interests differently, with Redemption Creditors' claims having priority over Interests. Therefore, even where Classes 3 and 4 are treated differently in the Plan, the Chapter 11 Trustee believes that such treatment is fair under the circumstances. Moreover, no Class junior to Class 4 will receive or retain any property on account of the Claims or Interests in such Class.

As to Classes 5 and 6, there is no Class of equal priority receiving more favorable treatment and no Class that is junior to such a dissenting Class will receive or retain any property on account of the Claims or Interests in such Class.

(3) **Alternative to Confirmation of the Plan**

If the Plan is not confirmed, the Chapter 11 Trustee could attempt to formulate a different chapter 11 plan. Any such plan would include an orderly liquidation of the Designated Debtors' assets under chapter 11. The Chapter 11 Trustee has explored an alternative in connection with the formulation and development of the Plan. However, the Chapter 11 Trustee believes that the Plan, as described herein, enables creditors and equity holders to realize the most value under the circumstances.

(4) **Nonconsensual Confirmation**

If any impaired Class of Claims entitled to vote shall not accept the Plan by the requisite statutory majority provided in section 1126(c) of the Bankruptcy Code, the Chapter 11 Trustee reserves the right to amend the Plan in accordance with section 14.1 of the Plan or undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both. With respect to impaired Classes of Claims that are deemed to reject the Plan, the Chapter 11 Trustee will request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code. The Chapter 11 Trustee believes that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

The following discussion summarizes certain material U.S. federal income tax consequences of the implementation of the Plan to certain Holders of Allowed Claims. This summary does not address the U.S. federal income tax consequences to Holders of Interests in the Designated Debtors or to Holders of Claims who are deemed to have rejected the Plan in accordance with the provisions of § 1126(g) of the Bankruptcy Code. This summary is based on the IRC, existing and proposed Treasury Regulations, judicial decisions, and published administrative rules and pronouncements of the IRS as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the U.S. federal income tax consequences described below.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties at this time. The Chapter 11 Trustee has not requested an opinion of counsel or any rulings from the IRS, and there can be no assurance that the IRS or a court would agree with the conclusions herein with respect to any of the tax aspects of the Plan. This summary does not address state, local or non-U.S. income or other tax consequences of the Plan, nor does it purport to address the U.S. federal income tax consequences of the Plan to special classes of taxpayers (such as broker-dealers, banks, mutual funds, insurance companies, financial institutions, thrifts, small business investment companies, regulated investment companies, real estate investment trusts, tax-exempt organizations, individual retirement and other tax-deferred accounts, persons holding securities as part of a hedging, straddle, conversion or constructive sale transaction or other integrated investment, traders in securities that elect to use a mark-to-market method of accounting for their security holding, certain expatriates or former long term residents of the United States, "controlled foreign corporations," "passive foreign investment companies," or U.S. Holders (as defined below) whose functional currency is not the U.S. dollar).

For purposes of this discussion, a "**U.S. Holder**" is a Holder that is: (a) an individual citizen or resident of the United States for U.S. federal income tax purposes; (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (d) a trust (i) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

For purposes of this discussion, a "**Non-U.S. Holder**" is any Holder that is neither a U.S. Holder nor a partnership or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes.

THE FOLLOWING SUMMARY IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING OR FOR ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE PLAN.

A. U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS OF CLAIMS

The U.S. federal income tax consequences of the Plan to a U.S. Holder of a Claim will depend on several factors, including, without limitation (1) whether the U.S. Holder's Claim (or a portion thereof) constitutes a Claim for principal or interest, (2) the origin of the U.S. Holder's Claim, (3) the type of consideration received by the U.S. Holder in exchange for the Claim, (4) whether the U.S. Holder reports income on the accrual or cash basis method, (5) whether the U.S. Holder has taken a bad debt deduction or worthless security deduction with respect to its

Claim and (6) whether the U.S. Holder receives distributions under the Plan in more than one taxable year.

(1) **Tax Treatment of Receipt of Distribution**

Generally, where a U.S. Holder receives only Cash in respect of Allowed Claims, such U.S. Holder would recognize taxable gain or loss in an amount equal to the difference between the amount of the Cash received and such U.S. Holder's adjusted tax basis in its Allowed Claim. Any gain or loss recognized would be capital or ordinary, depending on the status of the Allowed Claim in the U.S. Holder's hands, including whether the Allowed Claim constitutes a market discount bond in the Holder's hands. Generally, any gain or loss recognized by such a Holder of an Allowed Claim would be a long-term capital gain or loss if the Allowed Claim is a capital asset in the hands of the Holder and the Holder has held such Allowed Claim for more than one year, unless the holder had previously claimed a bad debt deduction or the holder had accrued market discount with respect to such Allowed Claim. *See* the discussion below under the heading "Market Discount." The deductibility of capital losses is subject to limitations.

To the extent any portion of a U.S. Holder's recovery is allocable to interest on the U.S. Holder's Allowed Claim that was not previously included in the U.S. Holder's income, such portion would be treated as interest income to such holder. *See* the discussion below under the heading "Accrued but Unpaid Interest."

(2) **Market Discount**

A U.S. Holder that purchased its Allowed Claim from a prior U.S. Holder with market discount will be subject to the market discount rules of the IRC. Under those rules, assuming that the U.S. Holder has made no election to amortize the market discount into income on a current basis with respect to any market discount instrument, any gain recognized on the exchange of its Allowed Claim (subject to a *de minimis* rule) generally would be characterized as ordinary income to the extent of the accrued market discount on such Allowed Claim as of the date of the exchange.

(3) **Accrued but Unpaid Interest**

In general, a U.S. Holder that was not previously required to include in taxable income any accrued but unpaid interest on the U.S. Holder's Allowed Claim may be required to include such amount as taxable interest income upon receipt of a distribution under the Plan. A U.S. Holder that was previously required to include in taxable income any accrued but unpaid interest on the U.S. Holder's Allowed Claim may be entitled to recognize a deductible loss to the extent that such interest is not satisfied under the Plan. The Plan provides that, to the extent applicable, all distributions to a holder of an Allowed Claim will apply first to the principal amount of such Allowed Claim until such principal amount is paid in full and then to any accrued but unpaid interest on such Allowed Claim. There is no assurance, however, that the IRS will respect this treatment and will not determine that all or a portion of amounts distributed to such U.S. Holder and attributable to principal under the Plan is properly allocable to interest. Each U.S. Holder of a Claim on which interest has accrued is urged to consult its tax advisor regarding the tax treatment

of distributions under the Plan and the deductibility of any accrued but unpaid interest for federal income tax purposes.

(4) **Medicare Surtax**

Subject to certain limitations and exceptions, U.S. Holders who are individuals, estates or trusts may be required to pay a 3.8% Medicare surtax on all or part of that U.S. Holder's "net investment income," which includes, among other items, dividends on stock and interest (including original issue discount) on debt, and capital gains from the sale or other taxable disposition of stock or debt. U.S. Holders should consult their own tax advisors regarding the effect, if any, of this surtax on their receipt of distributions pursuant to the Plan.

(5) **Post-Effective Date Distributions**

Because certain U.S. Holders of Allowed Claims may receive distributions subsequent to the Effective Date, the imputed interest provisions of the IRC may apply and cause a portion of any post-Effective Date distribution to be treated as imputed interest, which may be included in the gross income of certain U.S. Holders. Additionally, to the extent U.S. Holders may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the holder may be deferred. U.S. Holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their Allowed Claims.

(6) **Possible Deductions in Respect of Claims**

A U.S. Holder who, under the Plan, receives in respect of an Allowed Claim no distribution or an amount less than the U.S. Holder's tax basis in the Allowed Claim may be entitled to a deduction for U.S. federal income tax purposes. The rules governing the character, timing and amount of such a deduction place considerable emphasis on the facts and circumstances of the U.S. Holder, the obligor and the instrument with respect to which a deduction is claimed. U.S. Holders of Allowed Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

(7) **Information Reporting and Backup Withholding**

All distributions under the Plan will be subject to applicable federal income tax reporting and withholding. The IRC imposes "backup withholding" (currently at a rate of 28%) on certain "reportable" payments to certain taxpayers, including payments of interest and dividends. Under the IRC's backup withholding rules, a Holder of an Allowed Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan, unless the Holder (i) comes within certain exempt categories (which generally include corporations and Non-U.S. Holders) and, when required, demonstrates this fact or (ii) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding. Backup withholding is not an additional federal income tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of income tax. A Holder of an Allowed Claim may be

required to establish an exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF CLAIMS

The following discussion includes only certain U.S. federal income tax consequences of the Plan to Non-U.S. Holders of Claims. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state and local and non-U.S. tax consequences of the consummation of the Plan to such Non-U.S. Holder.

Subject to the potential application of backup withholding in the event that a Non-U.S. Holder fails to demonstrate its exemption from U.S. backup withholding (as discussed above under "U.S. Federal Income Tax Consequences to U.S. Holders of Claims—Information Reporting and Backup Withholding"), and assuming that the Designated Debtors are not engaged in a trade or business in the United States for U.S. federal income tax purposes, a Non-U.S. Holder generally should not be subject to U.S. federal withholding tax with respect to any distribution pursuant to the Plan. Additionally, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the exchange of an Allowed Claim for Cash pursuant to the Plan unless either (1) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of exchange or (2) such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

IX. CONCLUSION

The Chapter 11 Trustee believes that the Confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Chapter 11 Trustee urges all parties entitled to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before the Voting Deadline.

Dated: February 6, 2017
New York, New York

/s/ Corinne Ball
Corinne Ball,
In her capacity as Chapter 11 Trustee
of Debtors Soundview Elite Ltd., Soundview Premium, Ltd., Soundview Star Ltd., Elite Designated, Premium Designated and Star Designated
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Filed by:

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EXHIBIT A

AMENDED STATUS REPORT

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Attorneys for the Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11
	:	Case No. 13-13098 (REG)
SOUNDVIEW ELITE LTD., *et al*.,	:	(Jointly Administered)
Debtors.	:	

AMENDED AND REVISED
STATUS REPORT OF THE CHAPTER 11 TRUSTEE

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INTRODUCTION

The chapter 11 trustee (the "**Trustee**") was appointed with two clear mandates. Her first mandate was to "pursue investigations and litigation in the U.S." See Bench Decision on Motions to Dismiss, for Relief from Stay, for Appointment of Trustee, and on Sanctions for Contempt (Docket No. 156) (the "**Bench Decision**"), at 16. The Trustee's investigation, from the securing of the above-captioned Debtors' (the "**Debtors**") books and records to her investigation of claims of the Debtors and her retention of special litigation counsel, is summarized herein. Second, the Trustee was "to work out a protocol, subject to the approval of each of the Cayman [Islands] Court and [this Court], providing for a division of responsibilities between them." Id., at 28. This task was accomplished in December 2014[1] subject to the completion of an addendum which was filed with this Court on April 30, 2015 (Docket No. 626) (the "**Protocol Addendum**") and is scheduled to be heard on June 16, 2015.

The Trustee's resources and time are limited, and cost/efficiency considerations necessarily must be factored into any decision as to whether to undertake particular investigative steps. In the end, while the facts and circumstances of these cases present all the complexities of much larger funds, the estates simply do not have the resources to take all conceivable investigative steps. Nevertheless, the Trustee believes that, given these limitations, the work that has been done on this investigation and otherwise was appropriate and reasonable, and this Amended and Revised Status Report accurately reflects the current status of such investigation. Greater certainty will most efficiently be obtained in discovery in one or more lawsuits to be brought by the Trustee.

I. THE PROTOCOL AND PROTOCOL ADDENDUM

A. The negotiation of the Protocol between the Trustee and the Soundview JOLs

Since her appointment as Trustee for the Debtors, the Trustee has worked intensively with the joint official liquidators[2] of the Limited Debtors[3] in the Cayman Islands (the "**Soundview JOLs**") on a cross-border Protocol to govern the joint administration of the Debtors' chapter 11 cases and the Cayman Islands Liquidations[4] of the Limited Debtors.

Since her appointment, both the Trustee and the Soundview JOLs have made the Protocol a priority. The Soundview JOLs initially prepared a draft that eliminated most of the work to be done in Limited Debtors' chapter 11 cases and would not (for example) have permitted the Trustee to undertake any investigation or litigation. This departed from the approach envisaged in the Bench Decision appointing the Trustee and the position taken in the only previous cross-

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1 See Docket No. 502 as subsequently approved by the Grand Court of the Cayman Islands (the "**Cayman Islands Court**"), Docket No. 516 (the "**Protocol**").

2 As used herein, "**JOLs**" means joint official liquidators.

3 As used herein, "**Limited Debtors**" means Debtors Soundview Elite Ltd. ("**Soundview Elite**"), Soundview Premium, Ltd. ("**Soundview Premium**") and Soundview Star Ltd. ("**Soundview Star**").

4 As used herein, "**Cayman Islands Liquidations**" means the winding-up of the Limited Debtors in the Cayman Islands, ordered by the Cayman Islands Court on September 24, 2013.

border protocol between joint fiduciaries in the United States and the Cayman Islands (*Lancelot)*[5] Instead of trading in multiple drafts of a Protocol, the Trustee identified the core issues which appeared to be potentially contentious and tried to resolve them as points of principle before moving to a drafting phase. The Soundview JOLs and the Trustee also considered proceeding with an interim protocol, but after consultation with Pasig Ltd. ("**Pasig**"), among others, agreed relatively early on that the parties would try to avoid the need for multiple protocols and instead focus on a final Protocol, albeit with certain items that would need to remain subject to agreement in light of developing circumstances (which would be addressed in an Addendum, as necessary). Thereafter, regular discussions continued, always taking account of changing facts and circumstances affecting the estates.

When it became clear that there were still differences of opinion with respect to aspects of the Protocol which might not be capable of consensual resolution, the Trustee prepared a memorandum[6] to the Office of the United States Trustee (the "**U.S. Trustee**") (copied to the Soundview JOLs and certain stakeholders) explaining the different approaches, the issues that still had to be resolved and why the Trustee regarded her proposal as being the appropriate one for the Debtors in light of all the surrounding circumstances. That memorandum (which was a 25 page document) explained in detail why the Trustee had adopted the *Lancelot* provisions in many respects, but had modified them in others to reflect the unique circumstances of this case. In particular, there are material differences between these estates and the estates in *Lancelot*. First, there were very limited assets available in *Lancelot* whereas here there are significant cash assets, almost all of which were in the U.S. Second, most of the key insiders and potential litigation targets here are in the U.S. Third, there were no significant insider claims in *Lancelot*, unlike here. Fourth, the Protocol only applies to three of the six Debtors and, in the Trustee's judgment, a unitary approach to all six Debtors would be more efficient, cost-effective and equitable.

In light of these factors (and others) the Trustee explained in the memorandum why she saw significant advantages in a U.S. chapter 11 plan covering all six Debtors as opposed to proceeding with a liquidation in the Cayman Islands in respect of the Limited Debtors only. The aforementioned memorandum also discussed and explained how the Trustee, as a Court appointed fiduciary, had a duty to act in the best interests of the Debtors and all their stakeholders and could not simply follow the preferences of one individual creditor (such as Pasig) if objective criteria dictated a contrary approach.

All of the effort described above, which has featured monthly – and sometimes weekly – calls between the Soundview JOLs, the Trustee and their respective advisors, culminated in October 2014, with the parties achieving near complete agreement on the terms of the Protocol.

Following receipt of the Trustee's memorandum and consideration of the issues it raised, the Soundview JOLs said that they had been largely persuaded to her point of view and were now

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5 As used herein, "***Lancelot***" refers to *In the matter of Lancelot Investors Fund Ltd.* and the protocol adopted in that proceeding.

6 In connection with the preparation of this memorandum the Trustee's financial consultant, Kinetic Partners ("**Kinetic**"), also prepared a recovery analysis for the Debtors' redemption creditors and investors.

inclined to agree with a more U.S.-centric approach to the administration of the estates. The Soundview JOLs therefore confirmed that, apart from minor drafting issues and resolving the question as to where claims were to be adjudicated, they had no real concerns with the Trustee's proposals. They also agreed that the Trustee had acquired significant knowledge of information that had not been available to them and that this too underlined the sense in a more U.S.-centric approach.

B. The Protocol

After the filing of the status report with the Court on November 5, 2014 (Docket No. 395) (the "**November 2014 Report**"), negotiations of the Protocol continued, whereafter the Trustee and the Soundview JOLs reached agreement on all the outstanding points. The Protocol was subsequently filed with this Court and the Cayman Islands Court. It was approved by this Court on December 30, 2014 (Docket No. 502) and by the Caymans Islands Court on January 15, 2015 (Docket No. 516).[7]

The Protocol allocates specific tasks to the officeholders best placed to complete those tasks efficiently. Specifically, among other things, the Protocol provides for:

(1) The cooperation and mutual sharing of information and documents between the Trustee and the Soundview JOLs (Protocol, Section 4);

(2) The Trustee and Soundview JOLs being responsible for document collection, asset recovery and prosecution of claims in each of their respective jurisdictions, with the requirement to agree at the relevant time regarding the party best placed to collect documents or recover assets located, or prosecute claims, outside of the U.S. or the Cayman Islands (Id., Sections 4-6);

(3) The Trustee and the Soundview JOLs working together to finalize and implement an agreement in principle (the "**Agreement in Principle**"), including documenting it in a formal settlement agreement and seeking all necessary approvals from the relevant courts (Id., Section 7);

(4) Consultation by the Trustee and the Soundview JOLs to determine how most efficiently to obtain satisfaction of the outstanding redemption debt owed by nondebtor Soundview Composite Ltd. ("**Composite**") to Debtor Soundview Elite (Id., Section 8);

(5) A process for the adjudication of redemption creditor claims against the Limited Debtors, and an undertaking to agree upon a common redemption claims adjudication methodology in the Protocol Addendum (Id., Section 12);

(6) The determination of (a) the fees and expenses from September 24, 2013 (the "**Petition Date**") through November 30, 2014 (i) of the Soundview JOLs, their counsel Morrison &

[7] Pasig filed a limited objection on December 30, 2014 (Docket No. 499), but withdrew its objection later that day (Docket No. 501).

Foerster LLP and the Cayman expert HSM Chambers and (ii) remaining subject to diligence, *i.e.*, these of Smeets Law and Campbells,[8] and (b) an agreed upon mechanism for the payment of the fees and expenses of the Soundview JOLs' professionals after November 30, 2015;[9] as well as other provisions regarding the payment of fees and expenses of the Trustee's and the Soundview JOLs' professionals and the Trustee's commission; and

(7) A provision allowing the Trustee to disclose the identities of the Limited Debtors' investors and redemption creditors and a determination that such disclosure does not violate the applicable Cayman Islands privacy law (Id., Section 17.3).

C. The Protocol Addendum

On April 30, 2015, the Trustee and the Soundview JOLs reached agreement on a Protocol Addendum, which the Trustee filed with the Court that same day (Docket No. 626). Among other things, the Protocol Addendum sets forth:

(1) A common redemption claims adjudication methodology for prepetition claims of redemption creditors (other than insiders) against the Limited Debtors, which will be deemed filed based on prepetition redemption requests without regard to the actual date on which such redemption requests were submitted and such claims will rank *pari passu*. The validity and amount of these redemption claims will be determined by the Soundview JOLs, whereafter the Trustee will amend the schedules of assets and liabilities ("**Schedules**") (Protocol Addendum, Section 2.1);

(2) Provisions for the payment of claims and the collection and realization of certain non-cash assets (Id., Section III). Specifically, the parties agree that the distributions and the reserves will be funded from (a) funds realized in connection with past operations of the Limited Debtors, (b) funds realized in connection with the liquidation of their non-cash assets, and (c) the receipt of $1 million by Soundview Elite from the BVI Funds pursuant to the inter-fund settlement. Such $1 million will be used to fund any administrative claims of the Soundview JOLs and their professionals from and after February 1, 2015;

(3) The Trustee's objection to all claims of insiders and her seeking subordination of insider claims to all other claims against the applicable Limited Debtor (Id., Section 3.6);

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[8] The Trustee has since paid these fees of Campbells, subject to the 21% Soundview Premium holdback. She expects to pay Soundview Elite's and Soundview Star's portions of Smeets Law's fees in an amount of $270,000 (subject to the 21% Soundview Premium holdback) shortly and has objected to the payment of the remainder of Smeets Law's fees and expenses.

[9] The Protocol Addendum provides that the $1,000,000 to be received by Soundview Elite from six investment funds incorporated in the British Virgin Islands, namely (a) America Alternative Investments Inc., (b) Optima Absolute Return Fund Ltd., (c) Richcourt Allweather B Inc., (d) Richcourt Allweather Fund Inc., (e) Richcourt Composite Inc. and (f) Richcourt Euro Strategies Inc. (together, the "**BVI Funds**") will be used, *inter alia*, to fund fees and expenses incurred by the Soundview JOLs and their professionals on or after February 1, 2015, as permitted by applicable Cayman Islands law.

(4) The establishment and funding of reserves for claims, expenses and the Trustee's commission in accordance with a budget,[10] and a mechanism to adjust the reserves and make distributions when additional cash received exceeds $500,000, that includes an adjustment to account for fluctuations in the non-U.S. dollar cash in the reserves (Id., Section 4). No cash or non-cash assets of any Limited Debtor shall be distributed or transferred before the reserves have been fully funded by all Limited Debtors;

(5) Provisions regarding distributions (Id., Section 5);

(6) A provision that the Trustee will not file monthly operating reports for the Limited Debtors after the Addendum Effective Date (Id., Section 7.1). Going forward, to save time and expenses, the Soundview JOLs, who file reports with the Cayman Islands Court, solely will have reporting responsibilities with respect to the Limited Debtors; and

(7) Waiver, release and exculpation provisions (Id., Exhibit B).

The Protocol Addendum provides that it will be effective upon the later of: (a) the first business day following 30 days' notice of the Protocol Addendum having been provided; (b) the approval of the inter-fund settlement by (i) the British Virgin Islands Court in the winding up proceedings of the BVI Funds, (ii) this Court in the Debtors' chapter 11 cases, and (iii) the Cayman Islands Court in the Cayman Islands Liquidations; or (c) the date that any objection to the Protocol Addendum is resolved by agreement or court order(s).

The Protocol Addendum was primarily negotiated by the two fiduciaries but stakeholders were given an opportunity to ask questions, comment or object at a stakeholders' meeting conducted both in person (in the Cayman Islands) and telephonically on March 12, 2015. Many stakeholders participated (including Pasig) but no concerns were expressed.

The only creditor to object to any aspect of the Protocol Addendum is Pasig. No objections or concerns were communicated in the Cayman Islands' process but Pasig filed a limited objection to the Protocol Addendum in these proceedings on May 6, 2015 (Docket No. 631). The Trustee filed a detailed reply to Pasig's objection on June 12, 2015 (Docket No. 686). A hearing to consider the Protocol Addendum will be held before this Court on June 16, 2015.

[10] The general budget is attached hereto as Exhibit F.

II. THE TRUSTEE'S INVESTIGATION

Upon her appointment, the Trustee's first priority was to identify, obtain and preserve all potential sources of information and documents relating to the Debtors. The Trustee undertook a significant factual investigation, assisted by her counsel, Jones Day, and financial consultant, Kinetic.[11] The Trustee's factual investigation has resulted in the production of various documents and documentary tools that the Trustee is using to prepare the final report of her investigation.

Prior to the sale of the Debtors to Mr. Alphonse "Buddy" Fletcher Jr. ("**Fletcher**"), the Limited Debtors' aggregate assets reported in the audited financial statements amounted to $662,886,556 at the end of 2007 and $375,125,753 at the end of 2008. As of the Petition Date, the Limited Debtors' and the Designated Debtors'[12] aggregate assets were $32 million. See Affidavit of Bernard A. Katz in Support of Debtors' Opposition to Motions to Dismiss, Convert or Appoint a Chapter 11 Trustee (Docket No. 96), at 3 ("the Debtors would be holding approximately $32.0 million of liquid assets, consisting of $23 million in cash and $9 million of unaffiliated investments").

A. The Trustee's Responsibility to Secure the Books and Records of the Debtors

From the very beginning, the Trustee reached an accommodation with Richard Davis, the chapter 11 trustee (the "**FILB Trustee**")[13] of the Fletcher International Ltd. (Bermuda) ("**FILB**") chapter 11 case (the "**FILB Case**") to effect a sharing of information gathered by the FILB Trustee during his investigation. While the Trustee and the FILB Trustee did have to follow various processes, especially with respect to Fletcher and Ms. Deborah Hicks Midanek ("**Midanek**"), to access and share this information, this accord and cooperation saved the Debtors substantial time and resources. In addition, the Trustee arranged for her advisors to gain access to the financial analyses prepared by the FILB Trustee's financial advisor regarding cash movements among (1) the Debtors, FILB, Fletcher Income Arbitrage Fund, Ltd. ("**Arbitrage**"), FIA Leveraged Fund ("**Leveraged**") and (2) to a more limited extent, among the Debtors, Leveraged, Arbitrage, FILB and the BVI Funds. FILB also had some inter-fund records for Composite and New Wave Fund Ltd. ("**New Wave**"). The management of each of FILB, Leveraged, Arbitrage, the Debtors, the BVI Funds, Composite and New Wave (collectively, the "**Affiliated Funds**") was controlled by entities owned and/or controlled by Mr. Fletcher. See FILB Trustee's Report and Disclosure Statement (FILB Docket No. 393) (the "**FILB Report**"), at 18. Hence there was a focus on cash and other assets among the Affiliated Funds and the funding of expenses. Again, this accord and cooperation accelerated the Trustee's learning curve and enabled her to respond to

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11 Kinetic's engagement was originally contemplated for a period of approximately four months. See Order Authorizing Chapter 11 Trustee to Retain and Employ Kinetic Partners as her Financial Consultant *Nunc Pro Tunc* to February 13, 2014 (Docket No. 233) (the "**Kinetic Retention Order**"), ¶ 2. At this time, Kinetic is providing services on an "as requested basis."

12 As used herein, "**Designated Debtors**" means Debtors Elite Designated, Premium Designated and Star Designated.

13 After the confirmation of FILB's chapter 11 plan (the "**FILB Plan**"), Mr. Davis became FILB's Plan Administrator (the "**FILB Plan Administrator**").

the very aggressive timeline set by the FILB Trustee for the FILB Case and confirmation of the FILB Plan.

The Trustee received, from the counsel and financial advisor to the then Debtors-in-possession, scattered documents including, without limitation, (incomplete) bank statements from Wilmington Trust, NA ("**Wilmington Trust**")[14] and other summaries prepared by Stuart MacGregor and Stewart Turner ("**Turner**"). There were no reports by the Debtors' financial advisors, no models, no Schedules or statements of financial affairs ("**Statements**") or work papers showing the commencement of these efforts. Instead, CohnReznick LLP's ("**CohnReznick**") primary work product was the 14-page Katz Affidavit submitted in connection with the litigation with respect to the appointment of a trustee and matters related to his testimony. No monthly operating reports had been prepared and filed. Essentially, the Trustee received raw data and virtually no analysis from the Debtors-in-possession's professionals.

Furthermore, the Trustee sought to obtain copies of information and documents relating to the Debtors (a) pursuant to the Order Authorizing Rule 2004 Discovery by the Trustee (Docket No. 200) (the "**Rule 2004 Order**") or (b) via informal requests for voluntary production of information and documents made either by the Trustee independently or in conjunction with the Soundview JOLs. As a priority, the Trustee focused on obtaining bank records, as well as records held by current and former administrators of the Debtors and current and former law firms representing the Debtors-in-possession. The Trustee was successful in obtaining most of this information without litigation or subpoenas and at minimal cost.

Other records required additional steps to be taken. Table 1 below sets forth the recipients of subpoenas issued by the Trustee along with the current status of each such request. Table 2 below sets forth the recipients of demand letters sent by the Trustee (either independently or in conjunction with the Soundview JOLs) requesting the production of information and documents along with the current status of each such request.

(1) Overview of Subpoenas Issued by the Trustee

Since her appointment, as part of her investigation, the Trustee has issued subpoenas to the parties identified below. Such parties' responses, if any, are also indicated below.

Party	Subpoena Sent?	Response received?	Documents received?
BNP Paribas	Y	Y	N
Citibank, N.A.	Y	N	N
Dakota Inc., The	Y	Y	Y
FILB Trustee[15]	Y	Y	Y

[14] Wilmington Trust thereafter provided the Trustee with the Debtors' bank statements related to their Wilmington Trust accounts.

[15] On June 29, 2012, FILB filed a petition for relief under title 11 of the United States Code (the "**Bankruptcy Code**") and Mr. Richard Davis was thereafter appointed FILB Trustee. The documents provided by the

Party	Subpoena Sent?	Response received?	Documents received?
HSBC Bank USA, NA ("**HSBC USA**")	Y	Y	Y
JPMorgan Chase Bank, N.A. ("**JPMorgan**")	Y	Y	Y
Kirkland & Ellis LLP ("**K&E**")	Y	Y	Y
Lampost Capital, LC	Y	Y	N
M&T Bank	Y	Y	Y
Midanek, Deborah Hicks	Y	N	N
Richcourt USA Inc.	Y	N	N
Soundview Capital Management ("**SCM**")	Y	Y	N[16]
Wilmington Trust	Y	Y	Y

(2) Overview of Demand Letters Sent by the Trustee

Since her appointment, as part of her investigation, the Trustee has sent demand letters to the parties identified in the schedule below. These parties' responses, if any, are also set forth below.

Party	Request Sent?	Response received?	Documents received?
Arnold & Porter	Y	N	N
Asset Holding Company 1 LLC	Y	N	N
Asset Holding Company 2 LLC	Y	N	N
Asset Holding Company 3 LLC	Y	N	N
Asset Holding Company 4 LLC	Y	N	N
Asset Holding Company 5 LLC	Y	N	N
BRG Investments LLC	Y	N	N
Brown Rudnick LLP	Y	Y	N

(continued…)

FILB Trustee to the Trustee included documents from various third parties which the FILB Trustee had obtained in the course of the FILB Case including, but not limited to, Lampost LC, McGladrey LLP, Duhallow Financial Services LLC, Richcourt Fund Services, LLC, Grant Thornton LLP, Eisner Amper LLP, Duff & Phelps LLC, Quantal International, Inc, Kohlberg Capital Corporation and Gyre Capital Management, LLC.

16 Mr. Levine, former counsel to Composite, indicated that the documents produced by the FILB Trustee included all documents produced by SCM. However, little or no documents of SCM were found in the FILB Trustee's production.

Party	Request Sent?	Response received?	Documents received?
Citco Banking Corporation N.V. ("**Citco Bank**")	Y	N[17]	N
Citco Fund Services (Cayman Islands) Ltd. ("**CFS Cayman**")	Y	N[18]	N
Citco Fund Services (Europe) BV ("**CFS Europe**")	Y	N	N
Citco Global Custody (NA) NV ("**Citco Global Custody**")	Y	N	N
CohnReznick LLP	Y	Y	Y
DMS Offshore Investment Services	Y	N	N
Equity Income Corporation	Y	N	N
Fletcher Jr., Alphonse "Buddy"	Y	N	N
Fletcher Asset Management ("**FAM**")	Y	Y	Y
Fletcher Dividend Income Fund	Y	N	N
Fletcher Equity Alpha Fund LP	Y	N	N
Fletcher Income Arbitrage Fund LP	Y	N	N
Forbes Hare	Y	N	N
Giglioli & Company	Y	Y	N
HSBC Bank (Cayman) Limited	Y	Y	Y
HSBC International Trustee (BVI) Limited	Y	Y	N
HSBC Private Bank (Monaco) SA ("**HSBC Monaco**")	Y	N	N
HSBC Private Bank (Suisse) SA	Y	N	N
Irell & Manella LLP	Y	Y	N
Kasowitz Benson Torres & Friedman LLP	Y	N	N
Kiely, Denis ("**Kiely**")	Y	N	N
Kirkland & Ellis LLP ("**K&E**")	Y	Y	Y
KPMG Accountants NV ("**KPMG Netherlands**")	Y	Y	Y
KPMG (Cayman)	Y	N	N
Ladner, George ("**Ladner**")	Y	Y	Y
Leveraged and Arbitrage JOLs[19]	Y	Y	Y

[17] The Trustee's November 2014 Report stated that the Trustee had received documents from Citco Bank and CFS Cayman. While the Trustee received documents from the U.S. counsel to various Citco entities, it was not disclosed which Citco entity actually produced the documents.

[18] Id.

Party	Request Sent?	Response received?	Documents received?
Loeb Smith & Brady ("**Loeb**")	Y	N	N[20]
MacGregor, Stuart	Y	Y	Y
Master Asset Holding Company LLC	Y	N	N
Morrison & Foerster LLP	Y	Y	Y
Muho, Gerti ("**Muho**")	Y	N	N[21]
Multi Manager Investors LLC	Y	N	N
New Wave Asset Management Inc.	Y	N	N
New Wave Fund SPC	Y	N	N
Ostad PLLC	Y	Y	Y
Patterson Belknap Webb & Tyler LLP ("**Patterson Belknap**")	Y	Y	Y
Paul Weiss Rifkin Wharton & Garrison LLP	Y	N	N
Perkins Coie LLP	Y	N	N
Pinnacle Fund Administration LLC	Y	Y	Y
Pitagora Capital Management Inc.	Y	N	N
Pitagora Fund	Y	N	N
Porzio Bromberg & Newman, PC[22] ("**Porzio**")	Y	Y	Y
Promethean Resources Inc.	Y	N	N
RF Services	Y	N	N
Richards Layton & Finger P.A. ("**Richards Layton**")	Y	N	N
Richcourt Allweather B Inc.	Y	N	N
Richcourt Acquisition Inc.	Y	N	N

(continued…)

19 On April 18, 2012, the Cayman Islands Court ordered the winding-up of Leveraged and on June 29, 2012 the shareholders of Arbitrage resolved to place Arbitrage into liquidation in the Cayman Islands. Thereafter, Robin McMahon and Kay Bailey of Ernst & Young LLP were appointed joint official liquidators of both Leveraged and Arbitrage (collectively, the "**Leveraged and Arbitrage JOLs**").

20 As set forth in more detail below, Loeb's claim was allowed in the amount of $110,037.41. See Docket No. 282.

21 Documents received by the Trustee from Mr. Muho suggest that the Trustee did not receive complete records from (a) other former insiders of the Debtors and (b) Mr. Muho. Mr. Muho provided the Trustee with a "sampling" of an allegedly greater number of responsive documents that Mr. Muho claims he holds.

22 Porzio is now counsel to the debtors out-of-possession.

Party	Request Sent?	Response received?	Documents received?
Richcourt Capital Management Inc.	Y	N	N
Richcourt Composite Inc.	Y	N	N
Richcourt Euro Strategies Inc.	Y	N	N
Richcourt Holding Inc. ("**RHI**")	Y	N	N
Richcourt Partners LP	Y	N	N
Richcourt Top Stars 1 Fund Ltd.	Y	N	N
Richcourt USA Inc.	Y	N	N
Ritch & Conolly	Y	Y	N
RPGP Ltd	Y	N	N
Saunders, Floyd	Y	N	N
Sher Tremonte LLP ("**Sher Tremonte**")[23]	Y	N	N
Skadden Arps Slate Meagher & Flom LLP	Y	N	N
Smeets Law (Cayman)	Y	N	N
Smith, Gary	Y	Y	Y
Solon Group Inc. ("**Solon**")[24]	Y	Y	Y/N[25]
SCM	Y	N	N
Soundview Composite Ltd.	Y	N	N
SS&C Technologies Inc.	Y	Y	N
Stuarts Corporate Services Ltd.	Y	N	N
Stuarts Walker Hersant	Y	Y	N
Turner, Stewart ("**Turner**")	Y	Y	Y
Vanquish Fund Ltd.	Y	N	N
Walkers Legal Services	Y	Y	N
Weil, Gotshal & Manges LLP ("**Weil Gotshal**")	Y	Y	Y

23 Sher Tremonte is now appearing for Composite. See Notice of Appearance (Adv. P. Docket No. 67).

24 Solon was the purported sole director of the BVI Funds. Ms. Midanek is the sole director of Solon. On July 2, 2014, John Ayres of PWC (BVI) Ltd. and David Walker of PWC (Cayman Islands) Ltd. were appointed joint provisional liquidators of the BVI Funds. On July 21, 2014, the BVI Funds were placed into official liquidation and Matthew Wright of RHSW (Cayman) Limited was appointed as an additional joint liquidator of the BVI Funds effective as of July 25, 2014 in lieu of Mr. Walker (Mr. Wright and Mr. Ayres, together, the "**BVI JLs**").

25 While the Trustee received certain documents from Solon, she did not receive all relevant information requested.

Party	Request Sent?	Response received?	Documents received?
Young Conaway Stargatt & Taylor LLP	Y	Y	N

(3) KPMG

The Trustee's investigation revealed that KPMG Netherlands acted as auditor for the Designated Debtors. The Trustee's investigation also identified evidence that KPMG in the Cayman Islands ("**KPMG Cayman**") as well as KPMG Netherlands provided auditing services to the Limited Debtors.

The Trustee has been working with the Soundview JOLs to obtain information and documents pertaining to the Debtors from KPMG Netherlands and KPMG Cayman since her appointment. In March 2014, a joint letter from the Trustee and the Soundview JOLs was sent to both KPMG Netherlands and KPMG Cayman requesting that they turn over all information, books and records in their possession, procurement and control regarding the Debtors. In response to this request, and after the Trustee signed an indemnification agreement, KPMG Netherlands provided the Trustee with copies of its work papers for the 2009 audit of the Designated Debtors.

In March 2015, the Soundview JOLs, in conjunction with the Trustee, sent a further request for information and documents pertaining to the Debtors, including any work papers or audit files, to KPMG Cayman. However, KPMG Cayman has refused to provide its working papers claiming that it has a policy of not releasing its working papers that is absolute. With respect to non-working files, KPMG Cayman informed the Soundview JOLs that while KPMG Cayman signed off on the audit of the Limited Debtors, the majority of papers are held by KPMG Netherlands.

Also in March 2015, after uncovering evidence to suggest that KPMG Netherlands was involved with the audit of the Limited Debtors as well, the Trustee (through her counsel) made a further written request to KPMG Netherlands for copies of all information in its possession pertaining to any of the Limited Debtors. KPMG Netherlands initially resisted the request claiming, among other things, that it did not have a contractual relationship with the Limited Debtors. However, on May 15, 2015, KPMG Netherlands sent the Trustee a schedule listing the 45 original documents in its possession relating to the Debtors that did not belong to KPMG Netherlands and to which it agreed to provide the Trustee with access. To this date, the Trustee has not received copies of these documents.

(4) Interbank Discovery

On or around November 13, 2014, in order to obtain more details regarding the financial transactions between the Debtors and their former insiders and after discussions with the Soundview JOLs, the Trustee served Wilmington Trust and HSBC USA with a subpoena for documents concerning their roles as the Debtors' intermediary clearing banks. Wilmington Trust provided documents in response to the subpoena on January 9, 2015, January 27, 2015 and February 4, 2015. HSBC USA has not produced any documents in response to the subpoena.

On January 12, 2015, the Trustee served JPMorgan with a subpoena for documents concerning its role as an additional intermediary clearing bank used by Debtors. On April 9, 2015, JPMorgan produced account and wire details in response to the Trustee's subpoena.

B. The Trustee's Investigation of Claims of the Debtors

(1) General

With the assistance of the FILB Report and access to the FILB Trustee's document production and database, the Trustee was able to focus on inter-fund issues and claims against the FILB estate and its feeder funds, *i.e.* Leveraged and Arbitrage. In addition, from documents provided by others the Trustee was able (a) to assemble and to organize the organizational history of most of the Affiliated Funds, including the Debtors, the BVI Funds, Composite, New Wave, Leveraged, Arbitrage and FILB, and (b) to put together the relationship of the Debtors, Composite, New Wave and the BVI Funds with Mr. Fletcher before and since his acquisition of a controlling interest in the management of these funds from The Citco Group Ltd. ("**Citco Group**") and Citco Trading, Inc. ("**Citco Trading**")[26] in June of 2008 (the "**Richcourt Acquisition**"), as well as Mr. Fletcher's modification of the various management agreements and fee arrangements during 2010 and the governance developments, such as a change in directors, in these funds. In addition to the FILB database, the Trustee was able to obtain the hard drive with documents belonging to the BVI Funds and the Debtors from Weil Gotshal. The Trustee also obtained most of the Debtors' bank account statements. Her financial consultant reconstructed the cash flows among the Debtors, FILB, the Fletcher Funds and the BVI Funds.[27]

Due to these efforts, the Trustee has identified potential claims against a number of entities, including insiders of the Debtors and their prior managers, as well as third parties. The pursuit of those claims was discussed with the FILB Trustee, was a part of the discussions on the Protocol with the Soundview JOLs and is ongoing.

(2) The Tolling Agreement

On June 10, 2014, the Trustee entered into a tolling agreement with various affiliated entities and individuals that are insiders of the Debtors, which tolls any cause of action available to any of the Debtors against such parties anywhere in the world until December 31, 2014, and which was subsequently extended until June 30, 2015 and, most recently, until September 24, 2015. Although the Trustee did not need the tolling agreement with respect to the Debtors' causes of action given section 108 of the Bankruptcy Code, the agreement was negotiated to protect the

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[26] See FILB Report, at 71 ("Approximately $48 million of the Louisiana Pension Funds' $95 million cash benefited Citco. It was used ... to lend to an AF entity to purchase RHI and its affiliates for $27 million from Citco Trading...") and 152 (quoting Letter from FAM to Leveraged Series N Investors, Aug. 13, 2009, at 4) ("In June 2008, FAM led a group of investors, including the Fund, affiliated funds, and founders of major alternative investment firms, in making an indirect investment in the Richcourt Group, an international fund of funds group previously controlled by the Citco Group.").

[27] The "**Fletcher Funds**" are, together, Leveraged, Arbitrage, FILB, Fletcher International Ltd. ("**FII**") and Fletcher Fixed Income Alpha Fund, Ltd. ("**Alpha**").

Soundview JOLs, depending on the Protocol and potentially the offshore claims and causes of action.

(3) The Trustee's Investigation of Claims against Insiders, Including Various Citco Entities

(a) General Overview, Document Requests and Interviews

The Trustee's investigation revealed that various entities affiliated with the Citco Group of Companies provided numerous services to the Debtors: (a) CFS Cayman, located in the Cayman Islands, acted as administrator to each of the Debtors; (b) CFS Europe, located in the Netherlands, acted as sub-administrator to each of the Debtors; (c) Citco Bank, also located in the Netherlands, acted as bank for each of the Debtors; and (d) Citco Global Custody, based in the Netherland Antilles, acted as custodian. The Trustee also identified that, during the period October 31, 2003 through August 30, 2010, approximately $250 million had been paid by the Debtors to various Citco entities. However, at this stage of the investigation, the incomplete nature of the Debtors' books and records prevents the Trustee from reconciling the vast majority of the payments.

Since her appointment, the Trustee has worked with the Soundview JOLs to obtain information and documents pertaining to the Debtors from the above-mentioned Citco entities.

i. As set forth above, shortly after her appointment, in March 2014, the Trustee and the Soundview JOLs sent joint letters to CFS Cayman, CFS Europe, Citco Bank and Citco Global requesting that those entities turn over all information, books and records in their possession, procurement and control relating to the Debtors. The U.S. counsel to various Citco entities provided the Trustee with certain documents in the spring of 2014. However, upon review it was apparent that the documents provided did not contain all the records that an administrator, sub-administrator, custodian and bank would reasonably be expected to maintain for their clients.

ii. In March 2015, the Trustee and the Soundview JOLs sent letters to CFS Cayman, CFS Europe and Citco Bank requesting the missing information and documents, as well as information and documents pertaining to certain topics that were relevant to the Trustee's ongoing investigation. The letters included a schedule identifying the approximately $250 million in payments made to Citco entities and asked the recipients to provide information to enable to Trustee to reconcile the various transactions. The three Citco entities, through their lawyers, responded to the March 2015 requests in April and May 2015. They claimed to have already provided all information and documents to which the Trustee and Soundview JOLs were entitled and resisted providing the information necessary to reconcile the numerous payments to Citco entities, as being outside the scope of the Trustee's or Soundview JOLs' powers.

In addition, counsel for the Trustee interviewed Denis Kiely and Stewart Turner, both former executives employed by FAM and/or related entities controlled by Mr. Fletcher. The interviews were wide-ranging and covered, *inter alia*, transfers to and among the Debtors and various Citco and Fletcher-related entities; organizational and jurisdictional issues for the period leading up to

the June 20, 2008 Richcourt Acquisition; the financial situation of the Debtors both before and after the Richcourt Acquisition; management and investment decisions made by those controlling the Debtors during those periods; the terms and conditions of the Richcourt Acquisition and related transactions; and potential misconduct and breaches of duty and contract both before and after the Richcourt Acquisition.

(b) The Trustee's Investigation of the Behavior of Insiders, Including Various Citco Entities

The Trustee's investigations indicate that the management, administration and servicing of the Debtors has been subject to a long-standing and multi-faceted scheme to defraud the Debtors and to breach the fiduciary duties owed to the Debtors by various entities and individuals. This pattern of misconduct began during the years when the Limited Debtors were owned, managed, controlled and serviced by various entities and individuals involved with the Citco Group of Companies, namely, Citco Group, Ermanno Unternaehrer ("**Unternaehrer**"), Citco Trading, SCM, RHI, CFS Cayman, CFS Europe, Citco Bank, Citco Global Custody, CFS Company Ltd. and CFS Corporation Ltd. (together, the "**Citco Entities**"). The pattern of misconduct continued after the ultimate majority ownership of the Limited Debtors was transferred to Fletcher and entities he ultimately controlled, and ultimately continued right up until the date of the Debtors' bankruptcy petitions.

Although the Trustee's investigation is still ongoing and is based, as noted above, on incomplete documentation as to the conduct of the Citco Entities, it appears that various breaches of fiduciary duty and fraud identified by the Trustee give rise to a number of potential claims against those who had been entrusted with safeguarding the Debtors' best interests. This section of the Amended and Revised Status Report describes the factual narrative which underpins those potential claims.

The Citco Entities' Ownership and Management of the Limited Debtors

<u>The Citco Group of Companies Operates as a Single Integrated Company Under a Centralized Control Structure</u>

Citco Group is a holding company for a global financial services organization described throughout its website and in marketing materials as the "Citco Group of Companies." The Citco Group of Companies operates in 40 countries across the world with over 5,000 staff and offers a wide range of financial and fiduciary services to hedge funds and other clients, including hedge fund administration, custody and banking, financial products and corporate and fiduciary services. The Trustee understands that the Citco Group of Companies operates as one integrated company through separate "divisions," with each division ultimately controlled by Citco Group through Citco Group's Executive Committee (the "**Citco Executive Committee**"). The Trustee also understands that the Citco Executive Committee appoints global directors to oversee the daily operations of each of the divisions and that each director acts on behalf of, and reports directly to, the Citco Executive Committee.

In its dealings with the Debtors, the Citco Entities marketed the Citco Group of Companies as functioning as a single integrated company. The Citco Entities even caused the Debtors to

describe their reliance on the integrated nature of the Citco Group of Companies in their offering materials presented to investors. A February 2008 presentation for Soundview Elite described how "Citco" provided all relevant services to hedge funds. And after describing how the investment manager of the Debtors was ultimately "owned by the Citco Group Limited," the presentation stated that "CITCO provides corporate/fiduciary, fund administration, fund advisory, brokerage, banking, data processing and international pension services." In sum, through its integrated and centralized control structure, Citco Group (through the Citco Executive Committee) directs the conduct of each of the Citco Entities.

In connection with the Debtors, the Citco Entities operated principally through Unternaehrer. Unternaehrer has been a key employee and officer in the Citco Group of Companies for over 20 years. He joined the group in 1991 and moved to the United States shortly after 1992 to establish the group's first broker-dealer. At all relevant times, Unternaehrer was an Executive Director of Citco Group, a Director of the financial services division of the Citco Group of Companies and a member of the Citco Executive Committee.

The Citco Entities Owned, Directed and Managed the Limited Debtors on a Day-to-Day Basis

While the Citco Group of Companies is most well known today for being a service provider, its business was not always so limited. In its earlier days, the Citco Group of Companies was also involved with the creation and investment management of investment funds. The so-called Richcourt Group was a family of investment funds and companies created by Citco Group which provided investment management and advisory services. It was Unternaehrer himself who established the first Richcourt fund in 1992, only one year after he joined the Citco Group of Companies. Thereafter, Unternaehrer remained an integral part of managing the Richcourt Group prior to and after the Richcourt Acquisition in June 2008. The Limited Debtors were individual funds which formed part of the larger Richcourt Group.

The overwhelming majority of the equity interests in the Limited Debtors were at all times owned by external investors, through their purchase of participating shares. For example, prior to the Richcourt Acquisition, Soundview Elite's authorized share capital consisted of 5 million shares divided as follows: (a) 100 voting non-participating shares of $0.01 per share; (b) 2,499,900 participating non-voting shares of $0.01 per share; and (c) 2,500,000 participating non-voting shares of €0.01 per share.

Meanwhile, the Limited Debtors' voting shares were indirectly owned by Citco Group. SCM, the Debtors' investment manager, owned all the voting shares in the Limited Debtors. SCM was itself wholly owned by RHI, whose direct parent company was Citco Trading. Citco Group owned all the shares of Citco Trading. Citco Group ensured potential investors in the Limited Debtors were aware of the involvement of Citco Group with SCM. The February 2008 presentation for Soundview Elite, for example, described how "[SCM] is an indirect wholly-owned subsidiary of Richcourt Inc., a British Virgin islands company that is owned by the Citco Group Limited." Upon information and belief, these three entities (*i.e.*, SCM, RHI and Citco Trading) formed part of the single integrated Citco Group of Companies that was directed and controlled by Citco Group via the Citco Executive Committee.

Citco Group ensured that all the companies in the Limited Debtors' corporate structure (*i.e.*, SCM, RHI and Citco Trading) were managed by the same four key individuals in the Citco Group of Companies: Unternaehrer, Yves Bloch ("**Bloch**"), Enrico Laddaga ("**Laddaga**") and Gabriele Magris ("**Magris**"). Unternaehrer (a member of the Citco Executive Committee) was a director of SCM and RHI. Bloch was a director of SCM, RHI and Citco Trading. Laddaga was a director of SCM and Citco Trading, and Magris was a director of RHI and Citco Trading.

These individuals were all well entrenched in the leadership structure of the Citco Group of Companies, each having been involved with the group for over 13 years: Unternaehrer and Bloch joined the Citco Group of Companies in 1991; Laddaga in 1999; and Magris in 2001. These individuals held positions of great responsibility and importance with the Citco Group of Companies. As set forth above, Unternaehrer was a member of the Citco Executive Committee as well as a director of the financial services division of the Citco Group of Companies. Bloch had previously served as Financial Officer of the financial services division of the Citco Group of Companies and was Financial Officer of the Richcourt Group at the time of the Richcourt Acquisition. All four of the individuals were appointed directors of multiple entities across the Richcourt Group. In fact, together, these four individuals were directors of all but one of the ten non-fund management companies that Citco Group transferred to Fletcher pursuant to the Richcourt Acquisition (Unternaehrer himself was a director of eight of them). These nine companies were as follows: (i) RHI (directors were Unternaehrer, Magris and Bloch); (ii) Richcourt (Monaco) S.A.M. (directors were Bloch and RHI (represented by Magris)); (iii) Richcourt Capital Management Inc. (directors included Unternaehrer); (iv) Richcourt Group S.A. (directors included Unternaehrer); (v) SCM (directors were Unternaehrer, Laddaga and Bloch); (vi) Richcourt (Suisse) S.A. (directors included Unternaehrer); (vii) New Wave Asset Management Ltd. (directors were Magris and Unternaehrer); (viii) Citco Richcourt (Luxembourg) S.A. (directors included Unternaehrer); (ix) Richcourt Find Advisors S.A.S. (director was Unternaehrer).

The Limited Debtors were each launched in the mid-2000s: Soundview Elite was launched on November 1, 2003; Soundview Premium on January 1, 2006; and Soundview Star on January 1, 2005. Each fund was structured as a "fund of funds," meaning that its portfolio consisted of investments in other investment funds. The Limited Debtors' stated investment strategy was to provide investors (*i.e.*, the participating shareholders) with direct exposure to a selected group of the most sought after hedge fund managers who had demonstrated the ability to make money under a variety of market conditions. However, unlike traditional funds of funds, the Limited Debtors only invested with investment funds that were "closed," meaning that they no longer accepted additional investments from the general investing public.

At all relevant times, SCM was the investment manager of the Limited Debtors. SCM was founded in 1999 by Citco Group to allow its clients to gain access to a group of hedge fund managers who had a key role in the hedge fund industry. Investment managers perform a critical role for the funds they manage as they are responsible for implementing the funds' investment strategies. The success or failure of a fund, therefore, depends in large part upon the performance of its investment manager. SCM performed this critical role for the Limited Debtors by determining with which closed investment managers the Limited Debtors would invest.

SCM's role and responsibilities were enumerated in separate, although substantially identical, investment management agreements with each of the Limited Debtors (the "**IMAs**"). Pursuant to these IMAs, Citco Group had the Limited Debtors appoint SCM their "true and lawful agent and attorney-in-fact" and SCM undertook, inter alia: (a) to cause the Limited Debtors to make investments in other investment funds or trading vehicles and to execute all documentation deemed appropriate (in SCM's absolute discretion) in connection with such investments; and (b) to monitor the performance of the investment funds or trading vehicles in which the Limited Debtors were invested. Essentially, Citco Group had the Limited Debtors hand over control of the investments made by external investors to SCM, placing their complete trust and confidence in SCM that it would manage those investments in accordance with the Limited Debtors' best interests and stated investment strategies. In this capacity, SCM (as well as its officers and directors) owed fiduciary duties to each of the Limited Debtors.

The substantial discretion afforded to SCM in managing the investments of the Limited Debtors, was not entirely without limitation. Pursuant to clause 1(e) of each of the IMAs, SCM undertook to "make all material disclosures to the Fund regarding itself and its officers, directors, shareholders, employees, affiliates and any person who controls the foregoing (collectively, "Principals and Affiliates") . . . or as are deemed necessary by the Fund to enable it to monitor the performance of the Investment Manager." The inclusion of this express duty in the IMAs underscored the importance to the Limited Debtors (and their investors) of ensuring they received all material information regarding any person controlling SCM or its affiliates/shareholders, and any potential conflicts of interest associated therewith. This, and the broad definition of "Principals and Affiliates" in the IMAs, provides additional evidence of the fact that Citco Group viewed itself (along with Citco Trading, RHI and SCM) as operating as a single unified organization with respect to the management of the Limited Debtors, and that the knowledge and actions of each of these entities were of particular importance to the Limited Debtors and their investors.

The IMAs gave SCM the power to appoint sub-advisors to manage all or a portion of the Limited Debtors' assets. Prior to the Richcourt Acquisition, SCM delegated certain of its investment management duties to Richcourt Fund Advisors Inc. ("**RFA**"), headquartered in New York. Each of the IMAs permitted SCM to utilize the advisory services of RFA provided SCM was responsible for compensating RFA directly.

Prior to the Richcourt Acquisition, Unternaehrer served as President of RFA's Allocation Committee and Chairman of SCM's Allocation Committee. Through his control of SCM and RFA, Unternaehrer was the individual primarily responsible for managing the investments of the Limited Debtors. Upon information and belief, the Allocation Committees were responsible for making decisions with respect to the allocation of the Limited Debtors' assets among various third party funds and investment managers. The February 2008 presentation for Soundview Elite described how the Limited Debtors were "managed based on the qualitative judgment of the members of [their] Allocation Committee and their general knowledge of the hedge fund industry . . . . The Allocation Committee will rely on its general knowledge of the hedge fund industry and of the particular hedge fund manager's reputation within the industry when making allocation decisions." The Limited Debtors therefore placed significant trust and confidence in

Unternaehrer to manage their investments in their best interests and with the care and loyalty properly to be expected of a fiduciary.

Citco Group further ensured its involvement with the management of the Limited Debtors by inserting its own affiliates (*i.e.*, CFS Company Ltd. and CFS Corporation Ltd. (together the "**Citco Directors**")) as directors of the Limited Debtors prior to the Richcourt Acquisition. The continued retention of the Citco Directors in this position was itself left to Citco Group's sole discretion as SCM (the Limited Debtors' sole voting shareholder that was itself controlled by Citco Group) controlled the election and removal of the Limited Debtors' directors. Soundview Elite's Private Placement Memorandum, dated June 2005, described the responsibilities of the Citco Directors as follows:

> They are responsible for managing the business and affairs of the Fund, including supervision of the activities of the Administrator, Subadministrator and Middle-Office Service provider and the maintenance of corporate records. The Directors establish and maintain the Fund's bank, custodial and other accounts and may exercise the power of the Fund under its Articles of Association to borrow and lend money.

The duties of the Citco Directors plainly involved the Limited Debtors placing a high degree of trust and confidence in them to monitor and supervise the operations of the Limited Debtors, including the Limited Debtors' borrowing and lending of money. In this capacity the Citco Directors owed fiduciary duties to each of the Limited Debtors.

The Citco Entities Were Paid Fees as the Limited Debtors Sole Service Provider

Citco Group's involvement with the Limited Debtors did not end with its direction and investment management of the Limited Debtors. Citco Group also inserted itself as the provider of all of the services required to operate the Limited Debtors. In particular, subsidiaries or affiliates of Citco Group acted as administrator, middle-office service provider, registrar and transfer agent, custodian and bank for the Limited Debtors. Citco Group and its subsidiaries or affiliates were paid substantial fees by the Limited Debtors for these services. As described above, these subsidiaries and affiliates were ultimately directed and controlled by Citco Group through the Citco Executive Committee.

CFS Cayman entered into agreements with each of the Limited Debtors pursuant to which it agreed to provide financial and accounting services, administrative, registrar and transfer agency services, corporate and registered office services and middle office services since at least September 2005 for Soundview Elite (the "**Elite Administration Agreement**") and Soundview Star (the "**Star Administration Agreement**") and January 2006 for Soundview Premium (the "**Premium Administration Agreement**," and together with the Elite Administration Agreement and the Star Administration Agreement, the "**Citco Administration Agreements**"). Since at least September 2005, for Soundview Elite and Soundview Star, and June 2007 for Soundview Premium, CFS Cayman delegated responsibility for some of its responsibilities under the Citco

Administration Agreements to CFS Europe (and together with CFS Cayman, the "**Citco Administrators**").

As administrator to the Limited Debtors, the Citco Administrators had two primary roles. First, they maintained the Limited Debtors' financial and accounting books and records. This included processing transactions and corporate actions, reconciling the Limited Debtors' bank accounts and portfolio holdings, and calculating each Limited Debtor's net asset value ("**NAV**") and fees. Second, the Citco Administrators prepared monthly financial statements for the Limited Debtors which included statements of the funds' assets and liabilities, operations, changes in NAV and portfolio holdings. In addition, the Private Placement Memoranda for the Limited Debtors stated that the Citco Administrators were charged with "communicating with the Funds' shareholders" and "preparing financial statements and periodic reports to shareholders."[28]

Pursuant to the Citco Administration Agreements, the Citco Administrators also agreed to serve as the Limited Debtors' middle office service provider and registrar and transfer agent. The primary role of a registrar and transfer agent is to receive and process subscription, transfer and redemption requests and payments to and from investors. This required the Citco Administrators to issue to investors or cancel (as the case may be) securities in the Limited Debtors. As registrar, the Citco Administrators assisted with the establishment and maintenance of the Limited Debtors' bank accounts and acted as authorized signatory on such accounts. This role also included disbursing payments for third party fees and maintaining registers of the holders of the Limited Debtors' securities.

The services provided by the Citco Administrators as middle-office service provider essentially concerned processing and administering the Limited Debtors' own investments as directed by SCM. Upon instruction from SCM, the Citco Administrators would submit to the custodian (which in this case was Citco Global Custody) subscription and redemptions requests in respect of the Limited Debtors' own investments. Upon receipt from Citco Global Custody of trade confirmations, the Citco Administrators would reconcile those confirmations and notify SCM of any discrepancies or missing confirmations. The Citco Administrators also monitored compliance with the Limited Debtors' investment restrictions (as set out in the Private Placement Memoranda) and, where possible, independently verified prices of the underlying funds in which the Limited Debtors were invested. Finally, the Citco Administrators would report on the cash management of each fund, including notifying SCM of any necessary liquidity requirements.

Other Citco Group affiliates were paid to provide additional services to the Limited Debtors. Citco Global Custody was the Limited Debtors' custodian. In this capacity, Citco Global Custody held the shares comprising the Limited Debtors' investment portfolios and dealt in those securities on behalf of and in the name of the Limited Debtors. Citco Global Custody also acted as custodian for certain external investors of the Limited Debtors.

Citco Bank provided the Limited Debtors with brokerage services, meaning Citco Bank effected purchase and sale transactions of shares in the name of either the Limited Debtors, Citco Bank or Citco Global Custody (as custodian). For each executed transaction, Citco Bank provided the

[28] See Private Placement Memorandum for Soundview Elite dated June 1, 2005, at 13.

Limited Debtors with a contract note evidencing the transaction. Citco Bank also held the bank accounts of the Limited Debtors, into which investors were directed to pay their subscription monies. These bank accounts were held with Citco Bank in New York, Amsterdam, Frankfurt and Zurich.

In ultimately managing all aspects of the Limited Debtors, Citco Group ensured there were open lines of communication between the investment management and administrative service providers that it controlled. For example, the Citco Administration Agreements obligated the Citco Administrators (in their provision of middle-office services), to "[a]ct[] as the liaison between the Investment Manager, Investment Advisor and the Funds' Custodian, enhancing the relationship between the various counterparties to the Fund, communicating relevant information to them and seeking new opportunities and efficiencies."[29] Ensuring that all parties involved with the management and servicing of the Limited Debtors were aware of what the others were doing was therefore recognized as being crucially important.

In that vein, Citco Group, through the Citco Entities, was involved in all aspects of the management and servicing of the Limited Debtors. Not only did it process subscriptions and redemptions into/from the Limited Debtors and process investments/redemptions by the Limited Debtors themselves but Citco Group (through its affiliates) also reconciled the Limited Debtors' asset, cash and portfolio positions, monitored the Limited Debtors' adherence to their investment restrictions, held and dealt the Limited Debtors' various investments, and housed the Limited Debtors' bank accounts. And Citco Group ensured that its affiliates and subsidiaries were paid fees by the Limited Debtors for the services provided by the Citco Entities.

Citco Group, through the Citco Entities, therefore knew: who was investing in and redeeming from the Limited Debtors, when and in what amounts; what the Limited Debtors' positions were in terms of cash, assets and liabilities and underlying investments; the movements of the Limited Debtors' monies and their liquidity needs; and whether the Limited Debtors' investments were in accordance with relevant investment restrictions.

The Citco Entities Each Owed Fiduciary Duties to the Limited Debtors

Leading up to the Richcourt Acquisition, the Citco Entities simultaneously acted as the Limited Debtors' owners, voting shareholders, directors, investment manager, administrator, middle-office service provider, registrar and transfer agent, custodian and bank. All aspects of the Limited Debtors' daily activities were run by the Citco Entities. The Limited Debtors had no employees of their own and so they reposed their trust and confidence in the Citco Entities to function on a daily basis.

The Citco Entities were also responsible for monitoring, processing and recording all aspects of the Limited Debtors' activities. The Limited Debtors entrusted the money invested by the third party investors to the Citco Entities and authorized them to manage those assets in the name of the Limited Debtors. The Limited Debtors therefore placed their utmost trust and confidence in the Citco Entities.

[29] See Elite Administration Agreement, Schedule 2, at (h).

Accordingly, the Citco Entities were fiduciaries of the Limited Debtors and as such were obligated to deal with the Limited Debtors at all times with the utmost good faith and with undivided loyalty. More specifically, the Citco Entities were required to act consistent with their duties of care, candor and loyalty and in the best interests of the Limited Debtors, for example, to disclose any conflicts of interests and not to engage in any form of self-dealing. As described below, the Citco Entities breached each and every one of these fiduciary duties by taking action that was in their own interests and contrary to the interests of the Limited Debtors.

The Sale of the Limited Debtors to Fletcher and FAM

The Citco Entities Knew that Fletcher and FAM Were Misusing Investor Funds

Since the late 1990's, Fletcher, through his wholly owned New-York based investment management company, FAM, managed the investments of the Fletcher Funds, a master-feeder fund structure. While FAM portrayed itself as a successful and experienced fund manager, in fact, as explained by the FILB Trustee after investigating this structure for many months, FAM (and its management and employees) had been perpetrating a long-running fraud against the funds it managed. FILB Report, at 1-2. Their misconduct included misusing investor monies for their own benefit and inappropriately taking inflated management fees. Id. at 5 and 7.

Master-feeder fund structures are commonly used in the fund industry to pool capital raised from investors in one central vehicle called the "master fund." Instead of investing directly with the master fund, investors purchase interests in separate vehicles or "feeder funds," which in turn invest their assets in the master fund. Typically, the master fund (by its investment manager) makes and holds all the portfolio investments and conducts trading activity, although the management and performance fees are generally payable to the investment manager at the feeder-funds level.

As explained in the FILB Trustee's Report, the master fund in the master-feeder fund structure managed by FAM was FILB and the three primary feeder funds were Arbitrage, Leveraged and Alpha. Id. at 13-14. An additional entity, FII, appears to have acted as both a master and feeder fund. Id. The Fletcher Funds' structure was designed to work as follows. Alpha and Leveraged invested the subscriptions they received in Arbitrage. Arbitrage, into which investors also made direct investments, pooled its direct investor subscriptions with the monies it received from Leveraged and Alpha and transferred those funds to FII. FII then transferred the funds to FILB, which used the funds to make the ultimate investments of the structure. FAM acted as investment manager to each of the Fletcher Funds. Id.

In mid-2012, each of FILB, Arbitrage, Alpha and Leveraged collapsed. Arbitrage, Leveraged and Alpha were each placed into liquidation in the Cayman Islands. Id. at 107-108. FILB filed for chapter 11 bankruptcy protection in this Court and on September 28, 2012, this Court approved the appointment of the FILB Trustee.

On January 24, 2014, the FILB Trustee issued the FILB Report, which reported his findings from the detailed investigation into the financial affairs of FILB that he had conducted. The FILB Report disclosed that the Fletcher Funds had been subjected for years to gross mismanagement

and fraud at the hands of Fletcher and FAM. Id. at 1-2. Ultimately, in March 2014, the sole investor in Alpha (the Massachusetts Bay Transportation Authority Retirement Fund (the "**MBTA**")) along with Alpha, Leveraged, Arbitrage and FILB, filed a complaint against, *inter alia*, Fletcher and FAM in the New York Supreme Court, which echoed the conclusions of the FILB Trustee. [30]

Prior to the Richcourt Acquisition, the Citco Entities were well aware of the misconduct of Fletcher and FAM in their dealings with investor money. Indeed, as outlined in the FILB Report, in the period leading up to the Richcourt Acquisition, Fletcher and FAM improperly misused funds that had been invested by two core investors in the Fletcher Funds, with the full knowledge and substantial assistance of the Citco Entities. FILB Report, at 1-2,

For example, on June 8, 2007, the MBTA invested $25 million in Alpha, becoming the sole investor in this fund. But the majority of such funds was not used to make legitimate investments, as required by Alpha's Private Placement Memorandum. Instead, according to the FILB Report, FAM used the MBTA's subscription to make loan repayments to Citco Group affiliates and subsidiaries, namely, Citco Bank and STF Bank N.V. (together the "**Citco Lenders**"), to satisfy outstanding redemption requests from other investors and to pay margin calls and fees owed by entities other than the MBTA. Id. at 69-70.

According to the FILB Report, FAM and Fletcher also misappropriated the investments of three pension funds, namely, the Firefighters' Retirement System, the Municipal Employees' Retirement System and the New Orleans Firefighters' Pension and Relief Fund (together, the "**Louisiana Pension Funds**"). These pension funds invested a total of $100 million in Leveraged on March 31, 2008 and April 1, 2008. Again, instead of investing these monies properly, in accordance with Leveraged's stated investment strategy, the FILB Trustee found that Fletcher and FAM used the funds for their own benefit and for the benefit of Citco Group and its various subsidiaries and affiliates in the following ways. Id. at 71-72 and 149-150.

First, the FILB Trustee found that the Citco Lenders were paid $13.5 million of the Louisiana Pension Funds' money as repayment of the balance owed to them on $60 million in loans they had previously made to Leveraged. Id. at 72. Citco Group had been pressuring FAM and Fletcher to repay the loans since 2005. Given the illiquidity of the Fletcher Funds, however, Citco Group had been forced to grant FAM and Fletcher multiple extensions. Upon information and belief, Unternaehrer acted as agent for the Citco Group in connection with these loans and extensions. Once the new money came in from the Louisiana Pension Funds, Fletcher and FAM used it to repay the loans.

Second, the Louisiana Pension Funds' investment was used to fund the June 2008 Richcourt Acquisition itself. Id. at 72-77. According to the FILB Report, Fletcher and FAM siphoned off $27 million from the Louisiana Pension Funds' investment, to pay to Citco Trading (via a series of Fletcher affiliates) so that Richcourt Acquisition Inc. ("**RAI**") (an affiliate of Fletcher and FAM) could acquire a majority stake in RHI, the holding company of the Richcourt Group. Id. The

[30] See Complaint, filed March 31, 2014, in *Fletcher International, Ltd. v. Fletcher, Jr., Alphonse*, Case No. 651015/2014 (Docket No. 2) (the "**FILB Complaint**").

FILB Trustee described how Citco Group had been working to rid itself of the Richcourt Group for some time due to pressure it was receiving from clients of its primary business (that of fund administration) who were concerned that Citco Group's ownership and management of a rival fund might present conflict of interest issues. Id. at 77. Unternaehrer was intimately involved with the transaction as Citco Group's primary negotiator and agent. Id. at 152.

Third, the FILB Report described how $4.1 million of the Louisiana Pension Funds' money was ultimately paid to Unternaehrer, as part of a sweetheart deal he negotiated with Fletcher and FAM, that was directly approved by Christopher Smeets ("**Smeets**"), Citco Group's President and CEO and another member of the Citco Executive Committee. Id. at 77-79. Unternaehrer negotiated this transaction at the same time he was negotiating the Richcourt Acquisition. Id. at 152. According to the FILB Trustee, the deal was structured as follows. Id. at 77-79. Unternaehrer contributed certain illiquid shares he owned in FFC Fund Ltd. ("**FFC**") to an entity called Fletcher International Partners, Ltd. ("**FIP**"), in return for shares. The FFC shares were FIP's only asset and both Unternaehrer and Smeets knew the shares were grossly overvalued. Indeed, while Unternaehrer valued his contribution at $10.5 million, an account statement by FIP's custodian (yet another affiliate of Citco Group) valued the shares at a mere $2.7 million as at December 31, 2008. Next, Fletcher and FAM caused FILB to contribute $6.6 million ($4.1 million of which came from the Louisiana Pension Funds' investment) to FIP in return for the shares. Unternaehrer then redeemed the majority of his FIP shares for a cash payment of almost $6.6 million. Finally, Unternaehrer's pension plan contributed an additional $2.5 million in cash to FIP, and FILB redeemed $2.5 million. Over a year later, additional transactions took place by which both Unternaehrer and his pension plan received additional funds from FIP.

Fourth, over tens of millions of dollars of the $100 million invested by the Louisiana Pension Funds went to paying margin calls, fees (including management fees to FAM), expenses and redemptions owed by entities other than the Louisiana Pension Funds. Id. at 72.

According to the FILB Trustee, using investor funds for purposes other than to make valid investments on the funds' behalf and to pay reasonable and properly calculated fees and expenses, was a violation of Alpha and Leveraged's investment restrictions as set out in their Private Placement Memoranda. Id. at 24-25 and 149. None of the payments described above delivered any investment return for the funds' investors. Instead, almost half of the monies misappropriated from the Louisiana Pension Funds were used to line the pockets of Citco Group and its executives and subsidiaries or affiliates. Id. at 149. The Citco Entities knew or should have known this but said nothing to Alpha or Leveraged, their investors, or to the Limited Debtors or their investors.

The Citco Entities knew or should have known that Fletcher and FAM were misappropriating the investments of the MBTA and the Louisiana Pension Funds, for their own benefit and for the benefit of Citco Group and its subsidiaries and affiliates. At the time of the relevant investments and their subsequent misappropriation, affiliates or subsidiaries of Citco Group provided all necessary fund services to Alpha, Leverage and Arbitrage. Citco Group affiliates and subsidiaries acted in the same service provider capacities, as they were doing for the Limited Debtors at the time, namely, administrator, custodian and bank. The Citco Lenders were also direct lenders to Leveraged and Citco Trading acted as marketing agent to Arbitrage.

Given the pervasive role Citco Group subsidiaries and affiliates played within the Fletcher Funds and the fact that the Citco Group of Companies operates as a single integrated organization under the direction and control of Citco Group through the Citco Executive Committee, the Citco Entities knew or should have known about the various misappropriations involved in Fletcher and FAM's misconduct towards the investors in Arbitrage, Leveraged and Alpha. At the very least, the Citco Entities knew the following:

- The Citco Lenders had demanded that the Fletcher Funds repay $60 million which the Citco Lenders had lent Leveraged;

- Prior to the Louisiana Pension Funds' investments, the combined cash positions of the relevant funds were insufficient to satisfy all the demands facing those funds, *i.e.*, the loan repayments to the Citco Lenders, redemption requests from investors, and fees and expenses;

- The timing and amount of the MBTA and Louisiana Pension Funds' investments, and, accordingly, how the invested funds were used by the Fletcher Funds to pay obligations it owed to various subsidiaries and affiliates of Citco Group and other improper recipients; and

- The investment restrictions and strategies of the relevant funds within the Fletcher Funds (including Arbitrage, Leveraged and Alpha) and, therefore, that the funds invested by the MBTA and Louisiana Pension Funds were used for improper purposes.

Unternaehrer was well aware of the wrongdoing by Fletcher and FAM. He was Citco Group's agent and the primary interface between the Fletcher Funds/FAM and Citco Group and its various affiliates and subsidiaries. He was the lead negotiator for Citco Group in connection with the Richcourt Acquisition, and he had been actively involved in and personally benefitted from the transaction which led to him improperly acquiring $4.1 million in cash derived directly from the Louisiana Pension Funds' investment (a transaction which also took place with the knowledge of Citco Group's President and CEO, Smeets). Id. at 152. Unternaehrer was also a member of the Citco Executive Committee to which all of Citco Group's subsidiaries and affiliates reported.

Thus, not only did the Citco Entities have knowledge of (and improperly benefit from) the misappropriation of investor funds by Fletcher and FAM, they affirmatively and materially assisted these misappropriations. Fletcher and FAM would not have been able to misuse investor money in this manner without the substantial participation and assistance of the Citco Entities.

The Corsair Transaction

By way of further example, before the Louisiana Pension Funds agreed to invest in Leveraged, they required that the non-voting participating shares they were to acquire (known as "**Series N Shares**") should have priority over the other non-voting participating shareholders in the fund. Id. at 62-63. The Series N Shares were guaranteed a preferred 12% annual return to be funded either by an increase in the value of the fund's underlying investments or from the capital accounts of the other investors (*i.e.*, non-Series N shareholders). Id. at 63. If the capital accounts of the other external investors fell below 20% of the value of the Series N Shares, then the

Louisiana Pension Funds' investment would be automatically redeemed. Id. And, if any of the other investors sought to redeem their shares, the Louisiana Pension Funds' shares would be redeemed one day prior to any such other redemptions. Id.

Implementing these demands would effectively subordinate the shares of the remaining non-voting participating shareholders in Leveraged to those owned by the Louisiana Pension Funds. As such, the consent of the remaining non-voting shareholders was required. According to the FILB Report, the only investor in Leveraged not related to FAM or its affiliates at that time was an investment vehicle called the Corsair (Jersey) Limited Programme-Zero Coupon Fund linked Guaranteed Principal Protected Notes ("**Corsair**"). Id. at 63-64. The representative of the Corsair investors for voting purposes was Magris (who was at the time a director of Citco Trading, RHI and multiple other companies in the Richcourt Group) and Magris, with the knowledge of Unternaehrer, provided the necessary consents on behalf of the Corsair investors.

When Magris provided these necessary consents on behalf of Corsair, the Citco Group knew, given the pervasive involvement with the Fletcher Funds of the Citco Group of Companies (including as administrator to the feeder funds in the Fletcher Funds since 1997), that the returns posted by Arbitrage (into which Leverage invested as part of the master-feeder fund structure) had historically been well below 12%. Indeed, according to the FILB Report, from June 1997 to December 2007, Arbitrage's annualized net returns were a mere +8.13%. Id. at 64. Thus, Citco Group knew that it was a virtual certainty that the other investors in Leveraged (including Corsair) would end up funding the Louisiana Pension Funds' guaranteed 12% annual return. By providing the necessary consents in these circumstances, not only did Citco Group assist FAM and Fletcher's breaches of fiduciary duties in misappropriating investor funds, but Citco Group also breached its own fiduciary duties to the Corsair investors by acting against their best interests.

Conflicts of Interest Tainted the Citco Entities' Dealings with the Limited Debtors

The Citco Entities also placed themselves in numerous positions where their interests conflicted with those of the Limited Debtors in the lead up to the Richcourt Acquisition. According to the FILB Report, Citco Group was facing intense pressure from clients of its hedge fund administration business, to exit the fund management business altogether. These clients (rightly) viewed Citco Group's ownership of a fund competitor as creating a conflict of interest for Citco Group. Id. at 77. Citco Group's own interest, therefore, was to sell the management of the Limited Debtors to a third party as soon as possible and to maximize returns from that sale.

According to the FILB Report, Fletcher and FAM's offer for the Richcourt Group was the best offer received by Citco Group, as they were the only auction participant to make an all-cash bid. Id. at 74. This is unsurprising given that, upon information and belief, Citco Group (via Unternaehrer) was working behind the scenes of the formal bidding process to feed Fletcher and FAM information that would ensure it succeeded with its bid.

Citco Group also had a conflict of interest in that it was interested in getting repaid on the $60 million in loans it had made to the Fletcher Funds. Unternaehrer also had a personal interest in receiving his $6.6 million cash payment. Citco Group therefore had a vested interest in having Fletcher and FAM succeed in the auction and in continuing to misappropriate investors monies, as

it should have been clear to Citco Group (acting through its subsidiaries administering the funds managed by Fletcher and FAM at that time) that the Fletcher Funds had insufficient monies to pay any of these benefits to Citco Group without pilfering the monies invested with its funds.

The interests of the Limited Debtors on the other hand were simple, to ensure they were managed by an experienced and competent manager that would not misappropriate their investors' funds.

Thus, at the time of the Richcourt Acquisition, Citco Group was in a position where its interests clearly conflicted with those of the Limited Debtors, entities to which the Citco Entities owed fiduciary duties. However, Citco Group (and all the other Citco Defendants) failed to inform the Limited Debtors (and their investors) of this clear conflict of interest. Instead, the Citco Entities acted in their own self-interest (in completing the Richcourt Acquisition so as to exit the fund management business as well as in failing to inform the Limited Debtors and their investors about Fletcher and FAM's improper conduct, in order to get their loans repaid and securing other benefits), letting their interests trump those of the Limited Debtors.

In June 2008, the Citco Entities Breached their Fiduciary Duties by Transferring Majority Ownership of the Limited Debtors to Fletcher and FAM

On June 20, 2008, the Richcourt Acquisition, which Unternaehrer had negotiated as agent for Citco Group, with Fletcher and FAM, was consummated. The transaction was structured so that RAI, an entity ultimately owned and controlled by Fletcher, acquired from Citco Trading 85% of the Richcourt Group's holding company, RHI (which was also SCM's direct parent company). The transaction therefore provided FAM and Fletcher with a majority controlling interest in SCM and the funds it managed, including the Limited Debtors. Citco Group (via Citco Trading) retained a 15% interest in RHI, with an associated put option worth $5 million, which Citco Trading continues to hold.

As set out above, the Richcourt Acquisition was clearly not in the Limited Debtors' best interests. Prior to the Richcourt Acquisition, the Citco Entities knew of Fletcher and FAM's misconduct in managing their investors' money, but the Citco Entities were in a position where their own financial interests directly conflicted with the interests of the Limited Debtors, likely prompting the Citco Entities not to disclose what they knew of Fletcher and FAM's misconduct towards investors in the Fletcher Funds. Given the financial benefits the Citco Entities expected to receive from the completion of the Richcourt Acquisition and continued misappropriation of investor monies by Fletcher and FAM, the Citco Entities were incentivized not to disclose to the Limited Debtors or their investors the Citco Entities' conflicts of interest and expected pecuniary gains from the proposed Richcourt Acquisition.

The Citco Entities breached their fiduciary duties to the Limited Debtors by: (i) failing to provide full and complete disclosure to the Limited Debtors (and their investors) of any and all knowledge they had suggesting that the Richcourt Acquisition was not in the Limited Debtors' best interests and the nature and extent of their own conflict of interest; and (ii) failing to take any reasonable action to protect the interests of the Limited Debtors. For example, prior to the Richcourt Acquisition, to avoid the Limited Debtors' assets being subject to mismanagement and misappropriation by FAM and Fletcher, the Citco Entities could have, but failed: to terminate the

Limited Debtors' investment management agreements with SCM; to recommend to the Limited Debtors' investors that they redeem their shares; to compulsorily redeem all of the investors' participating shares in the Limited Debtors; and/or otherwise to place the Limited Debtors under the supervision of independent (*i.e.*, non-conflicted) fiduciaries (whether by putting them into a solvent liquidation process or otherwise).

As a result of the Citco Entities' actions (and omissions), the Limited Debtors suffered substantial losses constituting, *inter alia*, all investments made by or on behalf of the Limited Debtors following the Richcourt Acquisition (including their investments in the Fletcher Funds) and all fees and expenses paid out by the Limited Debtors to the various subsidiaries and affiliates of Citco Group or any other third parties following the Richcourt Acquisition. The total amount of the Limited Debtors' damages is to be established at trial.

Misconduct Directed Towards the Debtors Continued After the Closing of the Richcourt Acquisition

As a result of the Richcourt Acquisition, Fletcher and FAM acquired a majority controlling interest in the Richcourt Group, including the Limited Debtors. Citco Group continued to retain a 15% ownership interest in the enterprise. Given the long experience and pervasive role played by the Citco Entities in the operations of these funds, Fletcher and FAM relied heavily (even after the acquisition) on the Citco Entities (with the exception of the Citco Directors, who resigned upon completion of the Richcourt Acquisition) to continue to manage and service the Limited Debtors.

After the Richcourt Acquisition, Fletcher installed two of his long-term trusted associates Kiely and Turner to the boards of the Limited Debtors and SCM. By this time, both Turner and Kiely had been with FAM for over a decade and were themselves directors of FAM.

The IMAs between SCM and the Limited Debtors remained in place following the Richcourt Acquisition. Many of the Citco employees who had been working on the Richcourt Group from Citco's various offices, including in New York, prior to the Richcourt Acquisition, either continued with their previous roles or were hired by FAM. The daily investment operations of the Richcourt Funds, including the Limited Debtors, were therefore managed by a team of individuals made up of employees of FAM and employees of various companies in the Richcourt Group. This team made up of Richcourt and FAM employees is hereinafter referred to as the "**Richcourt Team**."

In other words, many of the Richcourt employees that had been responsible for the daily management and administration of the Limited Debtors prior to the Richcourt Acquisition, continued in place following the Richcourt Acquisition as part of the Richcourt Team. This included, *inter alia*, Unternaehrer, Laddaga, Magris and Bloch. Indeed, a presentation for the Limited Debtors dated November 2008 included the biographies of each of these four individuals as the key "Richcourt Professionals" involved with managing the investments of the Limited Debtors.

A presentation for Soundview Elite dated April 2009, included a structure chart which depicted the investment team of the Richcourt Group that managed the investments of the Limited Debtors

as follows. The Richcourt Team, comprised of former Citco employees and new employees hired by FAM, and based New York, San Francisco, Paris and Monaco, conducted research and provided investment and risk management advice. The Richcourt Team reported directly to Kiely and Turner, as SCM's investment committee. SCM's investment committee in turn was overseen by an "Executive Board" consisting of the following individuals at that time (*i.e.*, April 2009): Fletcher, Kiely, Turner, Todd Fletcher (Fletcher's brother) and Unternaehrer. These individuals were also, at that same time, the directors of RHI, which suggests that the "Executive Board" was RHI, such that RHI directly oversaw SCM's investment committee. This is consistent with SCM's ownership structure as SCM's direct and sole parent company was, at all material times, RHI. Following the completion of the Richcourt Acquisition, Fletcher installed himself and Kiely to the board of RHI, joining Unternaehrer who remained on RHI's board for over three years following completion of the Richcourt Acquisition. Turner was added to RHI's board in December 2008 along with Fletcher's brother, Todd Fletcher. Thus, from June 2008 until at least December 2011, RHI was controlled jointly by FAM/Fletcher and Citco Group. Thereafter, RHI (and consequently the Richcourt Team) were controlled by Fletcher and FAM.

After the Richcourt Acquisition, the Citco Administrators, Citco Global Custody and Citco Bank continued to provide all necessary fund services to the Limited Debtors as administrator, registrar, transfer agent, middle-office service provider, custodian and bank. The Limited Debtors also continued to have no employees of their own. The Richcourt Team, subject to the oversight of SCM and RHI and ultimately Citco Group and FAM/Fletcher, were responsible for managing the Limited Debtors' investments on a daily basis. The Limited Debtors placed their own assets into the hands of these entities and individuals and trusted that they would be managed carefully, loyally and in the best interests of the Funds. As such, these entities and individuals owed the Limited Debtors fiduciary duties.

However, as set out below, instead of acting as appropriate and responsible fiduciaries, the relevant Citco Entities, continued to improperly manage the Limited Debtors' investments. Among other things, they caused the Limited Debtors to make investments that were wholly contrary to the best interests of the Limited Debtors. For example, they transferred hundreds of millions of U.S. Dollars to Citco Group affiliates or subsidiaries without apparent justification. And Fletcher and FAM, having abused the investors in the Fletcher Funds for years, now turned their attention to the Limited Debtors as a new source of monies to be misappropriated.

The Limited Debtors Deteriorated Rapidly, Prompting Numerous Investor Redemptions

Within months of being acquired by FAM and Fletcher, the Richcourt Group's assets under management ("**AuM**") declined substantially. The Richcourt Group as a whole suffered massive redemptions following June 2008. As the FILB Report concluded, the number of such redemptions was exacerbated by the fact that the Richcourt Group's lines of credit (which were in place to provide liquidity for redemptions) were not renewed in September 2008, thereby forcing the funds in the Richcourt Group to expend their own assets to cover the incoming redemption requests. See FILB Report, at 76-77. By November and December 2008, the Richcourt Group was forced to suspend or gate redemptions in funds representing approximately 88% of its AuM. Id. at 77. Records reflect that at year end 2007, the Richcourt Group's AuM had been approximately $1.594 billion. By year end 2008, it had dropped to approximately $1.052 billion,

a loss of over $500 million which had occurred primarily after June 2008. Only two years later, the Richcourt Group's AuM had all but disappeared, totalling a mere $175 million as of December 31, 2010.

Not surprisingly, the Limited Debtors suffered extensive losses during this period. They too were inundated with a wave of redemption requests in mid-2008 which significantly impacted the Limited Debtors' NAVs. The following table (derived from the records of the Limited Debtors) shows the deterioration of the net monthly returns (on a percentage basis) of the U.S. Dollar share class for each of Limited Debtors' during the period April 2008 through December 2008.

	Soundview Elite (%)	Soundview Premium (%)	Soundview Star (%)
April 2008	1.22	1.59	1.78
May 2008	2.66	3.73	1.56
June 2008	0.2	0.20	-0.79
July 2008	-1.87	-4.55	-3.15
August 2008	-1.12	-1.48	-1.41
September 2008	-9.57	-9.61	-7.16
October 2008	-7.12	-8.77	-5.81
November 2008	-1.85	-4.21	-2.10
December 2008	-2.04	-3.45	-1.48

As a result of, *inter alia*, the Limited Debtors' declining returns and substantial redemptions, on December 18, 2008, Kiely and Turner, in their capacity as directors of the Limited Debtors, resolved to suspend the calculation of the Limited Debtors' NAVs as well as all subscriptions and redemptions from the November 28, 2008 redemption date.

The Designated Debtors Were Created to Thwart Investor Redemptions

On March 19, 2009, SCM and RHI (ultimately jointly controlled by Citco Group and Fletcher/FAM) established the Designated Debtors as a way of removing illiquid assets from the Limited Debtors' portfolios and to provide a mechanism whereby the Limited Debtors could avoid having to pay out fund assets (*i.e.*, cash) to redeeming investors.

The Designated Debtors were special purpose vehicles which acted as closed-ended investment funds (meaning that, once launched, they would not be subject to any further subscriptions or make any further investments) and housed the illiquid investments of the Limited Debtors. By parking illiquid investments in the Designated Debtors in this way, SCM and RHI were able to mask the Limited Debtors' inability to pay cash to redeeming investors by instead purporting to provide "in kind" redemptions to such investors. Pursuant to this purported "in kind" redemption, shareholders who sought to redeem their shares in the Debtors during the period October 1, 2008 to December 31, 2008 were paid partly in cash and partly with shares in the illiquid Designated Debtors. More specifically: redeeming investors of Soundview Elite received part of their

redemption proceeds in shares in Elite Designated; redeeming investors of Soundview Premium received part of their redemption proceeds in shares in Premium Designated; and redeeming investors of Soundview Star received part of their redemption proceeds in shares in Star Designated.

According to the Limited Debtors' Private Placement Memoranda, that were altered in May 2009 following the creation of the Designated Debtors, the strategy of the Designated Debtors was to:

> "[P]ursue an orderly liquidation of its assets over time in an effort to distribute proceeds to the [Designated Debtors'] shareholders. The distribution of proceeds will be accomplished through a repurchase of the [Designated Debtors'] Shares by the [Designated Debtors] at intervals to be determined by the Directors, at such times that sufficient liquidity exists in the [Designated Debtors] to fund repurchase." See Soundview Elite Private Placement Memorandum, dated May 2009, at 10.

Following the creation of the Designated Debtors, and with liquidity supposedly returned to the Limited Debtors, the suspension of the calculation of the Limited Debtors' NAV, subscriptions and redemptions was lifted. But by then a substantial number of investors had been stuck with shares in the Designated Debtors which held illiquid investments. This effectively delayed and hindered their ability to get their money out of the Debtors prior to their ultimate bankruptcy.

Through the ruse of these purported "in kind" redemptions, the Limited Debtors seemingly navigated the initial stages of the financial crisis, with its numerous redemption requests, increasing illiquidity in fund investments, and the non-renewal of existing credit lines. It was now more important than ever for them to be managed carefully, responsibly and with their best interests in mind. Unfortunately, Fletcher, FAM and the Citco Entities who owed fiduciary duties to the Debtors at this time ignored all such obligations. Instead, they abandoned the interests of the Debtors and acted contrary to the interests of the Limited and Designated Debtors. In short, Fletcher, FAM and the Citco Entities (with the exception of the Citco Directors who had ceased playing a role at this time) actively pursued their own personal and corporate interests at the expense of the funds they were charged with managing and servicing. They used fund assets for their own purposes, ignoring the plight of investors and in doing so acted entirely adversely to the Limited Debtors' interests.

The Fletcher and Citco Entities Caused the Limited Debtors to Make Subordinated Investments in Arbitrage and Leveraged

In April and May 2009, a couple of months after the launch of the Designated Debtors, Fletcher/FAM and the Citco Entities caused the Limited Debtors to invest over $11 million into Arbitrage. This was done to enable the Fletcher and FAM to complete their fraud against investors in FILB -- a fraud later uncovered by the FILB Trustee.

Fletcher, FAM and the Citco Entities caused Soundview Elite to make an investment of $5 million into Arbitrage on April 15, 2009 and Soundview Premium to make an investment of €2

million into Arbitrage on May 5, 2009. On May 5, 2009 and May 29, 2009, Soundview Star invested a total of €2.7 million into Arbitrage.

As explained in the FILB Report, the Fletcher Funds had been grossly mismanaged by Fletcher and FAM for a considerable period of time before these purported "investments" by the Limited Debtors. Investor monies had been misappropriated and used for a variety of purposes, outside the scope of the relevant fund's investment restrictions, including the above-mentioned sweetheart transaction with Unternaehrer and improper repayment of the Citco Lenders' loans. Indeed, after investigating Fletcher and FAM for many months, the FILB Trustee concluded that: (i) the Fletcher Funds had "many of the characteristics of a Ponzi scheme"; and (ii) among the facts obscured by the fraud was the fact that the Fletcher Funds was likely insolvent by the end of 2008. See FILB Report, at 2 and 9. Under these circumstances (which were clearly known to Fletcher, FAM and the Citco Entities at the time), the Limited Debtors' purported investments into Arbitrage were contrary to the best interests of the Limited Debtors. The roles played by Fletcher, FAM and the Citco Entities in effecting these purported investments represent violations of the fiduciary duties these entities and individuals owed to the Limited Debtors.

In October 2009, six months after this initial $11 million investment into Arbitrage, Fletcher, FAM and the Citco Entities caused Soundview Premium and Soundview Star's holdings in Arbitrage to be converted, through a purported "in kind" transfer, into shares of Leveraged. This transfer was also contrary to the Limited Debtors' best interests. Leveraged was the very same fund from which the Louisiana Pension Funds' investments had been misappropriated. In addition, as noted above, to seal the deal on the Louisiana Pension Funds' $100 million investment into Leveraged at the end of March 2008, Citco Group (acting through Magris with the knowledge of Unternaehrer) had inappropriately consented, on behalf of investors it acted for in Corsair, to the creation of a new class of shares in Leveraged, the Series N Shares. As explained above, all other non-Series N shares were structurally subordinated (from both a capital and income perspective) to the Series N Shares held by the Louisiana Pension Funds.

The shares that Fletcher, FAM and the Citco Entities had Soundview Star and Soundview Premium acquire in October 2009 were not Series N Shares. They were all shares representing interests that had been subordinated to the Series N Shares. As a practical matter, this meant that, unless Leveraged's performance remained above +12% per year, the investments of Soundview Star and Soundview Premium would be diminished to provide the Louisiana Pension Funds with its guaranteed 12% annual return. According to a presentation by FAM to SCM dated September 2009, by August 31, 2009, Leveraged's annual net return was -9.23% and its annual net return for 2008 had been a dire -35.89%. In fact, the last time Leveraged's performance had exceeded 12% was in 2001. It was therefore a virtual certainty that Soundview Star and Soundview Premium would never see a return on these purported investments in Arbitrage (and later Leveraged).

Fletcher, FAM and the Citco Entities knew that these subscriptions and transfers by the Limited Debtors into the Fletcher Funds were not in the best interests of the Limited Debtors. Unternaehrer, who had been directly and intimately involved with the misappropriation of funds by FAM from the Louisiana Pension Funds, remained a member of RHI's board (that oversaw SCM's investment committee) as well as a member of the Citco Executive Committee. Unternaehrer's knowledge of the inappropriateness of the investments and transfers is imputed to

the Citco Group and the other Citco Entities. Fletcher, the main architect of this fraudulent scheme, was also a member of RHI's board at the time of the Limited Debtors' initial subscriptions into Arbitrage, and Fletcher also directed and controlled FAM, the investment manager to the Fletcher Funds at the time of the initial subscriptions into Arbitrage and the subsequent "in kind" transfer of their interests into Leveraged. Moreover, at the time of each of the subscriptions and transfers, Kiely (a close associate of Fletcher) was a member of the boards of the Limited Debtors, SCM, RHI, Arbitrage, FILB and FAM.

Fletcher, FAM and the Citco Entities therefore all breached the fiduciary duties they owed to the Limited Debtors by either directing, approving or acquiescing in the Limited Debtors' investments into Arbitrage and Leveraged in 2009, by taking actions to effect such investments, and by failing to notify the Limited Debtors and their investors that the investments were contrary to the best interests of the Limited Debtors and undertaken by entities subject to multiple conflicts of interest.

The Citco Administrators, Citco Global Custody and Citco Bank substantially assisted and effected the breaches of fiduciary duty by Fletcher, FAM and the other Citco Entities. Not only did the Citco Administrators process the Limited Debtors' subscriptions into Arbitrage, but they also processed and actively approved the in-kind transfer of Soundview Premium and Soundview Star's investments in Arbitrage to Leveraged. Citco Bank also assisted with the various subscriptions by issuing the necessary trade confirmations and processing the relevant payments and Citco Global held the underlying investments on behalf of the Limited Debtors.

As a result of these improper investments (as well as the additional investment made by Soundview Elite described below), the Limited Debtors suffered loss and damage in an amount to be determined at trial, which the Trustee currently estimates to total in excess of $1.74 million.

Fletcher and FAM Used Soundview Elite as Their Piggy Bank to Fund other Investments

On March 29, 2010, SCM, RHI, Citco Trading, FAM, Fletcher, Unternaehrer and Citco Group caused Soundview Elite to make a further investment of approximately $2.7 million by Soundview Elite into Arbitrage. This investment represented an attempt by FAM and Fletcher to raid the bank account of Soundview Elite and use its investors' money for their own benefit. In sum, Fletcher and FAM caused approximately $2.7 million of Soundview Elite's funds to be funnelled through the Fletcher Funds to FII, which used the funds as part of a down payment for Fletcher's purchase of a portfolio of non-performing loans, bank owned properties, and warrants for shares and preferred stock in a company called United Community Banks, Inc. ("**UCBI**" and the "**UCBI Transaction**").

The UCBI Transaction had two elements. First, UCBI and FII executed an asset purchase and sales agreement (the "**ASPA**") pursuant to which FII would buy certain non-performing loans and bank owned properties from UCBI. Second, UCBI and FILB executed a securities purchase agreement ("**SPA**") pursuant to which FILB obtained warrants in certain securities issued by UCBI (the "**UCBI Warrants**").

Under the ASPA, FII was required to pay a $10 million deposit by April 1, 2010 (and in any event no later than April 5, 2010). The SPA required that upon receipt of such deposit, UCBI would

issue the UCBI Warrants to FILB. The payment of the deposit by FII was therefore inextricably linked to the issuance of the UCBI Warrants to FILB.

On March 23, 2010, eight days before FII was required to pay the deposit to UCBI, neither FII nor Arbitrage had sufficient cash to fund the payment. Indeed, according to the FILB Report, excluding the cash contributions made by Soundview Elite and three other funds in the Richcourt Group described below, the Fletcher Funds had only $4 million on March 31, 2010. See FILB Report, at 224. FAM and Fletcher were therefore forced to look beyond the Fletcher Funds for the necessary funds. They turned to the bank accounts of Soundview Elite and three other funds in the Richcourt Group. In essence, Fletcher and FAM treated these accounts as the Fletcher Funds' (*i.e.*, FII's) own personal piggy bank, and they used these investor funds for their own personal gain in violation of the fiduciary duties they owed to, *inter alia*, Soundview Elite.

Thus, from March 23, 2010 to March 29, 2010, Fletcher and FAM caused Soundview Elite and three other Richcourt funds to invest approximately $13.8 million in Arbitrage. On April 2, 2010, Arbitrage transferred $10 million of these funds to FII. FII received the $10 million on April 5, 2010 and the same day transferred the funds to UCBI as the deposit for the UCBI Transaction. The $10 million deposit for the UCBI Transaction, therefore, consisted of monies coming directly from and owned by, inter alia, Soundview Elite.

On April 30, 2012, FILB tried to exercise $1 million of the UCBI Warrants, but UCBI refused to honor them. On August 16, 2013, the FILB Trustee tried to exercise all of the remaining UCBI Warrants, and again UCBI refused to honor them. Following negotiations in late 2013 and early 2014, on or about March 5, 2014, the FILB Trustee and UCBI reached a settlement whereby UCBI agreed to pay $12 million (the "**UCBI Settlement Proceeds**") to the FILB Trustee. Payment of the UCBI Settlement Proceeds was stated to constitute a release and be in full satisfaction of the UCBI Warrants and all claims by and between UCBI and FILB related to or arising out of the UCBI Transaction. On March 20, 2014, the US Bankruptcy Court for the Southern District of New York approved the UCBI settlement agreement between UCBI and FILB. Soundview Elite, however, has not received any part of the UCBI Settlement Proceeds.

Soundview Elite's $2.7 million investment in Arbitrage on March 29, 2010 was clearly contrary to Soundview Elite's best interests, and SCM, RHI, Citco Trading, FAM, Fletcher, Unternaehrer and Citco Group knew it. This investment was procured in direct breach of the fiduciary duties of SCM, RHI, Citco Trading, FAM, Fletcher, Unternaehrer and Citco Group.

The Citco Entities Resigned as Service Providers to the Debtors After Causing Over $250 Million of the Debtors' Money to be Paid to Citco Group and its Affiliates and After Ensuring Citco Group's Own Investments in the Debtors Were Redeemed

On December 31, 2009, the Citco Administrators, Citco Global Custody and Citco Bank resigned as administrator, middle officer service provider, registrar and transfer agent, bank and custodian of the Debtors, effective March 31, 2010.

As stated above, among their various duties, the Citco Administrators were obliged to maintain the Debtors' financial and accounting books and records. However, the Citco Administrators left these books and records substantially incomplete following their resignation.

The most problematic aspect of the missing records is that the Trustee has been unable to reconcile over $250 million in payments made from the Debtors to various affiliates and subsidiaries of Citco Group, including the Citco Administrators and Citco Global Custody, during the period October 31, 2003 through August 30, 2010.

The Trustee has asked the Citco Administrators to explain and reconcile these payments and to assist in providing missing records, but the Citco Administrators have failed to provide such information. Their conduct in this regard, when coupled with the other facts and matters identified by the Trustee's investigation and set out above - gives rise to the natural inference that many of these payments were improper and may well have been retained illegitimately by the Citco Administrators, Citco Global Custody and/or other Citco recipients. The Citco Administrators are directly responsible for any improper payments they made and/or received as well as for any substantial assistance provided to other parties in breaching their own duties to the Debtors.

During the time the Citco Entities managed and serviced the Debtors, they oversaw the transfer of part of the ownership of the Limited Debtors to Fletcher and FAM, a management company which they knew had repeatedly misappropriated investor monies. Certain Citco Entities then watched as the performance of the Limited Debtors collapsed following the Richcourt Acquisition, prompting the Limited Debtors to suspend their NAV calculations and to the creation of the Designated Debtors in early 2009. Despite the fragility of the Limited Debtors at that time, those Citco Entities continued to take action which further weakened the Limited Debtors, by causing the Limited Debtors to invest in the Fletcher Funds; a fund structure riddled with fraud and which was likely insolvent at the time of the investments. Then, instead of remaining involved with the Debtors at this crucial time to help them recover from the brink of insolvency, the Citco Administrators, Citco Bank and Citco Global Custody exited the scene, resigning as service providers to the Debtors.

The Citco Entities did not however leave empty handed. Not only do they appear to have caused over $250 million to be paid to subsidiaries and affiliates of Citco Group, but, in sharp contrast to the indifference paid to the plight of other investors, they also apparently ensured that Citco Group's own investments in the Limited Debtors were redeemed out almost entirely and without any material losses. Prior to the Richcourt Acquisition, when the Citco Entities alone serviced and managed the investments of the Limited Debtors, the Citco International Pension Plan (of which Unternaehrer was a member), held 5,780.30 shares in the Limited Debtors. By the time the Limited Debtors were placed into chapter 11 bankruptcy, this investment had been reduced to a mere 230.20 shares. While Citco Group and its subsidiaries and affiliates therefore played a prominent role in the collapse of the Limited Debtors, they made sure that their own interests were appropriately protected.

FAM, Fletcher, Ladner, Muho and Saunders (the "Fletcher Affiliates") Used Soundview Elite's Assets to Pay Debts That Other Fletcher- Controlled Entities Owed to the FILB Estate and Third Parties

As noted above, in mid-2012, the Fletcher Funds collapsed as Fletcher and FAM's longstanding fraudulent scheme started to unwind. After Leveraged was placed into liquidation in the Cayman Islands on April 18, 2012, Fletcher and FAM could see the writing on the wall; their house of cards was beginning to crumble and it would not be long before FILB joined Leveraged in bankruptcy or liquidation.

In an effort to squirrel away as much money as possible before they lost control of FILB to a U.S. Bankruptcy Court or offshore liquidator, the Fletcher Affiliates concocted a fraudulent scheme to transfer to FII (a non-debtor entity they controlled) ownership of various assets owned by FILB. They even planned to transfer away ownership of FILB itself. This series of transactions took place on April 22, 2012, just four days after Leveraged was placed into official liquidation in the Cayman Islands (the "**April 22 Transactions**").

The April 22 Transactions consisted of the following elements:

- FILB would be owned 85% by Arbitrage and 15% by FII.
- Ownership of FII was transferred from Arbitrage to other Fletcher-related entities that were not at risk of impending bankruptcy or liquidation.
- FILB transferred $2.2 million from its bank account to FII's bank account.
- FILB transferred to FII all of its ownership interest in a company called BRG Investments, LLC (the "**BRG Interest**").
- FILB transferred to FII warrants entitling it to purchase common stock of the company Document Security Systems (the "**DSS Warrants**").
- FILB transferred to FII one-half of the UCBI Warrants.
- FILB assigned to FII the right to any payment in excess of $606,667.00 made by UCBI to FILB due to a "Registration Failure" under the SPA (the "**Excess Registration Funds**").

Although Fletcher and FAM tried to justify the April 22 Transactions as a purported payment-in-kind for a redemption by FII of its shares of FILB, the FILB Trustee concluded that the April 22 Transactions "were intended to remove FILB assets from the reach of Arbitrage and Arbitrage's investors, and in particular, Leveraged, Alpha, the JOLs administering Leveraged and Alpha, and Leveraged's and Alpha's public pension fund investors." See FILB Report, at 16. Indeed, a few months after his appointment, the FILB Trustee approached Fletcher, FAM, FII and others and insisted that the April 22 Transactions be unwound to return the transferred assets to the FILB estate.

In mid-December 2012, the FILB Trustee entered into negotiations with Fletcher, FAM, FII and others to come up with a term sheet for this proposed unwind transaction. In December 2012, the FILB Trustee forwarded to Fletcher a draft term sheet which called for, among other things, FII to return these transferred assets to FILB and, specifically, to pay to FILB by wire transfer in immediately available funds the sum of $2.2 million.

Fletcher, however, realized that FII no longer had the $2.2 million it had taken from FILB – such funds had apparently been dissipated elsewhere. Thus, to complete the contemplated unwind transaction, Fletcher needed to come up with a way to get $2.2 million into FII's account so FII could repay FILB under the terms of the settlement. Fletcher, FAM, FII and others turned to the not-yet-bankrupt Soundview Elite, as a source for these funds. Fletcher, FAM and FII also opportunistically viewed Soundview Elite as a potential source to pay other of their own creditors (including FAM itself).

To that end, while negotiations were ongoing between Fletcher, FAM and FII, on the one hand, and the FILB Trustee, on the other, on December 31, 2012, Fletcher executed documents aimed at, inter alia, looting $4 million from Soundview Elite and transferring it to FII (the "**New Year's Eve Transaction**"). Pursuant to a one-page sales agreement, dated December 31, 2012, FII agreed to sell to Soundview Elite all of its shares in FILB. These were the very same shares that had purportedly been redeemed in the April 22 Transactions and which the FILB Trustee planned to reissue to FII as part of the proposed unwind. Thus, Soundview Elite was being made to pay $4 million for shares in an entity that was by then bankrupt. Fletcher signed this sales agreement in his capacity as a director of FII and Fletcher and Muho signed this sales agreement as directors of Soundview Elite.

As part of the New Year's Eve Transaction, another one-page sales agreement was also entered into on December 31, 2012, pursuant to which FII agreed to sell to Soundview Elite the BRG Interest for the price of $1.38 million. This was the same asset that had been transferred to FII from FILB as part of the April 22 Transactions, and one of the very same interests the FILB Trustee now wanted returned to FILB. This one-page sales agreement was signed by Fletcher and Ladner as directors of FII and it was signed by Fletcher and Muho as directors of Soundview Elite.

The final element of the secretive New Year's Eve Transactions was that Fletcher caused FII and Soundview Elite to enter into an assignment and assumption agreement, dated December 31, 2012 (the "**AAA**"). Pursuant to the AAA, in purported consideration of Soundview Elite's agreement to pay to FII $4 million for its shares of FILB, FII assigned and Soundview Elite assumed all of FII's shares of FILB and the BRG Interest. The AAA was signed by Fletcher as director of FII and by Fletcher and Muho as directors of Soundview Elite.

Thus, Fletcher acted on both sides of all aspects of the clandestine New Year's Eve Transaction, with the assistance of Ladner and Muho. Nevertheless, it was not long before Fletcher, Ladner, FAM and FII ignored this purported transfer of ownership in effecting the unwind of the April 22 Transactions. In fact, FII never transferred to Soundview Elite either the $4 million for the FILB shares or the $1.38 million for the BRG Interest. And, the purported asset transfer to Soundview Elite and the payments to be made by Soundview Elite to FII memorialized in the New Year's Eve

Transaction were not even disclosed to the Court when it was asked to approve the settlement documenting the unwind of the April 22 Transactions.

The FILB Trustee/Fletcher negotiations concerning the unwind transactions continued into early 2013, and on February 8, 2013, the parties executed a term sheet memorializing that transaction (the "**Term Sheet**"). After describing the assets transferred from FILB to FII in the April 22 Transactions, the Term Sheet set forth the material terms of the proposed unwind transactions ("**Unwind Transactions**"):

> "On the Closing Date FII and FILB shall enter into the following transactions . . .
>
> 1. FII shall pay to FILB by wire transfer in immediately available funds $2,200,000 to the account set forth on Schedule 1 hereto. The payment of this $2.2 million shall be without prejudice to the Trustee's claims to any other monies transferred by or between FII and BRG or their direct or indirect subsidiaries or affiliates;
>
> 2. FII shall execute an assignment of the UCBI Warrants in favor of FILB or to the extent any or all of such warrants have been exercised an assignment of the Common Stock Junior Preferred purchased pursuant to such UCBI Warrants and any claims against UCBI for its failure to honor the UCBI Warrants;
>
> 3. FII shall execute an assignment of the BRG Membership Interests in favor of FILB;
>
> 4. FII shall execute an assignment of the DSS Warrants in favor of FILB or to the extent any or all of such warrants have been executed an assignment of the common stock purchased pursuant to such DSS Warrants;
>
> 5. FII and FILB shall execute an agreement assigning the right to receive the Excess Registration Funds from FII to FILB; and
>
> 6. The FILB shares redeemed by FII shall be reinstated and reissued to FII." See FILB Docket No. 188 (Term Sheet; Exhibit B to FILB Trustee's Motion for Entry of an Order Pursuant to Bankruptcy Rule 9019(A) Approving the Term Sheet Agreement Between the Trustee and Fletcher International, Inc).

The Term Sheet made no reference to the fact that the $2.2 million FII was to pay back to FILB was, in fact, coming out of the coffers of Soundview Elite. The Term Sheet made no reference to the secret New Year's Eve Transaction. Nor did the Term Sheet make any mention of where the funds FII was to be paying to FILB were coming from. But the Fletcher Affiliates knew that FII had no money in its account to complete this $2.2 million payment. In fact, the balance of FII's

account immediately prior to the Unwind Transactions was zero. The Fletcher Affiliates knew this money was going to be taken from Soundview Elite.

On or about February 11, 2013, the FILB Trustee filed a Rule 9019 motion with the Bankruptcy Court, seeking approval of the transaction embodied in the Term Sheet. See FILB Docket No. 188. The Court was never told, however, that the $2.2 million payment to FILB set forth in the Term Sheet was to come from Soundview Elite, an entity that was not in bankruptcy at the time. Rather, the motion and proposed Term Sheet left the misleading impression that FII had $2.2 million in its account and still retained the BRG Interest, such that FII could complete the Unwind Transactions on its own. That was not the case.

On February 20, 2013, the Court issued an order approving the Unwind Transactions set forth in the Term Sheet. That transaction was consummated on March 8, 2013, pursuant to an Omnibus Assignment and Stock Reinstatement Agreement entered into between the FILB Trustee, on behalf of FILB, and Fletcher, on behalf of FII (the "**FILB/FII Assignment Agreement**"). That agreement purported to give effect to the various transactions embodied in the Term Sheet and consummated the Unwind Transactions, including FII's payment of $2.2 million to FILB.

Remarkably, the FILB/FII Assignment Agreement contains a provision whereby FII represents and warrants that:

> "Assignor [*i.e.*, FII] or Assignee [*i.e.*, FILB] is the legal and beneficial owner of the BRG Membership Interests, which represent all of the equity interest in BRG. The BRG Membership Interests are owned by Assignor or Assignee free and clear of all liens, encumbrances, restrictions, liabilities and claims of every kind except for liens and encumbrances, if any, arising under the LLC Agreement." See FILB/FII Assignment Ag. ¶ 4(d).

Rather than transferring just $2.2 million to FII, as called for under the FILB/FII Assignment Agreement and the closing of the Unwind Transactions, on March 8, 2013, Fletcher and FAM caused Soundview Elite to transfer an additional $1.8 million from its bank account to FII (*i.e.*, in total, $4 million). Immediately thereafter, FII wired $2.2 million to FILB's account (controlled by the FILB Trustee), and the remaining terms of the Unwind Transactions were also completed (*i.e.*, the purported assignment of the BRG Interest to FILB, and the reissuance of FILB shares to FII).

Over the course of the following month, FII disbursed the remaining $1.8 million to a number of other entities, all creditors of Fletcher, FAM, or other of their affiliates. These payments were made, in large part, for services these creditors purportedly had rendered to entities other than FII and Soundview Elite and in connection with obligations having nothing to do with the April 22 Transactions or the Unwind Transactions.

For example, upon information and belief, FII disbursed approximately $522,000 to the law firm of Cohen & Gresser for services in connection with Fletcher's ongoing litigation against the Dakota apartment building in New York City. Upon information and belief, FII also paid approximately $300,000 to RF Services for back office services it provided to FILB, Arbitrage,

Leveraged and Alpha, all of which were in either insolvency proceedings in the Cayman Islands or U.S. bankruptcy proceedings. Further, upon information and belief, FII paid approximately $10,000 to James Crosson as a retainer for portfolio management services he purportedly rendered to New Wave Fund SPC, another fund Fletcher and FAM controlled. FII even paid FAM approximately $65,000 out of the funds FII received from Soundview Elite.

The Fletcher Affiliates Try to Cover Up Their Misuse of Soundview Elite Money

In the months following the closing of the Unwind Transactions, troubles continued to mount for the Fletcher entities that were not yet in bankruptcy or liquidation. On March 26, 2013, Solon was appointed as a non-management co-director (along with Fletcher and Muho) for the Debtors (who were not yet in bankruptcy) and other Fletcher-controlled funds. On April 2, 1013, Muho tendered his resignation as a director from many Fletcher-controlled entities, and this engendered disputes as to the ownership and control of various assets held by these entities. On May 28, 2013, Deborah Midanek, the president of Solon, contacted the Cayman Islands Monetary Authority about developing concerns she had about Fletcher's conduct and management of various Fletcher-controlled funds. In short, the Fletcher house of cards was continuing to fall and his tenure as director of many of these non-debtor funds appeared to be nearing an end.

Upon information and belief, in July 2013, Fletcher, FAM and others sought to create a paper trail to mask the illicit March 2013 transfer of $4 million from Soundview Elite to FII to fund the Unwind Transactions. Accordingly, on July 19, 2013 – more than four months after the closing of the Unwind Transactions – Fletcher, FAM, FII and others entered into agreements designed to conceal the improprieties and their breaches of fiduciary duty associated with their use of Soundview Elite to fund the Unwind Transactions and as a personal piggy bank to pay off their creditors.

On July 19, 2013, Fletcher, FAM and others caused FII, Soundview Elite and RPGP (yet another entity owned and controlled by Fletcher and FAM) to execute an Omnibus Agreement (the "**Omnibus Agreement**"), which purported to tie up issues resulting from the Unwind Transactions and the New Year's Eve Transaction, including the FILB/FII Assignment Agreement. Indeed, the whereas clauses of the Omnibus Agreement relays: (a) the history of the April 22 Transactions, with FILB's transfer of the BRG Interest and $2.2 million to FII; (b) the New Year's Eve Transaction, with FII's assignment of its shares of FILB to Soundview Elite and Soundview Elite's associated payment of $4 million (out of the $5.138 million total cash consideration called for in that transaction); and (c) the fact that the transfer of FILB shares and the BRG Interest were not completed.

Among the stated purposes of the Omnibus Agreement, RPGP was to "provide credit enhancements to [Soundview] Elite with respect to [FII's] liability to [Soundview] Elite and amounts of the Claims owed by [Soundview] Elite" and FII was to issue to RPGP newly issued common shares of FII. See Omnibus Agreement at 4. To that end, the parties stated that they "wish to amend the [New Year's Eve] Sales Agreement relating to the ownership of BRG, the [New Year's Eve] Sales Agreement relating to the ownership of [FILB], and the related [New Year's Eve] Assignment and Assumption Agreement" Id.

The Omnibus Agreement was signed by SCM and FAM, each in their capacities as investment managers for Soundview Elite and FII, respectively. Ladner signed for SCM and Saunders signed for FAM, as its corporate secretary. Fletcher signed the agreement on behalf of RPGP. In short, Fletcher and entities he controlled were on all three sides of this sham deal.

Pursuant to the Omnibus Agreement, the transfer of the BRG Interest from FII to Soundview Elite was purportedly cancelled, rescinded and terminated, as was Soundview Elite's obligation to pay $1.38 million for such interest. The transfer of shares of FILB from FII to Soundview Elite was also purportedly cancelled, rescinded and terminated, but notably Soundview Elite's transfer of $4 million to FII was not. Instead, FII was to issue a promissory note to Soundview Elite for the full amount of consideration paid by Soundview Elite to FII, plus 8% annual interest. Attached to the Omnibus Agreement is a fully executed, one-year, promissory note issued by FII to Soundview Elite in the amount of $5.38 million. Since, upon information and belief, FII has no assets or ability to make payment on that note, the note is and always has been, worthless. In short, the Omnibus Agreement purports to memorialize some sort of benefit that Soundview Elite gained from paying $4 million to FII to finance the Unwind Transactions. Nevertheless, any purported consideration Soundview Elite received through this Omnibus Agreement is and always was worth nothing.

Compounding this bogus transaction, the Omnibus Agreement also contains a provision (paragraph 4) stating that RPGP "shall" deliver to FII a cash payment in the full amount of the promissory note (with some possible reductions) in exchange of FII issuing a specified number of shares of its common stock to RPGP. See Omnibus Agreement at 4. Once this payment and issuance takes place, FII "will" (within two business days) prepay the promissory note and transfer to Soundview Elite the amount FII owes on the note. Id. at 5.

The phony nature of this supposed obligation is confirmed by the First Amendment to the Omnibus Agreement, dated September 12, 2013, by and among Soundview Elite, FII and RPGP, just two weeks before Fletcher put Soundview Elite into bankruptcy. Pursuant to that amendment, among other things, the word "shall" in paragraph 4 was changed to "may," rendering the supposed obligation of RPGP to make such payment entirely optional. This confirms that the supposed protection and benefit conferred upon Soundview Elite by the Omnibus Agreement was illusory from the start.

In any event, RPGP made no such payment to FII, FII issued no such shares to RPGP and Soundview Elite still has not been paid on the promissory note, which remains not worth the paper it is written on.

The Omnibus Agreement also purports to provide Soundview Elite with an indemnification by RPGP of 50% of any losses incurred by Soundview Elite in connection with FII's repayment of cash to Soundview Elite after RPGP's payment of $5.38 million (or an appropriately reduced amount) to FII. Since, upon information and belief, RPGP has no intention of or ability to ever pay this amount, this purported indemnification is also worthless. If anything, by amending the Omnibus Agreement in September 2013 (on the eve of Soundview Elite's bankruptcy), Fletcher, FAM, FII, RPGP and others intended to remove from the reach of the Soundview Elite estate (and the Trustee) the supposed "guarantee" provided by RPGP to Soundview Elite under the Omnibus

Agreement. This further demonstrates Fletcher, FII and FAM's efforts to avoid paying anything to Soundview Elite in return for the $4 million looted from its coffers in connection with the Unwind Transactions.

In sum, the Omnibus Agreement provides no benefit to Soundview Elite in exchange for its payment of $4 million to FII in March 2013. To date, Soundview Elite has received nothing of value in exchange for its providing $4 million to FII, which FII then used to complete the Unwind Transactions and to pay off several creditors of Fletcher, FAM and other entities the FAM Defendants control. The FILB estate benefitted from this illicit transfer of funds from Soundview Elite to FII. FILB received back the assets it lost in the April 22 Transactions, including $2.2 million in cash. Other creditors of the Fletcher Funds also benefitted from an additional $1.8 million transferred from Soundview Elite to FII.

(c) Preliminary Legal Analysis in Connection with Insider Investigation

In connection with the Trustee's investigation, her counsel has undertaken considerable research and analysis of potentially applicable legal theories, doctrines and defenses. This analysis is privileged and for strategic reasons will not be presented here. However, the Trustee can report that based on such research and analysis, counsel for the Trustee has concluded that it has a good faith basis to bring potential claims against the Citco Entities as well as the Fletcher Affiliates arising from the facts and circumstances recounted above.

In connection with this research and analysis, the Trustee's counsel has also been monitoring other litigations and opinions involving the Citco Entities and Fletcher Affiliates, including the following:

The S.D.N.Y. Decision Regarding Citco Group Entities. In a 2010 decision, the District Court for the Southern District of New York dismissed Citco Group's motion to dismiss in a *Madoff*-related action based, among other things, on Citco Group's appointment of directors to oversee day-to-day operations at other Citco entities (including CFS Europe and Citco Global Custody) and its, "at least plausible . . . actual control over the fraudulent transaction at issue." *Pasha S. Anwar et al. v. Fairfield Greenwich Ltd.*, 728 F. Supp. 2d 372, 427 (S.D.N.Y. 2010) (Marrero, J.). In that action, the Citco Group and various of its subsidiaries and affiliates (including CFS Europe and Citco Global Custody) were defendants in a class action lawsuit commenced by a group of investors in four hedge funds that had themselves invested in Madoff's ponzi scheme on the basis that the various Citco entities performed financial services for the hedge funds including as administrator, custodian, bank and depository. Citco Group was alleged to have control person liability under section 20(a) of the Exchange Act of 1934. In August 2010, the United States District Court for the Southern District of New York dismissed Citco Group's motion to dismiss the section 20(a) allegation for failure to state a sufficient cause of action. In doing so the District Court relied predominantly on the plaintiffs' allegation that "each Citco defendant operates in a division under Citco Group, and that Citco Group exercises control over each division." Id. at 426. The District Court concluded: "Citco Group appointed division directors to oversee day-to-day operations, making it at least plausible that Citco Group exerted actual control over the fraudulent transaction at issue." Id. at 427.

Judge Marrero also issued a separate opinion in that case on the Defendants' motion to dismiss which dealt with the discrete issue of whether New York State's Martin Act preempted common law claims based on the same facts that would empower New York's Attorney General to prosecute under the Martin Act. (*See Anwar v Fairfield Greenwich Ltd.*, 728 F. Supp. 2d 354 (S.D.N.Y. July 29, 2010) (Marrero J.). The Court held that the Plaintiff's common law claims were not preempted by the Martin Act and dismissed the Defendants' motion to dismiss on that basis.

In re Bernard L. Madoff litigation. *Fox v. Picard*, 848 F. Supp. 2d 469 (S.D.N.Y. 2012) (affirming Bankruptcy Court's finding that Florida state court action violated automatic stay and should be enjoined). The Court rebuffed the plaintiffs' effort to bring a class action in Florida seeking recovery from a Madoff co-conspirator and other defendants. The Court found that "[b]ecause the claims asserted in the Florida Actions are general claims common to all [Madoff] investors that are substantively duplicative of the Trustee's fraudulent transfer action, the Bankruptcy Court correctly found that claims asserted in the Florida Actions were the property of the estate." Id. at 481. In so holding, the Court rejected the plaintiffs' attempt to invoke the *Wagoner* rule and related doctrine of *in pari delicto*. As an initial matter, the Court relied on established precedent holding that "[t]he *Wagoner* Rule does not … apply to causes of action that the Bankruptcy Code specifically confers on a trustee or a debtor in possession." Id. at 484 (citations omitted). The Court also noted that the *Wagoner* Rule does not apply in cases where the trustee is not the plaintiff. And the *in pari delicto* doctrine does not prevent the Florida Actions from being deemed property of the estate. Id. at 484-84. The Court concluded: "In sum, applying *Wagoner* and *in pari delicto* as swords for creditor-plaintiffs seeking to work around a bankruptcy court would allow creditors to plead around the automatic stay, and obtain judgments without the bankruptcy system, based on claims that are derivative or duplicative of claims that are the property of the estate." Id. at 485. The Court upheld the Bankruptcy Court's permanent injunction against the filing of derivative or duplicative suits like those brought by these plaintiffs in Florida.

Marshall v. Picard, 740 F.3d 81 (2d Cir. 2014) (affirming the *Fox v. Picard* decision noted above). In upholding the District Court's decision, the Second Circuit found that the claims the plaintiffs asserted in the Florida Actions were "derivative" of those brought by the trustee in the New York proceedings because (i) the plaintiffs tried impermissibly to plead around the Bankruptcy Court's injunction "in that they allege nothing more than steps necessary to effect the Picower defendants' fraudulent withdrawals of money from [the Madoff estate]," and (ii) the plaintiffs had alleged no particularized injuries, but rather their claims were "predicated upon mere secondary harms flowing from" the fraudulent withdrawals underlying the trustee's claims.

(4) Claims Identified for Contingency Fee Counsel

After the Trustee's appointment, her financial consultant developed a cash model[31] from the numerous document productions (similar to the cash model developed for the FILB Trustee). This cash model allowed the Trustee to identify and analyze the inflows and outflows of the

[31] The cash model is discussed in more detail below.

Debtors' cash. The Trustee and her advisors have reconciled and worked with the cash model and have identified claims of the Debtors against insiders and third parties, including professionals, based thereon. With respect to certain professionals, the Trustee has found that they received payments from the Debtors for services that were rendered not to the Debtors but to affiliated funds. The Trustee has also found that retainers were not only paid to such firms but were returned to Fletcher and nondebtor entities under his control.

The Trustee has recently retained DiConza Traurig Kadish LLP ("**DiConza Traurig**") to pursue the claims and causes of action identified through the analysis of the cash model. These are (a) claims and causes of action arising under sections 544, 547, 548, 549 and 550 of the Bankruptcy Code, against certain third parties, including professionals and other service providers to the Debtors (collectively, the "**Avoidance Claims**"), (b) claims and causes of action for breach of fiduciary duties and fraud against insiders of the Debtors and related parties (collectively, the "**Insider Claims**"), and (c) the Debtors' outstanding claims based on the Muho Default Judgment (as defined below). See Docket No. 632 (¶¶ 5-6), 677. An overview of the payments between the Debtors and various insiders, based on the cash model developed by Kinetic, is attached hereto as Exhibit C.

C. The Analysis by the Trustee and her Advisors During the Investigation

The Trustee's factual investigation has resulted in the production of various documents and documentary tools to prepare her final report. Specifically, the Trustee and her advisors have prepared:

a. A draft memorandum summarizing various facts and understandings acquired by the Trustee during the course of her initial investigations (the "**Factual Memorandum**");[32]

b. A chart of the corporate structure of the Debtors and various related, affiliated and associated parties, a copy of which is attached hereto as Exhibit A;

c. A draft chronology of certain key events concerning the Debtors (the "**Chronology**"), a redacted copy of which is attached hereto as Exhibit B;[33]

d. The cash model for the Trustee from the numerous document productions (similar to the cash model developed for the FILB Trustee). The purpose of this cash model is to allow

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[32] Much of the content of the Factual Memorandum was derived from information and documents that are confidential and to which the Trustee had access solely as a result of her investigatory powers as Trustee of the Debtors. The Factual Memorandum itself was prepared by the Trustee's legal counsel and is therefore confidential and covered by attorney work product privilege.

[33] Some of the content of the Chronology was derived from information and documents which are confidential and to which the Trustee had access solely as a result of her investigatory powers as Trustee of the Debtors. The Chronology itself was prepared by the Trustee's legal counsel and is therefore confidential and covered by attorney work product privilege. For these reasons only a redacted version of the Chronology is attached hereto. Exhibition of the redacted Chronology should in no way be considered a waiver by the Trustee of her right of assertion of the work product privilege over the Chronology or any other documents produced by the Trustee's legal counsel in the course of these chapter 11 cases.

the Trustee to identify and analyze the inflows and outflows of the Debtors' cash for the purpose of:

(i) Determining the amounts paid and/or received by current and former insiders;

(ii) Verifying intercompany receipts and payments (between the Debtors and the Fletcher Funds, the Debtors and the BVI Funds, and the Debtors and their managing companies);

(iii) Verifying that amounts received by the Debtors (as a result of the winddown of the structure) were properly remitted back to investors; and

(iv) Determining the investors' remaining positions in the Debtors for plan/distribution purposes;

e. A status report to the U.S. Trustee and certain key investors known to, and maintaining frequent communications with, the Trustee;

f. Various analyses of cash and asset transfers among the Affiliated Funds;

g. Various reports of the cash and non-cash assets owned or held by the Debtors;

h. The November 2014 Report;[34]

i. An analysis of the investor base of the Limited Debtors and the Designated Debtors. Specifically, the Trustee and her advisors analyzed whether the investors are redemption creditors, tort creditors or shareholders. Given that no redemptions were allowed under the Designated Debtors' governing documents, there are no redemption creditors in the Designated Debtors;

j. An overview of the payments made to insiders (including Citco individuals), that is attached hereto as Exhibit C; and

k. An overview of the payments made to various Citco entities, attached hereto as Exhibit D.

D. Next Steps

Subject to completion of certain tasks, the Trustee will shortly take steps to file her final report and a disclosure statement for the Designated Debtors, and obtain approval of a liquidating plan for the Designated Debtors anticipating the subordination of insiders and distributions to creditors.[35] As set forth above, the Trustee continues to work on the report of her investigation.

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[34] Substantially all information set forth in the previous status report is included in this Amended and Revised Status Report.

[35] As set forth above, the Protocol Addendum sets forth the Trustee's objection to all claims of insiders against the Limited Debtors, and provides that she seeks to subordinate insider claims to all other claims against the applicable Limited Debtor. Protocol Addendum, Section 3.6.

III. THE TRUSTEE'S RECOVERY OF THE DEBTORS' ASSETS

Based on the information obtained through her investigation, the Trustee has identified, and sought to recover for the benefit of the Debtors' stakeholders, certain cash and non-cash assets of the Debtors. A summary of these assets is provided below. In sum, the Trustee has recovered the majority of the Debtors' known cash assets in the United States and offshore, with the exception of the Redemption Debt (as defined below) at Composite and any cash held at HSBC Monaco. She has also recovered certain non-cash assets, and is in the process of recovering more non-cash assets.

Based on the assets recovered and to be recovered (including from Composite in the Turnover Action (as defined below)), the Trustee believes that the Debtors' estates are, although illiquid, administratively solvent. A substantial portion of the Debtors' cash assets are in foreign currencies. It has always been the Trustee's intention to at least try to make distributions to investors in the currency of their investment, respecting the investors' decision to invest in a certain currency. The Trustee requested the Soundview Premium Holdback (as defined below), which amounts to 100% of the fees and expenses payable by Soundview Premium, for professional fees and expenses allocated to that Debtor. Soundview Premium is expected to receive a recovery from Soundview Elite, including as a consequences of a successful Turnover Action.

A. Cash Assets

(1) The Cash on Citibank Accounts Opened by the Trustee on Behalf of the Debtors

The Trustee opened bank accounts for the Debtors at Citibank N.A. ("**Citibank**") to which cash was transferred by Wilmington Trust and Citco Bank. The Trustee maintains separate USD, CHF and EUR denominated accounts for the Debtors (as applicable). In addition to checking accounts, the Trustee opened money market accounts for the Debtors that yield an annual interest of 0.20%. As of June 10, 2015, the amounts set forth below remained under the control of the Trustee:

Debtor	Balance (USD)	Balance (CHF)	Balance (EUR)
Soundview Elite	216,316	1,230,970	558,214
Soundview Premium	523,996	3,109	17,370
Soundview Star	106,737	730,858	664,039
Elite Designated	2,772,686	0	817,475
Premium Designated	2,451,615	0	360,952
Star Designated	2,951,766	0	835,382
Total	**9,023,116**	**1,964,937**	**3,253,432**

The *pro forma* conversion of the foreign currency in United States dollars has been reported in the monthly operating reports ("**MORs**") since April 22, 2014. See Docket Nos. 252-269, 272-277, 284-297, 314-319, 336-341, 378-383, 419-424, 469-474, 479-484, 488-493, 517-522 and 545-550.

(2) The Fee Reserve Held at Wilmington Trust in Accordance with the Wilmington Trust Consent Order

A $65,000 fee reserve (the "**Fee Reserve**") was maintained at Soundview Elite's Wilmington Trust account in accordance with the Stipulation and Agreed Order by and between the Chapter 11 Trustee and Wilmington Trust, National Association Authorizing the Release of Funds and for Related Relief dated February 20, 2014 (Docket No. 188) (the "**Wilmington Trust Consent Order**").

As of April 30, 2015, after payment (in 2014) of several invoices of Richards Layton, Wilmington Trust's counsel, an amount of $643.26 remains in the Fee Reserve account. The Trustee reserved her rights regarding whether the use of the Fee Reserve by Richards Layton to respond to the Turnover Action on behalf of Wilmington Trust with respect to Composite is appropriate, as generally banks, such as Wilmington Trust, recover their fees and expenses directly from the account of the relevant account holder (which is Composite).

(3) The Redemption Debt Owed to Debtor Soundview Elite by Composite

As set forth in more detail below, based upon information provided by the advisors to the Debtors-in-possession and other sources and in consultation with Pasig,[36] the Trustee commenced the Turnover Action against Composite seeking, *inter alia*, to recover a redemption debt owed by it to Soundview Elite in the amount of at least $3,875,000 and to obtain an accounting. Oral arguments on the SJ Motion (as defined below) were heard in June 2014 and judgment is expected imminently.

(4) The Enforcement of the Default Judgment Against Muho and Leveraged Hawk Inc.

On April 4, 2014, Patterson Belknap successfully obtained a default judgment (the "**Muho Default Judgment**") against Mr. Muho and Leveraged Hawk Inc. ("**Leveraged Hawk**") in the total amount of $2,194,185.89, consisting of (a) damages of $2,067,377.24, (b) interest accruing at a rate of 9% from August 8, 2013 through and including April 4, 2014 of $121,832.81, and (c) costs of $4,975.84.

On July 10, 2014, the Trustee sought and obtained writs of execution in respect of the default judgment in the United States District Court for the Southern District of New York against each of Mr. Muho and Leveraged Hawk in favor of Debtor Soundview Elite. On July 23, 2014, the U.S. Marshals Service (the "**Marshals Office**") advised the Trustee that it had received a check from Citibank in the amount of $440,173.03 with respect to both writs. On or around September 18, 2014, the Trustee renewed the writs of execution against each of Mr. Muho and

[36] Pasig owns (a) 6.74% of the redemption creditor claims against Soundview Elite, (b) 26.01% of the redemption creditor claims against Soundview Premium and (c) 29.39% of the redemption creditor claims against Soundview Star. Pasig is not an investor in the Designated Debtors. Therefore, Pasig's allegation that it "holds in excess of 20% of the claims in these cases," is incorrect. See Feb. 20, 2014 Ltr. from Counsel to Pasig to U.S. Trustee, at 1 ("Pasig is the largest stakeholder in these cases and holds in excess of 20% of the claims in these cases). Pasig also is an investor in certain of the BVI Funds and, upon information and belief, holds a substantial, if not overwhelming, interest as an investor in the BVI Funds.

Leveraged Hawk in favor of Soundview Elite. On October 3, 2014, the Marshals Office advised the Trustee that it had received a check from Wells Fargo, N.A. ("**Wells Fargo**") in the amount of $86,139.73. Therefore, all amounts on Mr. Muho's accounts that were frozen by Citibank and Wells Fargo have now been transferred to the Trustee.

As set forth herein, the Trustee has retained DiConza Traurig to pursue the Debtors' outstanding claims based on the Muho Default Judgment and to locate further assets in the United States. The Soundview JOLs are responsible for pursuing claims and causes of action arising out of Muho's apparent fraudulent transfer of monies from Soundview Elite's account at HSBC Monaco to an account in the name of Leveraged Hawk Inc. See Protocol, Section 11.2(c).

(5) The Cessation of Funding of Pending Lawsuits

The Trustee ceased funding lawsuits brought against Ms. Midanek by Mr. Fletcher, nominally on behalf of the Debtors, but in reality to object to actions taken by Ms. Midanek with respect to the BVI Funds. The Trustee has reserved the right to recover amounts funded by the Debtors in connection with such lawsuits.[37]

(6) The Trustee Has Not Recovered Cash, if Any, Held at HSBC Monaco

Upon information and belief, certain of the Debtors also own cash held at HSBC Monaco. To date, the Trustee has not been able to determine the amount thereof or to recover the funds allegedly held in these accounts. The Protocol provides that, to the extent it becomes apparent that assets of Soundview Elite remain in the bank account at HSBC Monaco, the Soundview JOLs will be primarily responsible for liquidating such account. Id., Section 11.2(b).

In addition, the Trustee, through her investigation, has assembled facts regarding the unauthorized withdrawal of the Debtors' funds from HSBC Monaco by Mr. Muho. Further, in connection with Mr. Muho's unsuccessful motion to remove the Trustee,[38] the Trustee obtained an admission by Mr. Muho that he took over $2 million in the Debtors' funds. The Protocol provides that, in the event additional information from HSBC Monaco is not obtained as a result of the currently outstanding efforts, the Trustee and the Soundview JOLs will consult whether it is appropriate to take further action to obtain such information and pursue remedies against HSBC Monaco. If so, the Soundview JOLs will be primarily responsible for collecting such information. Id., Section 11.2(a). As set forth above, after consultation with the Trustee, the Soundview JOLs will be primarily responsible for pursuing remedies against HSBC Monaco. Id., Section 11.2(c).

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[37] The Trustee is working to understand the retainer and fee position of Patterson Belknap with respect to such lawsuits, as Patterson Belknap may owe funds to the Debtors' estates.

[38] See Motion to Remove Chapter 11 Trustee, Dismiss this Action, and Other and Further Relief (Docket No. 291) (the "**Removal Motion**"); Order Denying the Removal Motion (Docket No. 306).

(7) Currency Conversion[39] by the Trustee after Consultation with the U.S. Trustee

The Trustee had hoped that resolution of the Turnover Action against Composite would provide United States dollar currency to fund the professional fees and expenses and restore the Soundview Premium Holdback. However, the resolution of the fees and expenses of the Soundview JOLs and their professionals in the Protocol, including the advocacy by Pasig for the payment of their substantial fees incurred over the appointment of the Trustee, created an immediate and substantial demand for United States dollars to fund expenses.[40]

On April 9, 2015, after multiple conversations with the currency experts at Citibank and with Kinetic, and after consultation with the U.S. Trustee, the Trustee converted €588,213.59 into US$635,329.50 to fund past due administrative expenses by Soundview Elite, including the fees and expenses of the Soundview JOLs and their counsel Morrison & Foerster LLP, Campbells and Smeets Law.[41] On June 11, 2015, the Trustee converted €89,285.71 into US$100,000.00 to fund past due administrative expenses by Soundview Star.

B. Non-Cash Assets

The Trustee has identified various non-cash assets belonging to Debtors Soundview Elite, Elite Designated, Premium Designated and Star Designated and held by the following custodians: (1) Citco Global Custody, (2) HSBC Monaco and (3) Nautical Nominees Ltd. ("**Nautical Nominees**"), and their respective sub-custodians.

In October 2014, Citco Global Custody transferred 99.2393 shares, valued at $146,608.20 on the transfer date, in The Tudor BVI Global Fund Ltd. ("**Tudor**") to Elite Designated. On or about that same time, Elite Designated also received a distribution from Tudor with respect to a redemption of 15.5811 of these shares in the amount of $22,599.45. The transfer of an additional 57.8969 shares in Tudor to Elite Designated (held by one of Citco Global Custody's sub-custodians) took place effective November 1, 2014 in the amount of $83,706.76 on the transfer date. A redemption of 5.1089 of Elite Designated's Tudor shares took place with the effective of December 31, 2014, for the total amount of $7,647.79.

After the Trustee confirmed the positions held by Nautical Nominees, and after negotiation with the Soundview JOLs regarding the non-cash assets held by Soundview Elite in connection with the Protocol Addendum, the Trustee and Nautical Nominees entered into a stipulation authorizing the transfer of such assets to the Trustee or her designee (Docket No. 650).

In accordance with the Protocol Addendum, the Soundview JOLs are primarily responsible for the realization and collection of the non-cash assets owned by Soundview Elite listed in the

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39 The Protocol Addendum includes a provision that makes it possible for the Trustee and the Soundview JOLs to account for fluctuations in the non-U.S. dollar Cash in the reserves. Protocol Addendum, Section 4.1.4.

40 Specifically, prior to the Trustee's appointment, the Soundview JOLs incurred $877,301.00, Morrison & Foerster LLP incurred $2,087,223.52, HSM Chambers incurred $44,557.50 and Smeets Law incurred $366,044.45. These fees were reduced in or pursuant to the Protocol, as set forth herein.

41 See Soundview Elite's Monthly Operating Report for April 2015 (Docket No. 661).

Protocol Addendum and sub-custodied at HSBC Monaco. The Soundview JOLs shall consult with the Trustee prior to any sale or liquidation of these non-cash assets and, if their realization or collection requires or involves any action in the United States, then the Trustee shall be responsible for taking such action. See Protocol Addendum, section 3.2.

IV. THE INTER-FUND CLAIMS AND THE AGREEMENT IN PRINCIPLE TO RESOLVE SUCH CLAIMS

A. The Situation Faced By the Trustee Upon Appointment

After her appointment, the Trustee spent significant time on claims asserted against the Debtors by (a) FILB, (b) the Fletcher Funds and (c) the BVI Funds as well as on the Debtors' own claims against those Funds.

In March 2014, the Leveraged and Arbitrage JOLs had asserted various recovery claims in excess of $12 million in priority to all other claims, including investor claims, against the Debtors and had also rejected any and all claims that had been asserted against Leveraged and Arbitrage on behalf of the Debtors, the BVI Funds, Composite and New Wave. The Trustee began to consider and research the basis for those claims in order to contest them.

At around the same time, the Trustee was also confronted with claims asserted against the Debtors by the BVI Funds for (a) clawback and (b) a misdirected payment prior to the Petition Date. Control of the BVI Funds at this time was the subject of pending litigations between Mr. Fletcher, using funds provided by the Debtors' estates prior to the Trustee's appointment, and Ms. Midanek, both in the United States and in the British Virgin Islands.

The Trustee quickly determined that the Debtors had claims of their own against FILB, New Wave and Composite and potential claims against Leveraged and Arbitrage. One of the Trustee's claims against FILB was derived from the FILB Trustee Report describing the settlement between the FILB Trustee and Fletcher Insiders (defined below) with respect to a transaction identified as the "April 22 Transaction." Pursuant to that Transaction, the FILB Trustee was the recipient of $2.2 million dollars from the Debtors, who received no value from either that payment or the settlement.

While the Trustee believed that she also held valid claims against the FILB Feeder Funds, her investigation was not sufficiently advanced to address and resolve the allegations of the Leveraged and Arbitrage JOLs or the Debtors' own claims against FILB, Leveraged, Arbitrage and Alpha (the "**FILB Feeder Funds**").

From the time of her appointment, the Trustee has been in regular communication with the FILB Trustee in order to minimize expenses and accelerate her investigation curve. During early conversations, the FILB Trustee confirmed that the FILB Trustee, the Leveraged and Arbitrage JOLs and the JOL for Alpha (collectively, the "**FILB Feeder Fund JOLs**") had: (a) reached a global settlement of claims among them; (b) determined to act cooperatively in pursuing claims against the other Affiliated Funds, including the Debtors; (c) agreed to pool claims against Mr. Fletcher and his affiliates other than the Affiliated Funds (the "**Fletcher Insiders**"), as well as to pool claims against certain third parties (the "**Pooled Claims**"); and (d) agreed to endorse and support the prosecution of a chapter 11 plan for FILB setting forth the foregoing. All of this was reflected in FILB's proposed chapter 11 plan.

The FILB Plan, as initially proposed however, provided for among other things, the subordination of claims asserted by the Fletcher Insiders and the Other Affiliated Funds, including the Debtors

and the BVI Funds.[42] In addition, through the FILB Plan, the FILB Trustee and the FILB Feeder Fund JOLs sought injunctive relief potentially impacting the Trustee's ability to pursue the Debtors' claims against FILB and the FILB Feeder Funds.[43] The confirmation schedule for the FILB plan had been established prior to the Trustee's appointment and was driven by the upcoming expiration of the statute of limitations applicable to certain of the Pooled Claims. Accordingly, the FILB Trustee had limited ability to extend the confirmation schedule to permit the Trustee to fully consider the impact of the proposed FILB Plan and the Debtors' claims against FILB and the FILB Feeder Funds.

Concurrently with the FILB plan, the FILB Trustee was also pressing forward with a settlement known as the "UCBI Settlement," which would provide the FILB estate with cash proceeds of almost $12 million. The Trustee's investigation revealed that FILB's acquisition of certain warrants (the "**UCBI Transaction**") was funded, in part, by money taken for zero consideration from the Debtors and the BVI Funds, giving rise to constructive trust claims on the part of the Debtors and the BVI Funds to a portion of the proceeds of the UCBI settlement. Both the UCBI Settlement and the FILB Plan were brought to Court within 60 days of the Trustee's appointment.[44]

B. The Claims Asserted by the Leveraged and Arbitrage JOLs

Shortly after the Trustee's appointment, on March 18, 2014, the Leveraged and Arbitrage JOLs wrote to the Trustee setting out their official position with respect to the Debtors' claims in the estates of Leveraged and/or Arbitrage. In sum, the Leveraged and Arbitrage JOLs claimed that the Debtors had:

(1) no valid claim against Arbitrage;

(2) a potential claim against Leveraged in the amount of $350,761 (although the Leveraged and Arbitrage JOLs assert that such claim is subject to further assessment of the NAV on which the amount was originally based and should be subordinated to Leveraged's series N shareholders); and

(3) received payments of $10,271,965 at a time when Leveraged and Arbitrage were insolvent, with the result that the Leveraged and Arbitrage JOLs had a claim for claw-back against the Debtors.

The Leveraged and Arbitrage JOLs updated their analysis in a letter dated July 14, 2014. The July 14, 2014 letter provided additional information and slightly revised figures, *i.e.*, the purported value of redemptions paid to the Debtors from Leveraged for which the Leveraged and

42 Trustee's Amended Plan of Liquidation (FILB Docket No. 394), Article VI.

43 Id., § 10.3.

44 See Notice of Hearing to Consider Confirmation of Trustee's Plan of Liquidation, with hearing to be held on March 4 (FILB Docket No. 395); Notice of Hearing on Motion for Approval of UCBI Settlement, with hearing to be held on March 19, 2014 (FILB Docket No. 441); Agenda for March 27, 2014, including consideration of FILB Plan (FILB Docket No. 483).

Arbitrage JOLs asserted claw-back claims against the Debtors had increased from $10,271,965 to $12,426,895. However, the conclusions of the Leveraged and Arbitrage JOLs, *i.e.* that the Debtors owe more money to the Leveraged and Arbitrage estates than they are due, remained substantially unaltered.

C. The Preservation and Assertion of the Debtors' Inter-fund Claims

Upon her appointment, FILB's disclosure statement had already been approved by the Court and two versions of the proposed Plan were on file.[45] Therefore, the Trustee had to, and did, act quickly to protect the rights of the Debtors vis-à-vis the proposed FILB Plan.

(1) The Trustee Secured a Key Amendment to the FILB Trustee's Settlement with United Community Banks Inc.

The Trustee's investigation established that the Debtors and the BVI Funds had, in part, funded the UCBI Transaction, for no consideration, giving rise to constructive trust claims against the proceeds of any UCBI Transaction, including the ultimate settlement with United Community Banks Inc. ("**UCBI**") proposed on behalf of FILB in March 2014. To preserve the rights of the Debtors and their stakeholders, including the BVI Funds, the Trustee and the FILB Trustee negotiated the terms of an order (FILB Docket No. 465) (the "**UCBI Order**") that prevents the FILB Plan Administrator from distributing, without giving 45 days prior written notice, $4,000,000 of the $12,000,000 proceeds received by the FILB Trustee from the UCBI Settlement (the "**Restricted Settlement Proceeds**"). That would give the Trustee sufficient time to object the distribution of the $4,000,000. This Court entered the UCBI Order on March 20, 2014.

As of the date of this Amended and Revised Status Report, the FILB Plan Administrator has not provided written notice to the Trustee under the UCBI Order. Upon receipt of such notice, the Trustee will have 45 days to object to the distribution of the Restricted Settlement Proceeds, during which time no distributions are permitted. With respect to the BVI Funds, the discussions between the FILB Plan Administrator and the BVI Funds stalled at the expiration of the initial 45-day period, whereafter the FILB Plan Administrator did not extend the notice period for the BVI Funds and brought suit against the BVI Funds.

(2) The Trustee Secured Key Amendments to the FILB Plan

To protect the Debtors and their stakeholders, including the BVI Funds, the Trustee negotiated various changes to the FILB Plan,[46] including:

a. A provision that the administrative bar date may be extended by the FILB Plan Administrator without order of this Court. The FILB Plan Administrator has since

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[45] See Order Pursuant to Sections 1125 and 1128 of the Bankruptcy Code and Bankruptcy Rules 2002, 3017, and 3020 Approving the Disclosure Statement, Fixing Certain Deadlines, and Granting Related Relief (FILB Docket No. 384); [FILB] Trustee's [First] Plan of Liquidation dated November 25, 2013 (FILB Docket No. 330); [FILB] Trustee's Amended Plan of Liquidation dated January 24, 2014 (FILB Docket No. 394).

[46] All capitalized terms used but not defined in this subsection have the meaning given to such terms in the FILB Plan.

extended the administrative bar date for the Debtors and the Trustee several times, most recently until June 29, 2015 at 5:00 p.m. EST, in order to facilitate settlement negotiations between the FILB Plan Administrator and the Soundview Trustee;[47]

b. An extension of the general bar date for the Debtors and the BVI Funds until 75 days after the effective date of the FILB Plan. This bar date has since been further extended for the Trustee and the Debtors until June 29, 2015 at 5:00 p.m. EST;[48]

c. Allowing the Soundview Trustee, the BVI Funds and a fiduciary thereof to file claims on behalf of the "Cayman Funds" (*i.e.*, New Wave Fund SPC and Composite) provided that they demonstrate their authority to do so;

d. Material amendments to the FILB Plan's waiver, release and injunction provisions, including securing the ability of the Debtors to bring defensive claims and a reservation of the Debtors' rights providing that value ascribed to any claim in the FILB Plan is not determinative in any other proceeding;

e. Provisions for a potential Amended Investor Settlement with the Debtors and/or the BVI Funds, whereby these parties would join the Investor Settlement set forth in the FILB Plan;

f. Changes to the classification of claims of the Debtors, the BVI Funds and the Cayman Funds; and

g. A requirement that no distribution of Liquidation Recoveries[49] take place until 60 days following the FILB Plan effective date and only upon five business days notice to the Trustee and the BVI Funds (aimed at the UCBI proceeds). No such notice has been given to the Trustee by the FILB Plan Administrator.

On March 28, 2014, the Court entered its Findings of Fact, Conclusions of Law and Order Confirming the Trustee's Second Amended Plan of Liquidation pursuant to Chapter 11 of the Bankruptcy Code (FILB Docket No. 490), confirming the FILB Plan with the changes sought by the Trustee.

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47 See Stipulation and Agreed Order by and between the FILB Plan Administrator and the Soundview Trustee extending the 75-day Period and the Administrative Bar Date (FILB Docket No. 703) (the "**May 28, 2015 Consent Order**"), ¶ 1; see also FILB Docket Nos. 573, 582, 607, 624, 643, 650, 665, 674, 681, 685, 688, 692, 697).

48 See May 28, 2015 Consent Order, ¶ 2.

49 Section 2.66 of the FILB Plan defines Liquidation Recoveries as "the amounts recovered from time to time by the Trustee or Plan Administrator, as the case may be, on account of the liquidation of the Debtor's assets (including recoveries in any Proceedings), net of the costs and expenses of such recoveries; provided, however, that Liquidation Recoveries shall include, with respect to Pooled Claims, only FILB's share of the Pooled Claim Recoveries as set forth in the Investor Settlement or Amended Investor Settlement, as applicable."

(3) The Trustee Secured the Opportunity for the Debtors to Bring Claims against FILB

As set forth above, the Trustee preserved the opportunity for the Debtors to file claims against FILB, including administrative expense claims and general unsecured claims:

(a) Administrative Expense Claims

On May 19, 2014, the Trustee submitted drafts of two proofs of administrative claims to the FILB Plan Administrator:

i. An administrative claim in the amount of $2,200,000 based on a $4,000,000 fraudulent transfer from Soundview Elite to FII on March 8, 2013. Upon receipt of the $4,000,000 from Soundview Elite, FII immediately, on the same day, transferred $2,200,000 to FILB; and

ii. An administrative claim in the amount of $2,742,000 (€2,000,000) based on a proprietary constructive trust related to Soundview Elite's funding of the UCBI Transaction for no consideration.

As stated above, the bar date for filing the administrative expense claims is currently June 29, 2015 at 5:00 p.m. EST.[50]

(b) General Unsecured Claims

The Trustee has also prepared general unsecured claims against FILB on behalf of the Debtors. Furthermore, prior to the Trustee's appointment, the Debtors, under the control of previous management, filed proofs of claims against FILB to which the FILB Trustee has objected. See FILB Docket No. 399 (the "**Claim Objections**"). The deadline for the Trustee to respond to the Claim Objections was extended until June 16, 2015 at 5:00 p.m. EST and the FILB Plan Administrator has agreed to a further extension. See FILB Docket No. 696.

D. The Debtors Become the Focus of the Inter-fund Claims

As set forth above, the Trustee and her advisors had done substantial work to preserve the claims of the Debtors and the BVI Funds against FILB, in order to enable further discussions among the Trustee, the FILB Plan Administrator, the Fletcher Feeder Fund JOLs and the representatives of the BVI Funds.

To assess all inter-fund claims properly, the Trustee and her advisors had to undertake an analysis of all potential claims between the Debtors and the Fletcher Funds. As part of this task, the Trustee's advisors reviewed and analyzed the financial documents, including bank statements, wire details and share redemption and subscription statements related to the Debtors, received by the Trustee from the various third parties identified in this Amended and Revised Status Report. Following this investigation, Kinetic produced, among other items, an analysis of share

[50] The Court has not yet entered the stipulation and agreed order.

subscriptions and share redemptions, including cash and in-kind transactions, between: (a) the Debtors and the BVI Funds on the one hand and the Fletcher Funds on the other hand and (b) the Debtors and the BVI Funds. To kick start a meaningful settlement dialog, the Trustee shared with the FILB Plan Administrator and Ms. Midanek various analyses of the cash and non-cash transactions among the Limited Debtors and the BVI Funds, as well as the cash and non-cash transactions between the Limited Debtors and the BVI Funds on the one hand and FILB, Leveraged and Arbitrage on the other.

Thereafter, discussions with Ms. Midanek and the Trustee, as well as discussions between Ms. Midanek and the FILB Plan Administrator, stalled. At that point, the FILB Plan Administrator commenced a lawsuit against the BVI Funds seeking to recover in excess of $9 million.[51] Following the commencement of the FILB v. BVI Funds Suit, the FILB Plan Administrator sought to reignite discussions with the Trustee and the BVI Funds about the possibility of a global inter-fund settlement.

The Trustee, her advisors and both BVI JLs, Mr. Wright and Mr. Ayres, were able to work through conflicts presented by Mr. Wright's dual roles in light of the FILB v. BVI Funds Suit, ultimately agreeing that Mr. Ayres would be responsible for the BVI Funds' inter-fund issues. It was always clear that (1) the potential claims held by the Debtors against FILB and the UCBI proceeds and (2) the recoveries potentially payable by the Debtors to their stakeholders would be two of the drivers of any inter-fund discussions and any settlement thereof. The complexities of the inter-fund claims not only required a careful review of past transactions orchestrated by Fletcher Insiders, but also an assessment of potential recoveries. Additionally the strengths and weaknesses of pending and potential litigation, together with the associated expenses, required extensive consideration.[52] One target and source of potential recovery for claims made or threatened by FILB or the FILB Feeder Fund JOLs, was (a) the Debtors and/or (b) the BVI Funds following distributions having been made to the BVI Funds by the Debtors, thereby enriching the BVI Funds.

In light of the above, the Trustee and her advisors undertook an extensive study of potential recoveries from the Debtors to their redemption creditors and investors, including the BVI Funds,[53] taking into account assets already held by the Debtors, claims asserted by the Debtors against FILB and Composite, and various legal considerations under both U.S. and Cayman Islands law. This study was a pre-requisite for meaningful settlement discussions and was shared with the participating parties to facilitate settlement negotiations. Specifically, the Trustee and the FILB Plan Administrator arranged for: (1) the exchange, as among the Fletcher Feeder Fund

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51 See Complaint, Fletcher International, Ltd. v. Richcourt Euro Strategies Inc., No. 14-02029 (Bankr. S.D.N.Y. June 10, 2014) (the "**FILB v. BVI Funds Suit**").

52 The FILB Plan Administrator was already suing the BVI Funds. The Trustee and her advisers had already prepared complaints, and shared with the FILB Plan Administrator the Debtors' detailed statements of claims against FILB relating to the $2.2 million transfer and the UCBI transaction.

53 See Affidavit of Deborah Midanek (Docket No. 109), at ¶ 3 ("Three of the BVI Richcourt Funds - Optima Absolute Return Fund Ltd., Richcourt Allweather Fund Inc., and America Alternative Investments Inc. . . . are redemption creditors and shareholders of four of the Debtors, namely, Soundview Elite Ltd. and the SPV Debtors" [i.e., Debtors Elite Designated, Premium Designated and Star Designated]).

JOLs, John Ayres as one of the BVI JLs, the FILB Plan Administrator, the Trustee and Pasig and their respective advisors of this recovery study, together with each party's statement of claims and supporting analyses with the identification and analysis of potential claims against third parties that might be pooled; (2) the opportunity to pursue questions regarding the foregoing; and (3) a meeting of principals and advisors (including Pasig) to discuss a potential global inter-fund settlement.

E. The Agreement in Principle and Status of the Settlement

An inter-fund settlement meeting then took place on October 6 and 7, 2014 in the Trustee's offices. Counsel and principals attended, including Mr. Ayres (one of the BVI JLs) for the BVI Funds, the Trustee, Mr. Davis as FILB's Plan Administrator, and the Fletcher Feeder Fund JOLs. Tax and bankruptcy counsel for Pasig also attended. Pasig, a redemption creditor of certain Debtors, had informed the Trustee that it was also a party in interest in certain of the BVI Funds which is why it was permitted to attend the meeting.

The key forces driving the majority of the meeting were: (1) the pressing by the FILB Plan Administrator of FILB's claims against the BVI Funds, and (2) the claims asserted (a) by the Leveraged and Arbitrage JOLs against the BVI Funds and the Debtors, (b) by the BVI Funds against the Debtors and (c) by the Debtors against FILB, Leveraged and Arbitrage. The Trustee pressed the Debtors' claims against FILB and the strength of the Debtors' defenses against the claims asserted by the Leveraged and Arbitrage JOLs and by the BVI Funds.

The Agreement in Principle was eventually struck at the conclusion of the meetings resolving all inter-fund claims between (a) FILB (b) the FILB Feeder Funds (c) the Debtors and (d) the BVI Funds on a full and final basis without the need for further litigation, to the benefit of all creditors of the participating funds. The parties have subsequently negotiated and drafted a settlement agreement that documents the Agreement in Principle.

Furthermore, the BVI JLs and the Trustee have had further meetings and multiple telephone calls to finalize the settlement of claims between the BVI Funds and the Debtors, which has been complicated by the BVI JLs lack of records, including bank statements, and their failure to obtain such records with respect to transactions between the BVI Funds and the Debtors that occurred prior to the Petition Date. The settlement does not resolve claims of third parties that are related to professional fees and expenses funded by the Debtors for services rendered to the BVI Funds.

The Trustee believes that the settlement agreement will be finalized and filed with the Court shortly.

V. OTHER DEVELOPMENTS IN THE DEBTORS' CHAPTER 11 CASES

A. The Turnover Action against Composite

As a result of her investigations, the Trustee identified one of Soundview Elite's largest assets as an outstanding redemption debt owed to it from Composite in the amount of at least $3,875,000 (the "**Redemption Debt**"). While the Trustee considered alternatives, after consultation with the Debtors' largest stakeholders (including Pasig), she ultimately decided that commencing a turnover proceeding against Composite in this Court provided the best prospect for recovering the Redemption Debt. Accordingly, on April 1, 2014, the Trustee filed a complaint against Composite in this Court seeking, pursuant to sections 541 and 542 of the Bankruptcy Code, the turnover and an accounting of estate property and attorney's fees (Adv. P. Docket No. 1) (the "**Turnover Action**"). On May 19, 2014, the Trustee filed a motion for summary judgment in the Turnover Action (the "**SJ Motion**").[54] Oral arguments were heard on the SJ Motion on June 26, 2014 and judgment is expected imminently. The Protocol provides that the Trustee and the Soundview JOLs will consult, upon receiving notification of the outcome of the SJ Motion, how to most efficiently and effectively obtain satisfaction of the Redemption Debt.[55]

On May 2, 2014, Composite filed a Motion to Withdraw the Reference of the Turnover Action from this Court.[56] On July 3, 2014, the District Court denied the motion to withdraw.[57]

The Trustee has attempted to negotiate a settlement with Composite in order to save the Debtors' estates from the costs of any future litigation or judgment execution. To date, Composite has incurred $125,000 in legal fees in connection with the Turnover Action. In addition, Composite's financial advisor, FAM, has requested $50,000 for fees associated with an investigation by the U.S. Securities and Exchange Commission for services rendered in connection with Composite (the "**SEC Investigation**").[58]

By order dated August 8, 2014,[59] this Court authorized the release of $100,000 from the Composite account maintained at Wilmington Trust for the express purpose of paying retainers to Composite's counsel in connection with the SEC investigation and the Turnover Action. On or about August 26, 2014, Composite's counsel Peter Levine ("**Levine**") wrote to the Court (1) to request to be relieved as counsel, (2) to direct Composite or its manager to pay him $50,000 and (3) to direct Composite or its manager to return the balance of the $100,000 to Wilmington Trust or to use the balance to retain counsel in the SEC Investigation.[60]

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54 Adv. P. Docket No. 11.

55 Protocol, Section 8.1.

56 Adv. P. Docket No. 8.

57 Ball, as Ch. 11 Trustee v. Soundview Composite, Case No. 14-cv-3179 (S.D.N.Y.) (SAS) (S.D.N.Y. Docket No. 13).

58 Adv. P. Docket No. 25.

59 Adv. P. Docket No. 28.

60 Adv. P. Docket No. 29.

By orders dated September 3 and 23, 2014,[61] the Court ordered (1) the repayment of funds not used for those express purposes to Soundview Composite and (2) an accounting to show what payments have been made from the released $100,000. On September 26, 2014, Fletcher appealed the Court's orders to the District Court (the "**S.D.N.Y. Appeal**").[62] The S.D.N.Y. Appeal was fully briefed before the Honorable Gregory H. Woods. Judge Woods dismissed the S.D.N.Y. Appeal by a written order dated May 8, 2015.[63]

On or about September 26, 2014, the Trustee moved the Court for an order finding Composite and its managers in contempt of this Court's August 8, September 3 and September 23, 2014 orders (the "**Contempt Motion**").[64] Composite retained Sher Tremonte as counsel in the SEC Investigation and in the Turnover Action, paid Levine $50,000 and repaid the balance to Wilmington Trust. At the November 5, 2014 hearing on the Contempt Motion, the Court heard arguments, found the respondents (including Messrs. Fletcher, Ladner and Saunders, among others) in contempt, with the exception of Mr. Turner who had reached a settlement with the Trustee and therefore was not held in contempt, and awarded reasonable attorneys' fees to the Trustee for which the respondents other than Mr. Turner are jointly and severally liable.

On December 1, 2014, the Trustee filed a motion for a preliminary injunction (the "**Preliminary Injunction Motion**").[65] On December 22, 2014, Composite filed an opposition to the Preliminary Injunction Motion.[66] On January 5, 2015, the Trustee filed a reply in further support of the Preliminary Injunction Motion.[67] The Preliminary Injunction Motion is still pending.

B. The Motions to Remove the Trustee

On July 7, 2014, Muho filed with the Court the Removal Motion to remove the Trustee and dismiss the chapter 11 cases (Docket No. 291). Fletcher filed a purported joinder to Muho's Removal Motion in which he supported removing the Trustee, but argued against dismissing the chapter 11 cases (Docket No. 302) (the "**Fletcher Joinder**").[68] After a hearing on August 6, 2014, the Court denied the Removal Motion.[69]

Muho and Fletcher then separately appealed the Court's order to the District Court (the "**Removal Appeals**"). The Trustee successfully consolidated the Removal Appeals before the Honorable J.

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61 Adv. P. Docket Nos. 35 and 46.

62 Adv. P. Docket No. 50.

63 Fletcher v. Ball, as Ch. 11 Trustee, Case No. 14-cv-8615 (S.D.N.Y.) (GHW) (Docket No. 15).

64 Adv. P. Docket No. 47.

65 Adv. P. Docket No. 73.

66 Adv. P. Docket No. 78.

67 Adv. P. Docket No. 81.

68 Fletcher and Ladner previously attempted to reverse the Court's order that appointed the Trustee, which was ultimately denied by the U.S. Court of Appeals for the Second Circuit ("**Second Circuit**") on March 13, 2015. See Fletcher v. Harrington, Case No. 14-1642 (Docket No. 126).

69 Docket Nos. 306 (order), 307 (transcript of hearing) at 16-21.

Paul Oetken.[70] By an order dated December 12, 2014, J. Oetken denied the Removal Appeals (the "**Removal Order**").[71]

On or around December 18, 2014, Muho appealed the Removal Order to the Second Circuit.[72] On May 4, 2015, the Second Circuit dismissed the portion of Muho's appeal that sought to dismiss the chapter 11 cases.[73] Muho's appeal of the Removal Order that seeks to remove the Trustee is still pending. Fletcher moved for a reconsideration of the Removal Order on December 12, 2014, which was subsequently denied on April 13, 2015.[74] Fletcher has appealed his denial for reconsideration to the U.S. Court of Appeals for the Second Circuit, which remains pending.[75]

C. The Debtors' Schedules and Statements

On September 17, 2014, the Trustee filed a limited *ex parte* motion requesting the Court's approval of the filing of the Debtors' Schedules and Statements with limited redactions (Docket No. 330). Specifically, these redactions included (1) identifying the redemption creditors and investors with a unique investor identifier and (2) redacting their contact information, to comply with the Cayman Islands privacy law. On September 23, 2014, the Court approved the motion (Docket No. 335).

On September 24, 2014, the Trustee filed the Debtors' Schedules and Statements with the Court. See Docket Nos. 354-365.

D. The Debtors' Lists of Equity Security Holders

The Trustee worked to bring these cases into compliance with the provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), the rules of this Court and the requirements of the U.S. Trustee, while simultaneously moving the cases to a plan and distributions to creditors. On October 2, 2014, the Trustee filed a limited *ex parte* motion (Docket No. 368) (the "**Equity Security Lists Motion**") requesting this Court's approval to file redacted lists of equity security holders, which had not been filed within 14 days of the Petition Date as required by Bankruptcy Rule 1007(a)(3). Mr. Ladner, a former insider of the Debtors, objected to the Equity Security Lists Motion (Docket No. 370). On November 12, 2014, the Court entered an order granting the Equity Security Lists Motion (Docket No. 404).

On November 13, 2014, the Trustee filed the list of equity security holders for each Debtor with the Court. See Docket Nos. 408-413.

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70 Muho v. Ball, as Ch. 11 Trustee, Case No. 14-cv-7045 (JPO) (Docket No. 7); Fletcher v. Ball, as Ch. 11 Trustee, Case No. 14-cv-7666 (JPO) (Docket No. 5).

71 Id. (Docket No. 20).

72 Muho v. Ball, as Ch. 11 Trustee, Case No. 14-4675 (Docket No. 1).

73 Id. (Docket No. 29).

74 Fletcher v. Ball, as Ch. 11 Trustee, Case No. 14-cv-7666 (JPO) (Docket No. 26).

75 Fletcher v. Ball, as Ch. 11 Trustee, Case No. 15-1559.

E. The Bar Dates

On October 15, 2014, the Trustee filed an application (Docket No. 372) to set bar dates in these cases. On November 17, 2014, the Court entered an order (Docket No. 414) (the "**Bar Date Order**") setting December 31, 2014 at 5:00 p.m. Eastern time as the general bar date and setting February 2, 2015 at 5:00 p.m. as the investor bar date. "Participating Investors" (as defined in the Bar Date Order) asserting a claim against a Debtor that arose or is deemed to have arisen prior to the Petition Date were required to file a proof of claim with the Court, and "Eligible Investors" (as defined in the Bar Date Order) electing to assert a debt against a Limited Debtor that arose or is deemed to have arisen prior to the Petition Date were required to file a proof of such debt with the Soundview JOLs prior to the investor bar date. The Trustee has agreed to the following bar date extensions:

(1) The general bar was extended (Docket No. 669) until June 29, 2015 at 5:00 p.m. for the following parties:

- (a) FILB and the FILB Plan Administrator;
- (b) Arbitrage and its joint official liquidators;
- (c) Leveraged and its joint official liquidators;
- (d) Alpha and its joint voluntary liquidators;
- (e) The MBTA;
- (f) The Firefighters Retirement System;
- (g) The New Orleans Firefighters Pension & Relief Fund, and
- (h) The Municipal Employees Retirement System of Louisiana.

(2) The general bar date and the investor bar date were extended until June 30, 2015 at 5:00 p.m. Eastern Time for the BVI Funds and the BVI JLs (Docket No. 590).

F. The Proofs of Claim and Proofs of Debt Filed against the Debtors

A total of 168 proofs of claim have been filed with the Court and 41 proofs of debt have been filed with the Soundview JOLs. More detail of the proofs of claim filed is set forth below.

	Number of Claims				Amount of Claims			
Debtor	**Administrative**	**Priority**	**Unsecured**	**Total**	**Administrative**	**Priority**	**Unsecured**	**Total**
Soundview Elite	6	3	16	**25**	$187,843.03	$21,102.00	$24,636,534.63	**$24,845,479.66**
Soundview Premium	5	4	9	**18**	$35,526.32	$41,126.00	$4,071,200.68	**$4,147,853.00**
Soundview Star	5	4	11	**20**	$16,312.32	$41,726.00	$1,892,596.76	**$1,950,635.08**
Elite Designated	5	5	25	**35**	$29,035.32	$42,226.00	$2,560,392.66	**$2,631,653.98**
Premium Designated	5	4	26	**35**	$23,864.32	$40,525.00	$3,045,770.94	**$3,110,160.26**
Star Designated	5	5	25	**35**	$24,272.32	$41,326.00	$1,135,810.24	**$1,201,408.56**

As set forth above, the Protocol Addendum sets forth a common claims adjudication methodology for proofs of claim and proofs of debt filed by redemption creditors against the Limited Debtors.

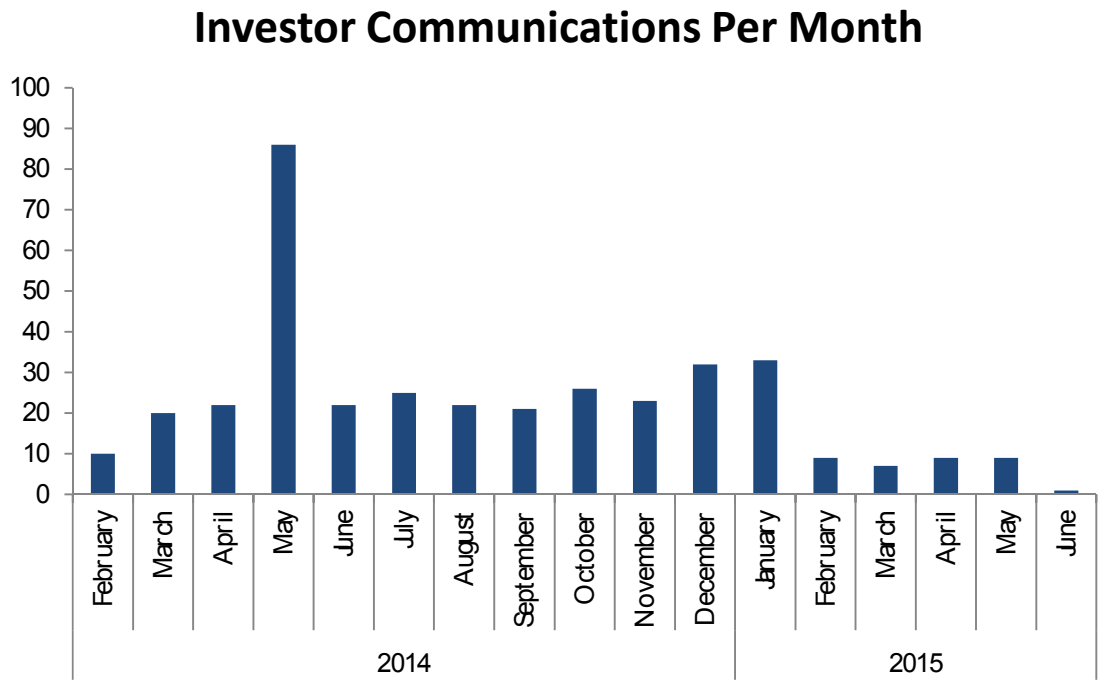
G. The Trustee's Retention of DiConza Traurig as Special Litigation Counsel

On May 6, 2015, the Trustee sought to retain DiConza Traurig as special litigation counsel with a specific mandate to pursue (a) Avoidance claims and (b) Insider Claims. See Docket No. 632. DiConza Traurig will also enforce the Debtors' outstanding claims based on the Muho Default Judgment. No objections to DiConza Traurig's retention were filed and the Court entered an order approving DiConza Traurig's retention as special litigation counsel on June 3, 2015 (Docket No. 677).

H. Since her Appointment, the Trustee Has Reached out to, and Has Been in Contact with, Multiple Investors

In May 2014, Kinetic sent a letter (the "**May 2014 Letter**") to all investors known to the Trustee from the most recent shareholder register in her possession, asking them, among other things, if they were interested in and would be willing to participate in a chapter 11 plan process, as well as in providing information and/or documents that could be used to verify the Debtors' books and records. While some parties later informed Kinetic that they had never received the May 2014 Letter, this correspondence opened the lines of communication between the Debtors' investors and redemption creditors and the Trustee's advisors.

Specifically, from February 18, 2014 until June 3, 2015, Kinetic has had unique contacts with 140 parties, *i.e.* investors and their representatives, regarding 379 inquiries. These inquiries mainly consisted of requests for (1) updates on the chapter 11 cases, (2) updates on pending redemptions, (3) updates on transfers or transfer cancellations, (4) NAVs, (5) Schedules and Statements, and/or (6) audited financial statements. Kinetic has also provided the applicable unique investor identifiers by which investors and redemption creditors are identified in the Schedules and Statements, to 17 parties. In addition to these communications between Kinetic and the investors, which are set forth in the graph below, the Trustee's counsel has also been contacted by multiple investors and redemption creditors. The Trustee has added the professionals who reached out to the Trustee on behalf of investors and redemption creditors to the general service list.


Investor Communications Per Month
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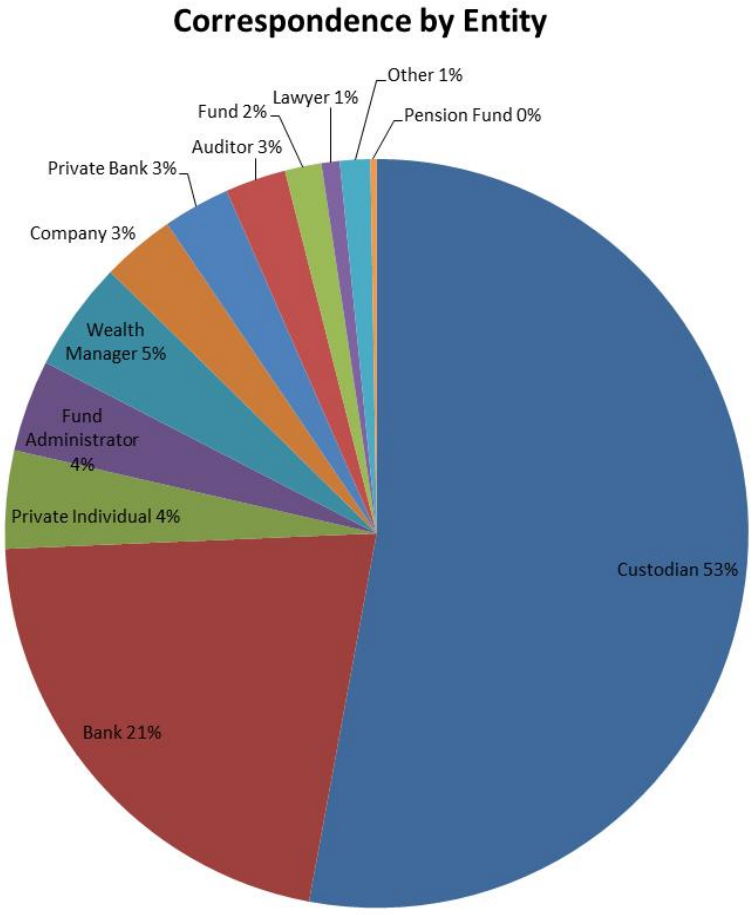
Correspondence by Entity
Other 1%
Lawyer 1%
Fund 2%
Pension Fund 0%
Auditor 3%
Private Bank 3%
Company 3%
Wealth Manager 5%
Fund Administrator 4%
Private Individual 4%
Custodian 53%
Bank 21%

VI. ADDITIONAL LITIGATION AND INVESTIGATION OUTSIDE OF THE DEBTORS' CHAPTER 11 CASES AND THE TRUSTEE'S ENFORCEMENT OF THE AUTOMATIC STAY

A. The Corman Complaint Filed in Superior Court of the State of California for the County of Los Angeles against Citco Group Limited and its Affiliates

On or about March 23, 2015, Roger Corman, Julie A. Corman and Pasig, a redemption creditor in the Limited Debtors and a member of the Limited Debtors' Cayman Islands liquidation committee, commenced an action in the Los Angeles state court against Citco Group Limited and certain of its affiliates and related parties (collectively, the "**Citco Parties**") for conduct relating to the Debtors and their collapse (the "**California Action**").[76] Based on the information in the Trustee's possession, Pasig had preserved its causes of action against Citco. Among other claims, the California Action asserts claims for transfers made by the Debtors to Citco and claims for the Citco Parties' role in the Debtors' mismanagement. Thus, Pasig and the Cormans have asserted claims as part of the California Action that belong to the estates, but for their individual benefit.

Shortly after the California Action was commenced, the JOLs wrote to Pasig excluding Pasig from receiving any information about potential litigation against Citco and other targets and requesting that Pasig refrain from using information received by Pasig as a member of the Cayman Islands liquidation committee to pursue its own claims. Specifically, the JOLs wrote to Pasig as follows:[77]

> Given that there is, or may be, a potential conflict of interests arising from the litigation commenced by Pasig (in that Pasig's interest to recover as much as possible for itself from the litigation conflicts with the interests of the three estates to recover as possible for distribution to stakeholders in the liquidation) the JOLs will, going forward, exclude Pasig from information and/or discussions about litigation against Citco and, if considered appropriate, such other information and/or discussions about litigation generally where such discussions go to general litigation strategies etc. . . .
>
> . . . The JOLs would remind Pasig that, in view of its fiduciary obligations to the estates, information provided to it in its capacity as a member of the liquidation committee is to be used only in connection with the purpose for which it was provided. Pasig is not entitled to use or rely on information provided to it in its capacity as a member of the liquidation committee for any other purpose, which would include the pursuit of any claim in its own right. The JOLs are bound to reserve all rights to take remedial action if information

[76] The complaint in the California Action is attached hereto as Exhibit E-1.

[77] E-mail from Soundview JOL Matthew Wright to Paul Butler and others, dated April 29, 2015 at 9:11 a.m., a copy of which is attached to the Trustee's Reply in Support of the Protocol Addendum (Docket No. 686).

> is used in breach of this fiduciary obligation and such use causes loss to the estates. . . .

After the California Action was commenced, the Trustee also wrote to the Cormans and Pasig.[78] The Trustee attempted to engage the Pasig parties in a dialogue to avoid confrontation and to navigate an appropriate resolution that preserved and protected the Debtors' claims for the benefit of all creditors, not just Pasig. However, the Trustee subsequently received an adversarial response by the Cormans and Pasig, stating that they intended to proceed with the California Action in total disregard of the Trustee and the estates' claims, which are protected by the automatic stay.[79] It was not until the Trustee drafted and shared with Pasig a motion to enforce the stay that a dialogue commenced.[80]

As part of that dialogue the Trustee tried to avoid the need to spend funds on litigating a motion to enforce the stay by seeking to elicit certain assurances that ought to have proved uncontentious if the Cormans and Pasig had no genuine intention to pursue the estates' claims as well as their own.[81] The only response thus far from Pasig's California Counsel is to retrench to an assertion that they are not asserting estate claims.[82] That letter misses the point, which is that the parties clearly disagree as to whether the action commenced by Pasig only asserts claims belonging to the Cormans and Pasig or also includes claims belonging to the Debtors; which is the very reason why additional assurances were sought in the May 5, 2015 letter; a point made again in Jones Day's reply of June 9, 2015.[83] As of today's date, the issue remains unresolved and a motion to enforce the stay may prove necessary because of the Cormans and Pasig's refusal to give adequate assurances to the Trustee that they will not pursue claims belonging to the Debtors in violation of the automatic stay.

B. The Muho Complaint Filed in the United States District Court for the Southern District of Florida

On April 13, 2015, Muho sued the Trustee, Jones Day (her counsel) and others in the United States District Court for the Southern District of Florida, alleging a wide-ranging conspiracy in violation of RICO and federal civil-rights laws, among other things—all apparently tied to these

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78 Letter from the Trustee's counsel to Pasig's California counsel Howard & Smith dated March 30, 2015 and attached hereto as Exhibit E-2.

79 Letter from Pasig's California counsel to the Trustee's counsel dated April 3, 2015 and attached hereto as Exhibit E-3.

80 Letter from the Trustee's counsel to Pasig's California counsel dated April 23, 2015 and attached hereto as Exhibit E-4.

81 Letter from the Trustee's counsel to Pasig's California counsel dated May 5, 2015 and attached hereto as Exhibit E-5.

82 Letter from Pasig's California Counsel to the Trustee's counsel dated June 8, 2015 and attached hereto as Exhibit E-6. Subsequently, an email was received on June 11, 2015 from Pasig's New York Counsel which appears to make a counter-proposal but there has been no time to consider that email, either generally or with the Trustee before filing this Amended and Revised Status Report.

83 Letter from the Trustee's counsel to Pasig's California counsel dated June 9, 2015 and attached hereto as Exhibit E-7.

bankruptcy cases and related litigation. Moreover, in his complaint, Muho expressly seeks control over estate monies—including by collaterally attacking the over $2 million Muho Default Judgment obtained against him for converting funds that belong to the estates—and he generally interferes with the Trustee's administration of these cases.

On May 12, 2015, the Trustee filed a motion to enforce the automatic stay and the *Barton* doctrine and also seeking contempt sanctions against Muho (Docket No. 643). Muho did not file a response to the Trustee's motion. The Court entered an order granting the Trustee's motion, directing Muho to cease all efforts to prosecute the action, ordering him to withdraw immediately the complaint, and holding Muho in contempt on June 3, 2015 (Docket No. 676). Muho failed to dismiss the action. Counsel for the Trustee has, accordingly, filed a motion to dismiss Muho's Florida complaint based, in part, on the Court's June 3, 2015 order. On June 9, 2015, in contravention of the June 3, 2015 order, Muho filed with the Florida District Court an emergency motion for a temporary restraining order and preliminary injunction declaring, among other things, the bankruptcy proceeding void *ab initio*.

C. The Inquiries of the Department of Justice and the Securities and Exchange Commission

The Trustee has received inquiries of the Department of Justice ("**DOJ**") and the Securities and Exchange Commission ("**SEC**") in connection with the behavior of former insiders and others with respect to the management and administration of the Debtors prior to the Petition Date. The Trustee is cooperating with the DOJ and SEC. This cooperation has included phone calls and meetings with DOJ and SEC attorneys as well as the sharing of information assembled by the Trustee during the course of her investigation.

VII. THE PROFESSIONAL FEES AND EXPENSES

During these cases, the Trustee and her advisers have spent time determining a fair allocation of administrative expenses between the various Debtors, obtaining the order approving interim compensation procedures (Docket No. 405) (the "**Interim Compensation Order**"),[84] and reviewing, resolving and reducing multiple professional fee and expense claims.

A. The Allocation of Administrative Expenses

(1) The Allocation of Administrative Expenses Between the Debtors, the Limited Debtors Only and the Designated Debtors Only

Most professional services are provided to the six Debtors. However, certain services, such as the services provided in connection with the Protocol and the Protocol Addendum, are provided for the benefit of the Limited Debtors only. Other services are provided for the benefit of the Designated Debtors only. Therefore, administrative expenses, which could not be attributed to a particular Debtor or Debtors, have been allocated between all six of the Debtors. Similarly, administrative expenses, which could not be attributed to a particular Limited Debtor or Limited Debtors, are allocated between the three Limited Debtors, and administrative expenses, which could not be attributed to a particular Designated Debtor or Designated Debtors, are allocated between the three Designated Debtors. Given that the Debtors each have different investors and creditors as well as different asset sizes, the Trustee and her advisors considered that it was appropriate to allocate administrative expenses based on the applicable Debtor's identifiable available assets as of the Petition Date while applying a certain discount to non-cash assets, as follows:[85]

Soundview Debtor	%	Limited Debtors Only	%	Designated Debtors Only	%
Soundview Elite	34%	Soundview Elite	55%	n/a	n/a
Soundview Premium	*13%*	Soundview Premium	*21%*	n/a	n/a
Soundview Star	15%	Soundview Star	24%	n/a	
Elite Designated	15%	n/a	n/a	Elite Designated	39%
Premium Designated	11%	n/a	n/a	Premium Designated	29%
Star Designated	12%	n/a	n/a	Star Designated	32%

[84] The Trustee has filed a motion seeking an amendment of the Interim Compensation Order to account for the Limited Debtors' Allocation Percentages and the Designated Debtors' Allocation Percentages (both as defined below). This motion, to which Pasig has objected, will be heard on June 16, 2015.

[85] The basis for allocation between the Debtors is referred to herein as the "**Debtors' Allocation Percentages**." This allocation has been reported in multiple monthly operating reports since April 22, 2014[85] and in the November 2014 Report, and is also set forth in the Interim Compensation Order.
The basis for allocation between the Limited Debtors is referred to herein as the "**Limited Debtors' Allocation Percentages**." This allocation was approved in the Protocol and was reported in multiple operating reports and in the November 2014 Report. See Docket Nos. 284-286, 292-294, 314-316, 336-338, 378-380, 419-421, 469-471, 479, 480, 488-490, 517-519, 545-547, 581-583, 615-617, 661-663.
The basis for allocation between the Designated Debtors is referred to herein as the "**Designated Debtors' Allocation Percentages**." See Docket Nos. 664-666.

(2) The Soundview Premium Holdback

The Trustee has determined, with the assistance of Kinetic, that Debtor Soundview Premium is not currently in a position to pay all the administrative claims filed and expected to be filed against it.[86] The Trustee anticipates objecting to at least certain of these claims. The Interim Compensation Order provides for a 100% holdback with respect to the payment of any additional allowed administrative expense claims from Soundview Premium's accounts (the "**Soundview Premium Holdback**"), in addition to the 30% fee holdback. See Interim Compensation Order, at 3.

B. The Status of Resolution of Postpetition Fee and Expense Claims of Professionals against the Debtors

(1) The Professional Claims Related to the Period Prior to the Trustee's Appointment

As reported in the MORs and as summarized in the table below, for the period prior to her appointment, the Trustee has been made aware of claims for professional fees and expenses of approximately $4.4 million from the professionals set forth below:

Professional	Total Incurred	Status
Porzio[87]	$1,643,848.58	Porzio Consent Order entered, approving fees and expenses of $1,425,828.58 (*i.e.*, a $218,020 reduction). Paid subject to Soundview Premium Holdback.
CohnReznick[88]	$234,336.74	Fee application objected to by Trustee.
Soundview JOLs	$376,801.72	Agreement reached in Protocol (see below).
Morrison & Foerster LLP	$1,850,106.05	Agreement reached in Protocol (see below).
Smeets Law	$172,086.25	Unpaid. Trustee objected to payment of aggregate fees and expenses in excess of $270,000 (see below).
HSM Chambers 11/1/2013 -12/31/2013	$44,557.50	Agreement reached in Protocol (see below).
Patterson Belknap 9/26/2013 – 1/31/2014	$127,652.76	Fee application pending. Negotiations ongoing.
Total	**$**4,449,389.60	

86 Debtor Soundview Premium is a redemption creditor of Debtor Soundview Elite and, as such, will receive a distribution from Soundview Elite, including from any recovery by Soundview Elite in the Turnover Action.

87 Prior to the Trustee's appointment, in the first four months of these cases, Porzio incurred $1,578,020.00 in fees and $65,828.58 in expenses. See Porzio's First Interim Application (Docket No. 167). The Trustee finalized a settlement with Porzio reducing the fees by $218,020.00 (or 13.9%) to $1,360,000, or a total claim of $1,425,828.58 on account of its postpetition fees and expenses that was allocated to the Debtors in accordance with the Debtors' Allocation Percentages. See Stipulation and Consent Order by and between the Chapter 11 Trustee and Porzio, Bromberg & Newman, P.C. (Docket No. 329) (the "**Porzio Consent Order**"). A 100% holdback applies for the fees and expenses to be paid by Soundview Premium. Id.

88 The Trustee has not been able to resolve her objection to the CohnReznick fee application (Docket No. 223) consensually.

The Trustee has reserved all her rights with respect to (a) the responsibility of the Debtors' estates for CohnReznick's and Patterson Belknap's fees and expenses and Smeets Law's fees and expenses in excess of $270,000 fees and (b) the amounts and priority thereof and, to the extent these fees are not allocated between the Debtors as set forth above, to their allocation. The Trustee has investigated whether certain professionals received compensation for work not performed for the Debtors or from which the Debtors received no tangible benefit. Specifically, the Cash Model shows that the Debtors have funded expenses, including professional expenses, of affiliated nondebtor funds and Fletcher without a real benefit to the Debtors.

(2) The Pre-Protocol Fees of the Soundview JOLs and Their Professionals

In the Protocol,[89] the Trustee and the Soundview JOLs reached an agreement regarding the pre-Protocol fees (which include the fees incurred prior to the Trustee's appointment listed above) of the Soundview JOLs, their professional advisors and expert, as follows:

Soundview JOLs and their Professionals	Pre-Protocol Fees and Expenses Sought	Agreed Fees and Expenses per Protocol	Status
Soundview JOLs	$877,301.00	$717,301.00	Paid subject to 21% Soundview Premium Holdback.
Morrison & Foerster LLP	$2,087,223.52	$1,678,394.41	Paid subject to 21% Soundview Premium Holdback.
Smeets Law	$366,044.45	*Subject to diligence*	Trustee objected to payment in excess of $270,000.
HSM Chambers	$44,557.50	$44,557.50	Paid subject to 21% Soundview Premium Holdback.
Campbells	$27,349.77	*Subject to diligence*	Trustee reviewed and paid invoices subject to 21% Soundview Premium Holdback.
Total	$3,402,476.24	$2,440,252.91	Total reduction = $664,873.56

(3) The Post-Protocol Fees of the Soundview JOLs and Their Professionals

The Protocol Addendum provides that the professional fees and expenses of the Soundview JOLs and their professionals will be paid from the $1 million to be paid pursuant to the Protocol Addendum and the inter-fund settlement by the BVI JLs to the Soundview JOLs at the direction of the Trustee. See Protocol Addendum, Section 3.1.

(4) The Other Professional Fees that Have Been Resolved and Paid by the Trustee

(a) Richards Layton

In accordance with the Wilmington Trust Consent Order, Richards Layton, counsel to Wilmington Trust, deducted $92,963.24 on a *pro rata* basis from the bank accounts attributable to

[89] Protocol, at 17-18.

each of the Debtors, and a $65,000 Fee Reserve was created for Soundview Elite. Richards Layton thereafter advised the Trustee that its fees from February 1, 2014 through July 31, 2014 amounted to $63,992.27.[90] The Trustee received redacted invoices showing these amounts, and approved Richards Layton's deduction of this amount from the Fee Reserve.[91] Because the Wilmington Trust Consent Order (i) was entered prior to the determination of the Debtors' Allocation Percentages and (ii) provided for the Fee Reserve to be established by Debtor Soundview Elite only, the Trustee provided for Soundview Elite to have an administrative expense claim against each of the other five Debtors in an amount equal to the Debtors' Allocation Percentages applied to Richards Layton's fees and expenses paid from the Fee Reserve.

(b) Loeb

The Trustee also reached a settlement with Loeb, the expert witness retained by the Debtor-in-possession, pursuant to which Loeb's administrative expense claim of $181,540.61 was reduced to $110,037.41. This reduction saved the Debtors' estates $71,503.20. The Court approved the settlement on May 21, 2014 (Docket No. 282). The Trustee thereafter paid Loeb from the Limited Debtors' accounts in accordance with the Limited Debtors' Allocation Percentages.

(c) Porzio

As set forth above, the Porzio Consent Order reduced Porzio's fees and expenses for the first four months of these cases (prior the Trustee's appointment) by $218,020.00 to $1,425,828.58. This claim was paid by all Debtors other than Soundview Premium.

The Trustee and Porzio also negotiated a stipulation and consent order in relation to Porzio's second interim fee application (Docket No. 494), reducing Porzio's fees and expenses from $263,207.41 to $111,250. The allowed fees are subject to a $30% holdback (that includes the Soundview Premium Holdback) and the allowed expenses are subject to a 13% Soundview Premium Holdback. The amount of $79,787.50 was paid by the Trustee on account of all Debtors other than Soundview Premium, in accordance with the Debtors' Allocation Percentages.

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90 An additional amount of $364.47 was deducted from the Fee Reserve by Wilmington Trust to cover a debit balance at one of the Debtors' foreign exchange accounts.

91 As set forth above, the Trustee reserved her rights regarding whether the use of the Fee Reserve by Richards Layton to respond to the Turnover Action on behalf of Wilmington Trust is appropriate, as generally banks, such as Wilmington Trust, recover their fees and expenses directly from the account of the relevant account holder (which is nondebtor Composite).

Dated: June 15, 2015
New York, New York

/s/ Corinne Ball
Corinne Ball,
In her capacity as Chapter 11 Trustee
of the Debtors
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Filed by:

Dated: June 15, 2015
New York, New York

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Attorneys for the Chapter 11 Trustee

EXHIBIT A

JONES DAY | One Firm Worldwide℠

Fletcher Funds/Soundview Funds/Richcourt Funds Structure Chart

Draft as of July, 25, 2014

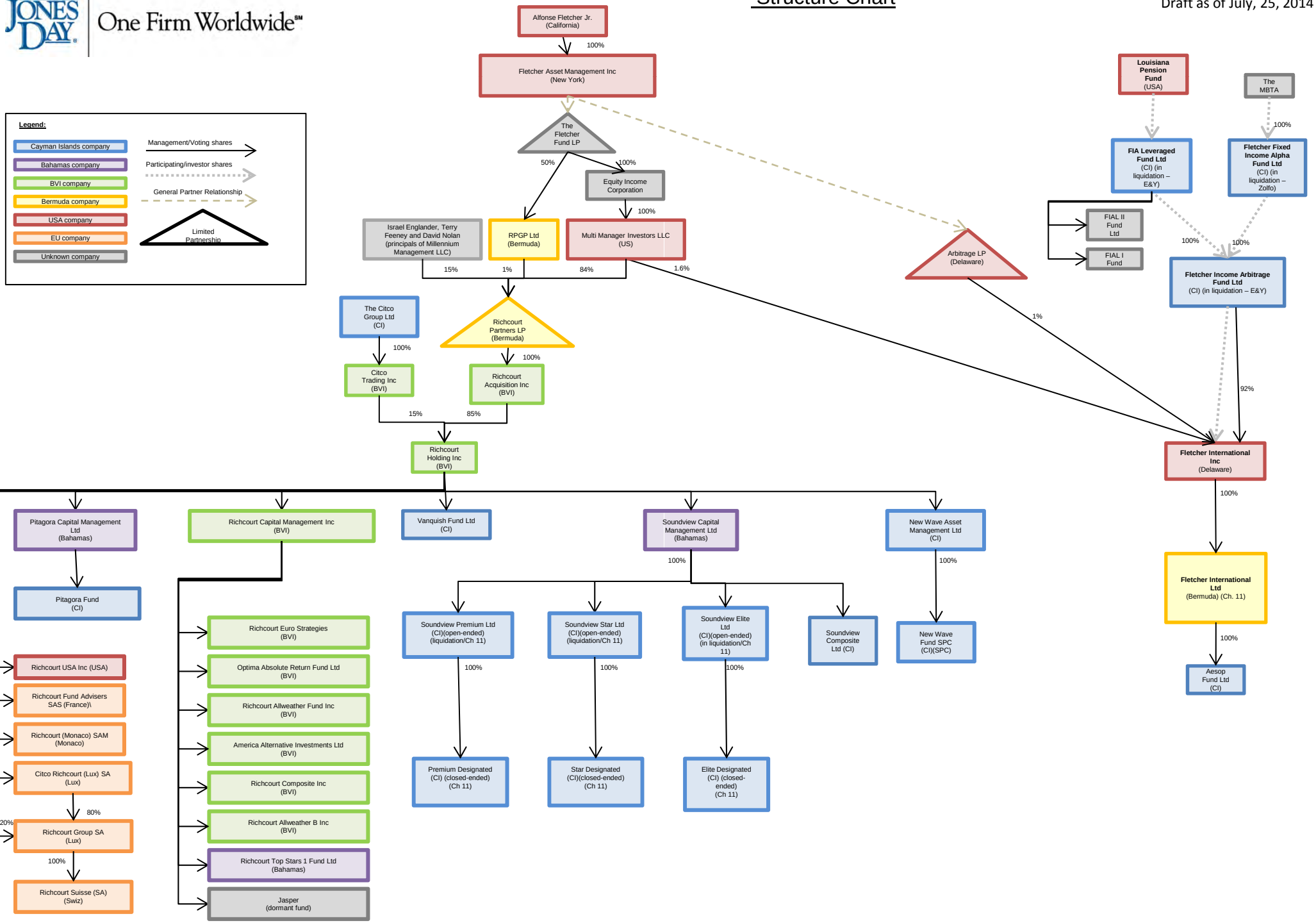

EXHIBIT B

draft of **May 9, 2014 at 6 00 PM EST**

In re Soundview: MASTER Chronology of Events

CAM: 766998-610001

Date [mm/dd/yyyy]	Event Description	Source Document(s)
6/1/1997	CFS served as administrator for Arbitrage, Leveraged and Alpha, pursuant to 3 separate agreements until 3/31/2010. CFS's agreement with Arbitrage was dated as of 6/1/1997; CFS's agreement with Leveraged was dated as of 8/1/1998; CFS's agreement with Alpha was dated as of 6/8/2007.	FILB Docket No. 393, p. 50.
3/13/1998	Leveraged was incorporated as an exempted company in the Cayman Islands. It is an open ended investment fund and mutual fund.	Judgment of Cayman Court ordering winding-up of Leverated, dated 4/18/2012
5/1/2002	SS was initially incorporated as an international business company in the Commonwealth of the Bahamas.	Soundview Docket No. 2, AF, 1st Day Dec, para. 1.
10/1/2003	SE incorporated as international business company in the Bahamas and commenced investment activities on 11/1/2003.	Winding-up Petition for SE filed in the Grand Court of the Cayman Islands on 26 July 2013, paras 3-6.
6/1/2005	SE's registration was transferred to the Cayman Islands and it was registered as an exempted company and a mutual fund. At all times it carred on business as an open-ended investment company. SE has the following participating shares, "D", "E" and "F".	Winding-up Petition for SE filed in the Grand Court of the Cayman Islands on 26 July 2013, paras 3-6, 49.
6/1/2005	SS's registration was transferred to the Cayman Islands and it was registered as an exempted company and a mutual fund.	Soundview Docket No. 2, AF, 1st Day Dec, Ex. I, para. 1.
6/1/2005	Citco created and distributed confidential private placement memo ("PPM") for SE (the "SE PPM") to potential investors.	Soundview Docket Nos. 119, Ex.2 and 134.
6/1/2005	SS offered participating shares for subscription pursuant to a PPM (the "SS PPM"); a further offer for subscription took place in July 2007.	Soundview Docket No. 2, AF, 1st Day Dec, Ex. I, para.6.
11/21/2005	SP was incorporated in Cayman Islands by Citco.	Soundview Docket No. 134.
4/28/2007	FAM used Cashless Notes of $80M, issued by Leveraged, as in kind subscriptions to Arbitrage. Arbitrage recorded the Cashless Notes due from Leveraged as an asset and allocated them to the capital accounts of the Corsair investors in Series 1,4,5 and 6. Leveraged recorded the invesetment in Arbitrage as an asset and recorded the Cashless Notes as a liability.	FILB Docket No. 393, p. 33.
5/22/2007	$80 milllion Cashless Notes issued by Leveraged were accompanying resolutions of Leverage and Arbitrage. The effective date of these Cashless Note was 4/28/2007.	FILB Docket No. 393, p. 47.
6/1/2007	FAM substituted FILB for Leveraged as obligor of the Cashless Notes. As a result, Leveraged was obligated to FILB and FILB was obligated to Arbitrage.	FILB Docket No. 393, p. 33.
6/7/2007	MBTA invested $25M into Alpha. MBTA was the sole investor.	FILB Docket No. 393, p. 61..
6/14/2007	SP offered subscription of its participationg shares pursuant to a PPM for SP (the "SP PPM"), dated June. 2007. SP's participating shareholder consist of: • 100 voting non-participating class B management shares; and • participating shares in classes D($), D-NI($), E-(€), F-NI(€), P(£), Y(¥), F(CHF).	Soundview Docket No. 2, AF First Day Aff, Ex.H, paras. 3, 76.
3/31/2008	Combined cash balance of Alpha, Leveraged, Arbitrage, FII and FILB as of this date was $1.6M.	FILB Docket No. 393, p.5
3/31/2008	Citco, was administrator of Alpha, Leveraged and Arbitrage and also a **lender to Leveraged** and a marketer for FAM; Citco was pressing FAM to have Leveraged repay the **last $13.5M of its $60M credit line** and to honor a year-old $3.1M redemption request by a Richcourt fund [redacted] that Citco then controlled.	FILB Docket No. 393, p.5
3/31/2008	LPFs invested approximately $100M ($95M cash and $5M subscription in kind) with Leveraged for subscription in Series N Shares of Leveraged for investment by negotiation with FAM. [redacted]	4/18/2012 Decision from Grand Court in Leveraged liquidation proceeding; Soundview Docket No. 118, para. 133, FN17.; FILB Docket No. 393, p.71.
3/31/2008	Leveraged repaid a $13.5 million credit line with Citco Banking, as well as on **4/1/2008**.	Soundview Docket No. 118, Ex.G (as provided to the SEC by FAM through Skadden on Sept. 2011)

Date [mm/dd/yyyy]	Event Description	Source Document(s)
4/3/2008	Leveraged transferred $3.1 to Citco Global to redeem Leveraged shares.	Soundview Docket No. 118, Ex.G (as provided to the SEC by FAM through Skadden on Sept. 2011)
4/26/2008	FAM, again, used Cashless Notes of $80M, issued by Leveraged, as in kind subscriptions to Arbitrage. Arbitrage recorded the Cashless Notes due from Leveraged as an asset and allocated them to the capital accounts of the Corsair investors in Series 1,4,5 and 6. Leveraged recorded the invesetment in Arbitrage as an asset and recorded the Cashless Notes as a liability.	FILB Docket No. 393, p. 33.
5/9/2008	Cashless Note [from FAM] and the accompanying resolutions included an effective date of 4/26/2008.	FILB Docket No. 393, p. 47.
6/12/2008	FAM and affiliates purchased 85% of management shares of the Richcourt Funds, paying Citco $25M in consideration for same. At the time, there was $1.55B under management in the funds and the fee income provided under the documents (1% of gross (not net) assets invested) would earn $15M in gross annual managment fees.	Soundview Docket No. 134; Soundview Docket No. 118, para 96.
6/20/2008	FAM created an acquisition vehicle, RAI, and through RAI, FAM and FFLP became indirect owners of 70% initiallly and later 85% of the management shares in the Richcourt Funds, which included the 6 Soundview Debtors. [redacted]. AF borrowed $27M (with cash received from (1) LPFs' investment in Leveraged [$13.5M] and (2) MBTA's investment in Alpha [$7.1M] to purchase RHI and its affiliates from Citco Trading. RAI, an entity directly and indirectly owned by AF and FAM, acquired the RHI for approximately $28M (implied value for 100% of Richcourt Funds was approximately $33M).	Soundview Docket No. 118, paras. 96 & 100.; FILB Docket No. 393, p. 71-72
7/2/2008	Unternaehrer contributed 1,639.15 shares of FFC to FIP (and in return received 10,479 common shares of FIP). Simultaneously, FILB contributed $6.6M cash in exchange for $3.65M in preferred stock and 2,922 common shares of FIP. [redacted]	FILB Docket No. 393, pg. 71, 78.
7/3/2008	Unternaehrer redeemed 6,572 shares of FIP and received almost $6.6M in cash from FIP	FILB Docket No. 393, pg. 78-79.
7/10/2008	Unternaehrer's pension plan (Citco International Pension Plan) contributed approximately $2.5M in cash to FIP.	FILB Docket No. 393, pg. 79.
7/11/2008	FILB redeemed 2,522 common shares and received approximately $2.5M in cash	FILB Docket No. 393, pg. 79.
9/30/2008	After this date, no non-AF controlled money was invested in FILB.	FILB Docket No. 393, pg. 68.
11/1/2008	After 11/1/2008, Richcourt Funds directly invested an additional $61.7M in cash into Arbitrage.	FILB Docket No. 393, pg. 67.
3/19/2009	SPV Debtors formed as exempted companies registered in the Cayman Islands under the Companies Law, in an effort to address certain redemption requests made on the Limited Debtors.	Soundview Docket No. 134
5/1/2009	DK was a director of SE; [redacted].	SE PPM, dated 5/5/2009, [redacted]
6/24/2009	RBS issued an early termination notice on loan to Corsair, related to Corsair's investment in Leveraged, designating 6/26/2009 as the "Early Termination Date." According to RD, discussions proceeded over the next 9 months as the parties looked for a way to unwind the Corsair investment.	FILB Docket No. 393, pg. 65
3/1/2010	FAM engaged Eisner as auditors for the Funds and certain other Fletcher-related entities for year-end 2009.	FILB Docket No. 393, p.56
3/24/2010	SS&C took over as administrator for FILB, Alpha, Leveraged, Arbitrage and FII, effective 4/1/2010.	FILB Docket No. 393, p.51.
3/31/2010	Board of directors of Leveraged gave notice to Corsair of the compulary redemption of its Leveraged Series 4,5,6 shares as of 3/31/2010 ("Corsair Redemption"). Corsair Redemption was to be valued as of 3/31/2010, but as of this date, FAM, RBS, Citco, Swiss Re, Corsair and the Richcourt Funds and all other parites to the structure continued to negotiate how best to unwind the structure.	FILB Docket No. 393, pg. 65
3/31/2010	CFS terminated its contractual position as investment advisor and its position as fund administrator, effective as of this date. CFS provided notice of this termination in December 2009.	FILB Docket No. 393, p.51; Soundview Docket No. 118
4/1/2010	FII and UCBI enter into securities purchase agreement ("SPA"). Koba executed as "authorized signatory" for FII and Kiely executed as Director of FII.	Soundview Docket No. 118, Ex.A
4/1/2010	FII and UCBI enter into asset purchase agreement ("UCB APA").	Soundview Docket No. 118, Ex.B

Date [mm/dd/yyyy]	Event Description	Source Document(s)
4/5/2010	FII remitted funds to purchase warrants to purchase common stock of UCBI	Soundview Docket No. 118, Ex.B.
5/6/2010	Amended and Restated Termination and Release Agreement executed in connection with Corsair Redemption.	FILB Docket No. 393, p.65
5/26/2010	Citco sought to redemed the whole of its Class D investor shares in the Limited Debtors.	Soundview Docket No. 134
6/11/2010	Amendment to SPA executed by FII and UCBI. Kiely and Turner execute as Directors of FII.	Soundview Docket No. 118, Ex.A
[redacted]	[redacted]	[redacted]
7/14/2010	Eisner issued audit opinions for 2009 year-end for FILB.	FILB Docket No. 393, p.57.
8/11/2010	Eisner issued audit opinions for 2009 year-end for FII.	FILB Docket No. 393, p.57.
8/23/2010	Side Agreement executed in connection with Corsair Redemption. Pursuant to the Amended and Restated Termination Agreement and the Side Agreement **Global Hawk repaid its loan from RBS** (presumably from proceeds of the Treasury STRIPS and from the redemption) and received from Leveraged **$12.4M in cash and a redemption in kind from Arbitrage shares** at a purported value of $8.4M; Arbitrage shares were transferred to 4 Richcourt Funds (***e.g.*, America Alt. Inv., Pitagora, Richcourt Allweather B, RES**) that were investors in Global Hawk and invested back into Leveraged as subscriptions in kind; and **FAM was paid a $12.3M** deferred incentive fee in kind with Arbitrage shares which were then used to subscribe to Leveraged Series 5 and 6 shares.	FILB Docket No. 393, p.65-66
9/30/2010	Beginning on 9/30/2010, through 3/31/2011, Citco, as custodian, was paid $8,315,342.28 by the Limited Debtors on account of its redemption payments.	Soundview Docket No. 134
11/8/2010	SP's then-directors purported to send a letter to participating shareholders notifying them that it was in receipt of redemptions of more than 10% of its NAV and was therefore imposing a **redemption gate**. The directors who purportedly signed this letter were **Turner** and **Kiely**.	Soundview Docket 2, AF First Day Dec., Ex. H., para 15.
2/18/2011	Eisner issued audit opinoins for 2009 year-end for Arbitrage.	FILB Docket No. 393, p.57.
2/28/2011	Pasig (the Winding Up Petitioner for SP) received a letter from SCM confirming the **redemption gate** was still in place. Pasig challenged the validity of the gate.	Soundview Docket 2, AF First Day Dec., Ex. H., para 18.
3/2/2011	LPFs submitted a redemption request.	Soundview Docket No. 118, para. 75.
3/24/2011	MBTA submitted redemption request to Alpha.	Soundview Docket No. 118, para 76.
4/7/2011	AF and FAM file amended verified complaint against Dakota, et al in New York Supreme Court, New York County, asserting, among other claims, a claim for retaliation and business damges of $50 million. Quinn Emmanuel represents the Dakota, specifically Susan Estrich.	Soundview Docket No. 118, Exs.O & P
4/8/2011	Eisner issued audit opinoins for 2009 year-end for Alpha. [redacted]	FILB Docket No. 393, p.57.
5/24/2011	MBTA requestd $10M in partial redemption. This request was never satisfied.	FILB Docket No. 393, p.62.
7/24/2011	Memo from T. Marsh (Quantal) to Turner, D. Yergasheva and MacGregor regarding valuation for UCBI on 6/30/2011	Soundview Docket No. 118, Ex.LL
7/28/2011	LPFs issued a joint memorandum to their beneficiaries stating that, to this point, the management and staff of FAM have been open and forthcoming with documents requested by the Louisian Pension Funds, including detail that FAM "is comprised of a well-respected independent team of academics."	Soundview Docket No. 118, para. 129 and Ex.U.
9/9/2011	Joint statement/press release of LPFs following their independent auditors, E&Y, having confirmed that Leveraged "has assets exceeding the value of the LPFs' investments and earnings showing more than $40 million in profit on the [Louisiana] Pension Fund's original investment" and further noting that "the assets and valuations have now been corroborated."	Soundview Doocket No. 118, Ex.KK
9/30/2011	Richcourt Allweather (winding up petitioner of SE) sought to redeemed its shareholdings on this date.	Soundview Docket No. 2, AF 1st Day Decl, para. 47.
10/31/2011	SE failed to pay redemption monies due to Richcourt Allweather on or about this date.	Soundview Docket No. 2, AF 1st Day Decl, para. 48.
[redacted]	[redacted]	[redacted]

Date [mm/dd/yyyy]	Event Description	Source Document(s)
1/1/2012	LPFs filed winding up petitions against Leveraged in the Cayman Islands, recommending their accountants E&Y as the JOLs	Soundview Docket No. 118, para. 134.
1/1/2012	From 1/1/2012 through approximately 12/31/2012, SP and SS [redacted] had no administrator.	Soundview Docket No. 2, AF First Day Aff, Exs. H,I
1/3/2012	Letter from G. Waltzer (Skadden) to board of directors of FII regarding FII's investment interests in UCBI and the impact of UCBI's 1-for-5 reverse stock split.	Soundview Docket No. 118, Ex.MM
2/26/2012	MRCFA executed by AF, Ladner and Muho. Among other provisions, the MRCFA may have direct and indirect claims in the FILB chapter 11 cse, in the Cayman Islands proceedings of Leveraged and Arbitrage and in related matters (claims against FILB, Leveraged and Arbitrage, together with claims in related matters, the "Claims"). MRCFA's stated purpose is to seek fair and equitable resolution of the Claims in an expeditious and econmical manner. [redacted]	Soundview Docket No. 96-1. p.2 (Katz Aff) Soundview Docket No. 134
4/18/2012	Leveraged's winding up order was entered by the Grand Court. Grand Court concluded that the "in kind" security delivered in redemption to the LPF was "commercially worthless" despite having been valued by Quantal at $136M, as well earlier corroboration by E&Y and legal conclusions from Skadden supporting same.	Soundview Docket No. 134; Soundview Docket No. 118, para. 137.
4/22/2012	"April 22 Transactions" were comprised of: • $2.2M from FILB to FII's bank account • 1/2 of UCBI Warrant A from FILB to FII • FILB transferred to FII 100% of its membership in BRG • FILB transferred to FII the DSS warrants • FILB assigned to FII the Excess Registration Funds under the UCBI SPA Occurred 4 days after Leveraged's winding up order entered by Grand Court. No valuations peformed No justifiable business purpose provided (i.e. , no written analysis) AF and Turner particularly involved FILB Trustee believes goal of April 22 Transactions was to put FILB assets out of reach of Leveraged JOLs and ultimately the LPFs by transferring assets to FII, which, pursuant to the share transfer aspect of the April 22 Transaction, Arbitrage would non longer have an interest	FILB Docket No. 393, pg. 108-109.
5/9/2012	Alpha was placed into **voluntary liquidation**. Tammy Fu and Gordon MacRae of Zolfo Cooper (Cayman) were appointed as the JOL.s	FILB Docket No. 393, p.62.
5/30/2012	Leveraged JOLs petitioned to wind-up FILB in Bermuda, however, on 6/29/2012, FILB filed a chapter 11 protection in the Bankruptcy Court for the Southern District of New York and obtained a 14-day TRO restraining the Leveraged JOLs from taking further action with regard to the Bermuda winding up petition.	FILB, Docket No. 2, Saunders 1st day Aff, para. 40.; [redacted]
6/1/2012	Muho begins employment with Richcourt Funds	Soundview Docket No. 134
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	
6/12/2012	Muho hired as an associate for RF Services and FAM. He graduated from St. John's University in 2005, *summa cum laude* with a degree in finance, worked for a while and then graduated from UC Berkeley School of Law in May 2012.	Soundview Docket No. 118, Ex. DD.
6/13/2012	Alpha and Leveraged (the 2 shareholders of Arbitrage) called a meeting of shareholders of Arbitrage to consider: (i) placing Arbitrage into voluntary liquidation and appointing the JOLs (i.e., McMahon and Bailey) and the joint official liquidators; or (ii) in the alternative, replacing the board of Arbitrage with the JOLs (or other persons in the Cayman Islands).	FILB Adv. Pro. 12-01740, Docket No. 4., p. 13
6/29/2012	Arbitrage holds shareholder meeting (with its 2 shareholders Alpha and Leveraged) and decides to put Arbitrage into voluntary liquidation.	FILB Adv. Pro. 12-01740, Docket No. 4., p. 13
6/29/2012	FILB petition date.	FILB Docket No.1
7/3/2012	FILBCI commenced suit against UCBI in S.D.N.Y., captioned as *FILB Co-Investments LLC v. United Community Banks, Inc.* , Index No. 12 CV 5183 (S.D.N.Y.)	FILB Docket No. 197 (FILB Trustee 9019 motion to approve Release and Waiver)
[redacted]	[redacted]	[redacted]

Date [mm/dd/yyyy]	Event Description	Source Document(s)
9/1/2012	Muho appointed as director of Richcourt Funds. [redacted]	Soundview Docket No. 118, para. 114.
9/4/2012	AF began taking roles of director of the Richcourt entities, turning what had been a passive investment by FAM into an actively managed one.	Soundview Docket 118, para. 107.
9/5/2012	Judge Gerber orders appointment of chapter 11 trustee of FILB estate.	Tr. 9/5/12, pg. 68:17-69:1.
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
1/1/2013	Composite, SE, SP, SS, Vanquish.	Soundview Docket 118, Ex. Z.
1/3/2013	AF advised that Muho was arrested in NYC and charged with reckless endangerment and DWI after allegedly fleeing from NY police officers in a high-speed chase to avoid being stopped.	Soundview Docket No. 118, para. 115 and Ex. EE, at para. 10.
2/8/2013	FILB Trustee enters into term sheet with FII. The term sheet agreement unwinds the April 22 Transactions in accordance with the following key terms and conditions: • FII pays FILB by wire transfer in immediately available funds $2.2M. Payment of $2.2M shall be without prejudice to FILB's claims to any other monies transferred by or between FII and BRG or their direct or indirect subsidiaries or affiliates; • FII shall execute an assignment of the 1/2 of UCBI Warrants A in favor of FILB or to the extent any or all of such warrants have been exercised an assignment of the Common Stock Junior Preferred purchased pursuant to such UCBI Warrants and any claims against UCBI for failure to honor the UCBI Warrants; • FII shall execute an assignment of the BRG membership interests in favor of FILB; • FII shall execute an assignment of the DSS Warrants in favor of FILB or to the extent any or all of such warrants have been exercised, an assignment of the common stock purchased pursuant to such DSS Warrants; • FII and FILB shall execute an agreement assigning the right to receive the Excess Registration Funds from FII to FILB; • Shares of FILB, that had been redeemed by FII, shall be reinstated and reissued to FII [redacted]	FILB Docket No. 188

Date [mm/dd/yyyy]	Event Description	Source Document(s)
2/8/2013	AF executes term sheet agreement on behalf of FII. RD executes same on behalf of FILB. [redacted]	FILB Docket No. 188, Ex. B ("Term Sheet Agreement")
2/11/2013	FILB Trustee files motion to approve term sheet between FILB Trustee and FII in order, to **unwind the April 22 transaction.**	FILB Docket No. 188
2/20/2013	Judge Gerber approved an order approving a settlement between the FILB Trustee and FII whereby the **assets transferred** by the April 22 Transactions were **returned to the FILB** estate.	FILB Docket No. 190
2/27/2013	Leveraged and the LPFs and UCBI entered into a settlement agreement and mutual releases and urged the FILB Trustee to sign a release and waiver (the "Release and Waiver") under the following terms: (a) UCBI released FILB of all claims asserted by FILBCI in FILBCI Action or related assignment agreements; (b) UCBI released FILB of all claims asserted by UCBI in FILBCI Action and all claims related to the assignment agreements; (c) Release and Waiver did not affect any other claims FILB may have against UCBI, any other claims UCBI may have against FILB, or any obligations that each may have to the other; (d) Release and Waiver did not affect rights, causes of action, claims, counterclaims, defenses or remedies of FILB or the FILB Trustee arising out of or relating to any of the transactions between and/or among UCBI, FILB, FILBCI or FII in 2010 that were not specific rights and obligations designated in pargraphs (a),(b), and (c) of the Subscription Agreement and Cross Receipt.	FILB Docket No. 393, pg. 126-127
[redacted]	[redacted]	[redacted]
3/26/2013	Midanek appointed co-director (along with AF) of Soundview Debtors	Soundview Docket No. 118, para 109.
4/2/2013	Email from Midanek to C. Bridges (Rich & Connolly), S. Schilder (Ogier) and J. Smolinsky (Weil) regarding governance concerns regarding the Richcourt Funds.	Soundview Docket No. 119, Ex.7
4/3/2013	Muho tenders written resignation as director to boards of directors of the Soundview Debtors, America Alt. Inv., NWF, Optima, Pitagora, Richcourt Allweather, RHI, RCI, RES, Richcourt Top Stars, and Composite.	Soundview Docket No. 118, Ex. FF
5/1/2013	Soundview Debtors advised WTC that it should not accept instructions from Muho concerning funds held on behalf of any of the Richcourt Funds.	Soundview Docket No. 118, para. 117.
5/7/2013	Muho requested $5M to be transferred out of WTC accounts of the Richcourt Funds and delivered to Leveraged Hawk.	Soundview Docket No. 134.
5/28/2013	Letter from Midaneck to CIMA in her capacity as non-management Director of the Limited Debtors, NWF and Pitagora (collectively, the "Funds"). Midanek expressed concern about the Funds' condition and raised the issue whether the CIMA should invesitgate removing AF as director of the Funds.	Soundview Docket No. 118, Ex.CC
6/13/2013	BVI Entities adopted resolutions removing AF as director of each BVI Entity.	WT Interpleader, BVI Entites' answer to interpleader.
6/17/2013	Interpleader action brought by Wilimington Trust, National Assocation against Richcourt Funds.	Soundview Docket No. 118, Ex.HH
7/16/2013	Limited Debtors' registered offices transferred from DMS to Stuarts Corporate Service	Soundview Docket No. 119, Ex.6.
[redacted]	[redacted]	[redacted]

Date [mm/dd/yyyy]	Event Description	Source Document(s)
[redacted]	[redacted]	[redacted]
7/25/2013	Leveraged Hawk files suit in the Northern District of California against: Global Hawk, AF, FAM, FII, RFA, Richcourt USA, Citco, Citco Trading, Citco Trustees (Cayman) Ltd., CFS Company Ltd., CFS Corporation, Ltd., CTC Corporation, Solon, Citco Global, WT, and other nominal defendants, (the "Muho California Suit") alleging misapprorpration of assets of the Funds and other defendants and seeking recovery of assets in excess of $200M from Citco and FAM and further seeking to void all contracts between the funds and the defendants and to enforce a contract for the sale of $5M in preferred shares of Leveraged Hawk to the defendants.	Muho California Suit Docket.
7/26/2013	Optima petitioned for both ED and PD to be wound up in the Grand Court. America Alt. Inv. petitioned for ST to be wound up in the Grand Court.	Soundview Docket No. 2, AF First Day Dec. Exs. D, E. F
7/26/2013	On the same date, Richcourt Allweather petitioned for SE to be wound up. Ladner and AF were directors of the SE as of 7/26/2013	Soundview Docket 2, AF First Day Dec., Ex. G
7/31/2013	Solon files suit in BVI against Muho, Leveraged Hawk, AF, and the BVI Entities to determine who has control of the BVI Entities and their assets.	Solon v. Muho ("BVI Action") Docket
8/8/2013	Muho transferred $2,067,377.24 from EL's bank account at HSBC Monaco to a Citibank account in the name of Leveraged Hawk.	Soundview Docket No. 134
8/8/2013	Justice Bannister issued an injuction requested by Solon that Muho, AF and Leveraged Hawk refrain from (a) holding themselves out as directors of the BVI Entities, (b) instructing legal representatives to act on behalf of the BVI Entities and (c) dealing in any other way with the assets of the BVI Entities.	Solon v. Muho ("BVI Action") Docket
8/9/2013	Richcourt Funds brought a suit against Midanek in the District of New Jersey alleging breach of contract, breach of duty of good faith and fair deadling and conversion.	Richcourt Funds v. Midanek docket.
8/14/2013	Letter from Harvey (Patterson) to Mr. Luc Lloris (HSBC Monaco) asking HSBC Monaco not to transfer any assets from SE or Vanquish to Muho or Leveraged Hawk.	Soundview Docket No. 118, Ex.II
8/16/2013	RD submitted notice again to exercise the entire $30M of FILB's UCBI warrants. UCBI refused to honor notice because, among other reasons, FILB's calculation did not factor into consideration the June 2011 1:5 reverse stock split.	RD Amended Report, at 94.
8/20/2013	Citco (on behalf of Pasig) filed winding up petitoins under Cayman law for SP and SS with the Grand Court seeking appointment of Matthew Wright and Peter Anderson as the JOLs. The Citco winding up petition alleges that "your petitioner [is] a creditor or a potential contingent creditor of the company for the amount of the redemption price."	Soundview Docket 2, AF First Day Dec., Exs. H, I.
9/19/2013	Limited Debtors filed summones seeking an adjournment of the winding up hearing scheduled for 9/24/2013	Soundview Docket No. 134
9/20/2013	Limited Debtors submitted letter to Chief Justice Smellie regarding the summones and their skeleton arguments.	Soundview Docket No. 134
9/20/2013	Midanek filed motion to dismiss action brought by Richcourt Funds in D.N.J.	Richcourt Funds v. Midanek docket.
9/24/2013	Soundview Debtors file for chapter 11 relief.	Soundview Docket No. 1
9/24/2013	Hearing to consider Citco's winding up petitions for the Limited Debtors held; Grand Court appoints Matthew Wright and Peter Anderson as the JOLs for the Limited Debtors.	Soundview Docket No. 134
9/27/2013	SE and Vanquish file complaint against Muho and Leveraged Hawk in SDNY for conversion and unjust enrichment arising from defendants' illegal transfer of over $2M	Soundview Docket No. 118, Ex. EE
10/1/2013	FILB trustee, RD, brought adversary proceeding against Kasowitz, FII, AF and FAM for fraudulent conveyance. The adversary proceeding alleges a series of money transfers beginning on 8/5/2011 through 4/20/2012.	FILB Adv. Pr. [redacted]
10/25/2013	Order of attachment entered by Judge Torres (SDNY) in litigation brought by SE and Vanquish against Muho and Leveraged Hawk upon any funds, property, investments of Muho or Leveraged Hawk situationed in NY, including any bank accounts, to satisfy sum of $2,067,337.24.	Soundview Docket No. 118, Ex.JJ
11/25/2013	FILB Trustee files his report and disclosure statement.	FILB Dcoket No. 327
11/26/2013	District judge Chesney entered an order adopting the magistrate judge's report and recommendation and dismissing the Muho California Suit with prejudice.	Muho California Suit Docket.
12/13/2013	Agreement between JOLs and Pasig made known to Bankruptcy Court and parties whereby JOLs would pay legal fees for Pasig's attorney.	Soundview Docket No. 134
12/19/2013	So-ordered stipulation between Soundview Debtors and WT, ordering WT to turnover the funds held in 6 accounts within 5 business days of the order, to an Authorized Institution selected by the Soundview Debtors. [redacted]	Soundview Docket No. 135

Date [mm/dd/yyyy]	Event Description	Source Document(s)
12/31/2013	RD files adversary proceeding against FII seeking avoidance and recovery of more than $143M. RD styles FII as follows: • AF used FII and FILB as a piggy bank, facilitating, among other things, payment of inflated management, incentive, and administrative fees to FAM and others, payment of redemptions to Fletcher-related entites, the funding of investments that were outside of the stated strategy of FILB and the feeder funds. • FII received at least $8.55M in preferential payments. • 2 year transfers - FII received $42.345M from FILB for redemptions in 2 year prior prior to FILB petition date. • 4 year transfers - FII received at least $143.07M from FILB as payments for redemptions in 4-year period between 1/1/2009 and the petition date.	FILB Adv. Pr. No. 13-01814 (REG)
1/10/2014	Judge Torres in SE, et al v. Muho action entered a certificate of judgment as to Muho and Leveraged Hawk.	SE v. Muho docket.
1/24/2014	FILB Trustee files his amended report and disclosure statement.	FILB Docket No. 393
1/27/2014	Judge Torries in SE, et al. v. Muho action issued an order to show cause why it should not enter a default judgment in the amount of $2,067,377.24, plus interest, costs and punitive damages.	SE v. Muho docket.
2/10/2014	Justice Bannister granted Solon's motion for summary judgment against AF, holding that Midanek is the **sole directors** of the BVI Entities and finding that AF had "no real prospect" of establishing that Solon was removed as director on 6/12/2013 or defending Solon's claim that AF was validly removed as director of the BVI Entities on 6/13/2013.	Solon v. Muho ("BVI Action") Docket
2/13/2014	MBTA posts 16.2% investment return for 2013. • The investment gain, reported in a February newsletter on the MBTA's web site, includes a "total write down" of the MBTA's $25M investment in a FAM hedge fund (i.e., Alpha) that lost all the money in a suspected Ponzi scheme.	http://www.boston.com/business/2014/02/13/mbta-pension-fund-posts-percent-investment-return-for/17Gzvv2deEJaeAfVLVbyFK/story.html **• MBTA newsletter: https://www.mbtarf.com/sites/default/files/Milestones_Feb_2014%20(4)_0.pdf**
3/6/2014	Order to show cause hearing in SE, et al v. Muho action scheduled before Judge Torrest (S.D.N.Y.).	SE v. Muho docket.

EXHIBIT C

PAYMENTS TO INSIDERS & PROFESSIONALS

All amounts have be converted into USD based on the date of the transaction.

Please note this list is not exhaustive of all insiders and professionals

Account Name	KP Corresponding Entity	Sum of Cash Outflows	Sum of Cash Inflows
Soundview Elite Ltd.	Alphonse Fletcher	(91,667.00)	-
	Charles Adams Richie and Duckworth	(301.82)	
	Cohen & Gresser LLP	(100,000.00)	
	DMS Corporate Services Ltd.	(19,412.33)	-
	Fletcher International, Inc.	(4,000,000.00)	-
	Floyd Saunders	(111,750.00)	-
	George E Ladner	(30,000.00)	-
	Gerti Muho	(78,167.00)	-
	Giacomo Lafata, Jr.	(82,750.00)	-
	Kirkland & Ellis LLP	(1,000,000.00)	500,000.00
	KPMG	(109,302.25)	20,179.43
	LAMPOST CAPITAL	(290,000.00)	
	Law Office of Denis J. Kiely	(50,000.00)	-
	Leveraged Hawk	(2,067,377.24)	-
	Patterson Belknap Webb & Tyler LLP	(750,000.00)	
	Pinnacle Fund Administration LLC	(3,000.00)	-
	Skadden, Arps, Slate, Meagher	(244,138.00)	-
	Solon Group, Inc.	(9,339.87)	-
	Soundview Capital Management	(6,970,287.97)	297,998.19
	Stewart A Turner	(30,000.00)	
	Walkers BVI	(202,123.38)	-
	Walkers Cayman	(65,110.55)	
	Weil, Gotshal & Manges LLP	(275,000.00)	-
Soundview Elite Ltd. Total		**(16,579,727.41)**	**818,177.62**
Soundview Premium Ltd.	Charles Adams Richie and Duckworth	(313.42)	
	DMS Corporate Services Ltd.	(13,045.22)	-
	KPMG	(85,403.48)	16,408.15
	Law Office of Denis J. Kiely	(50,000.00)	-
	Pinnacle Fund Administration LLC	(3,000.00)	-
	Solon Group, Inc.	(4,669.93)	-
	Soundview Capital Management	(8,569,090.58)	3,378,203.23
	Walkers BVI	(2,123.38)	-
	Walkers Cayman	(2,110.55)	
Soundview Premium Ltd. Total		**(8,729,756.56)**	**3,394,611.38**
Soundview Star Ltd.	Charles Adams Richie and Duckworth	(32,045.28)	
	DMS Corporate Services Ltd.	(21,309.42)	-
	KPMG	(102,131.29)	15,936.74
	Law Office of Denis J. Kiely	(50,000.00)	-
	Pinnacle Fund Administration LLC	(3,000.00)	-
	Solon Group, Inc.	(4,669.93)	-
	Soundview Capital Management	(7,316,001.26)	812,820.05
	Walkers BVI	(2,123.38)	-
	Walkers Cayman	(6,707.37)	4,221.10
Soundview Star Ltd. Total		**(7,537,987.93)**	**832,977.89**
Elite Designated	Charles Adams Richie and Duckworth	(12,362.44)	
	KPMG		11,602.32
	Pinnacle Fund Administration LLC	(3,000.00)	-
	Solon Group, Inc.	(4,669.93)	-
	Soundview Capital Management	(497,890.68)	151,651.73
	Walkers BVI	(2,123.38)	-
	Walkers Cayman	(1,515.00)	-
Elite Designated Total		**(521,561.43)**	**163,254.05**

Account Name	KP Corresponding Entity	Sum of Cash Outflows	Sum of Cash Inflows
Premium Designated	DMS Corporate Services Ltd.	(15,623.89)	
	KPMG		11,602.32
	Pinnacle Fund Administration LLC	(3,000.00)	-
	Solon Group, Inc.	(4,669.93)	-
	Soundview Capital Management	(300,489.56)	52,590.28
	Walkers BVI	(2,123.38)	-
Premium Designated Total		**(325,906.76)**	**64,192.60**
Star Designated	KPMG		11,602.32
	Pinnacle Fund Administration LLC	(3,000.00)	-
	Solon Group, Inc.	(4,669.93)	-
	Soundview Capital Management	(376,646.58)	216,149.23
	Walkers BVI	(2,123.38)	-
Star Designated Total		**(386,439.89)**	**227,751.55**
Grand Total		**(34,081,380.00)**	**5,500,965.09**

EXHIBIT D

Payments to Citco Entities
All transactions are denominated in their local currency.

Account Name	Currency	Sum of Cash Outflows (Paid by the Soundview Debtors)
Soundview Elite Ltd.	CHF	(489,542.70)
	EUR	(28,293,198.17)
	USD	(40,258,897.82)
Soundview Premium Ltd.	CHF	(6,862,359.77)
	EUR	(18,878,169.52)
	USD	(44,183,449.60)
Soundview Star Ltd.	CHF	(1,538,569.09)
	EUR	(52,269,764.31)
	USD	(32,826,973.46)
Elite Designated	EUR	(8,409,942.81)
	USD	(5,165,755.76)
Premium Designated	EUR	(4,808,103.43)
	USD	(5,957,753.13)
	USD	(328,188.08)
Star Designated	EUR	(9,985,376.40)
	USD	(6,870,061.82)

EXHIBIT E-1

COPY

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

ROGER W. CORMAN, an individual; JULIE A. CORMAN, an individual; and PASIG, LTD., a British Virgin Islands company,

Plaintiffs.

vs.

CITCO GROUP LIMITED, a Netherlands company; CITCO GROUP (MONACO) SAM, a Monaco company; CITCO GLOBAL CUSTODY (N.A.) N.V., a Curacao company; TORTRUST CORPORATION COMPANY LIMITED, a British Virgin Islands company; CITCO TRUSTEES S.A., a Switzerland company; CITCO B.V.I. LIMITED, a British Virgin Islands company; CITCO BANK BVI LIMITED, a British Virgin Islands company; CITCO BANK & TRUST COMPANY LIMITED, a Cayman Islands company; CITCO BANKING CORPORATION N.V., a Curacao company; SECURITAS MANAGEMENT SERVICES CORP, a British Virgin Islands company; CITCO FUND SERVICES (CAYMAN ISLANDS) LTD., a Cayman Islands company; CITCO SUISSE S.A., a Switzerland company; ERMANNO UNTERNAEHRER, an individual; CHRISTOPHER SMEETS, an individual; and DOES, 1 through 100,

Defendants.

CASE NO. BC576379

COMPLAINT FOR:

1) **Breach of Fiduciary Duty**
2) **Constructive Fraud**
3) **Concealment**
4) **Negligent Misrepresentation**
5) **Fraud – Intentional Misrepresentation**
6) **Unjust Enrichment**
7) **Breach of Contract**
8) **Breach of Implied Covenant of Good Faith and Fair Dealing**
9) **Corporations Code § 25401**
10) **Corporations Code § 25403**
11) **Negligence**
12) **Punitive Damages**

JURY TRIAL DEMANDED

Plaintiffs Roger W. Corman ("Roger Corman" or "Mr. Corman"), Julie A. Corman ("Julie Corman" or "Mrs. Corman") (collectively, the "Cormans"), and Pasig Ltd. ("Pasig") (collectively, "Plaintiffs"), complain of the Defendants Citco Group Limited, Citco Group (Monaco) SAM, Citco Global Custody (N.A.) N.V., Tortrust Corporation Company Limited, Citco Trustees S.A., Citco B.V.I. Limited, Citco Bank BVI Limited, Citco Bank & Trust Company Limited, Citco Banking Corporation N.V., Securitas Management Services Corp, Citco Fund Services (Cayman Islands) Ltd., Citco Suisse, S.A., Ermanno Unternaehrer, Christopher Smeets, and Does, 1 through 100, (collectively "Defendants" or "Citco"), and each of them, and allege as follows:

PARTIES

1. Plaintiff Roger Corman is an individual residing in Los Angeles County in the city of Santa Monica.

2. Plaintiff Julie Corman is an individual residing in Los Angeles County in the city of Santa Monica.

3. Plaintiff Pasig is a company incorporated in the British Virgin Islands ("BVI"), and owned 100% by the Cormans.

4. Defendants include the following corporate entities, collectively described herein as Citco:

a. Citco Group Limited, a Netherlands company;

b. Citco Group (Monaco) SAM, a Monaco company;

c. Citco Global Custody (N.A.) N.V., a Curacao company;

d. Tortrust Corporation Company Limited, a British Virgin Islands company;

e. Citco Trustees S.A., a Switzerland company;

f. Citco B.V.I. Limited, a British Virgin Islands company;

g. Citco Bank BVI Limited, a British Virgin Islands company;

h. Citco Bank & Trust Company Limited, a Cayman Islands Company;

i. Citco Banking Corporation N.V., a Curacao company;

j. Securitas Management Services Corp, a British Virgin Islands company;

k. Citco Fund Services (Cayman Islands) Ltd., a Cayman Islands company; and

l. Citco Suisse S.A., a Switzerland company.

5. Defendants also include the following individuals who were officers, directors, owners, control persons, employees and/or agents of Citco:

a. Ermanno Unternaehrer, an individual residing in Monaco; and

b. Christopher Smeets, an individual residing in the Netherlands.

6. Plaintiffs are informed and believe, and on that basis allege, that the individual defendants were aware of, approved, participated in, and/or ratified all acts of Citco as described herein.

7. The true names and capacities, whether individuals, legal corporations, or otherwise, of Defendant DOES 1 through 100, inclusive, and each of them, are unknown to Plaintiffs at this time and therefore Plaintiffs sue said Defendants by such fictitious names. Plaintiffs will amend this Complaint to show the true names and capacities of the fictitiously named Defendants when they have been ascertained. Plaintiffs are informed and believe, and on that basis allege, that each fictitiously named Defendant is liable in some manner to Plaintiff respecting in response to the events and damages referred to in this Complaint.

8. Plaintiffs are informed and believe, and thereon allege, that at all times mentioned herein, each of the Defendants, including all DOE Defendants, was the agent, employee, partner, officer, director, shareholder, joint venturer, part of a single enterprise, officer, director, owner, successor, assign, affiliate, subsidiary, alter ego, or other representative of every other Defendant and acting within the course and scope of such agency, employment, and/or other relationship in conducting the actions and activities or omissions of each other Defendant and/or generally or specifically approving the failure to take necessary and appropriate actions and activities, and/or subsequently ratified each other

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Defendants' conduct. References made herein to "Defendants" mean the acts of Defendants acting individually, jointly, and/or severally.

9. At all times mentioned herein, all Defendants were the alter egos of one another and formed a single enterprise. There is a sufficient unity of interest and ownership among Defendants, and each of them, such that the acts of one are for the benefit of each other and can be imputed to the acts of the others. The separate corporate personalities of Defendants are and were merged, so that one Defendant is and was a mere adjunct of another, or the Defendants formed a single enterprise. The separate personalities of each individual Defendant do not and never did in reality exist, and there would be an inequitable result if the acts of the entity in question were treated as the acts of one entity alone and not of each of them.

JURISDICTION AND VENUE

10. This Court has personal jurisdiction over Defendants because Defendants have the necessary contacts with California, provided services and/or contracted for services with the Plaintiffs in the County of Los Angeles, California, either directly and/or through its agents, purposefully availed themselves of the jurisdiction of the state of California, and submitted to personal jurisdiction in California for actions relating to those contacts. Further, Defendant Ermanno Unternaehrer lived in California in the time period when he met with the Cormans, as set out herein below.

11. Venue is proper in the County of Los Angeles because the Cormans reside in Los Angeles, the Cormans and Pasig suffered harm in Los Angeles, pursuant to California Code of Civil Procedure § 395.5, and because no Defendant resides in California, pursuant to California Code of Civil Procedure § 395(a).

FACTUAL ALLEGATIONS

12. The Cormans are iconic Hollywood figures who have been in the film business for decades.

13. Roger Corman is an Academy Award-winning film producer and director. He is recognized for producing over 300 films and directing over 60, including a series based

on the works of Edgar Allan Poe. One of his most famous films, *The Little Shop of Horrors*, made in 1960, is the basis for a successful Broadway musical. His filmography is documented in his autobiography, *How I Made a Hundred Movies in Hollywood*, first published in 1990. He was the youngest director ever to have a retrospective at the Cinemateque Francaise in Paris, the British Film Institute in London and the Museum of Modern Art in New York. In 1998, he won the first Producer's Award ever given by the Cannes Film Festival. In 2006, he received the David O. Selznick Award, the highest honor given by the Producers Guild of America. Also in 2006, his film *Fall of the House of Usher* was among the twenty-five films selected for the National Film Registry, a compilation of significant films preserved by the Library of Congress. He is the subject of the 1978 documentary *Roger Corman: Hollywood's Wild Angel*, as well as *Corman's World: Exploits of a Hollywood Rebel*, which premiered at Sundance and Cannes Film Festivals in 2011. In addition to his Academy Award and many other honors, he has a star on the Hollywood Walk of Fame. He has also acted in films directed by his protégés, including *The Silence of the Lambs*, *The Godfather Part II*, *Apollo 13*, *The Manchurian Candidate*, and *Philadelphia*.

14. Julie Corman began producing movies in the early 1970s. During her distinguished career, she has produced more than 35 films, including Jonathan Demme's *Crazy Mama*, family classics such as *A Cry in the Wind*, and the Tony Award-winning play, *DA*. In 2000, Julie was appointed Chair of the Graduate Film Department at NYU. She lectures widely at leading universities around the world, including USC, UCLA, Yale, Duke, University of Pennsylvania, and at several universities in Japan. She has received many film awards, including several lifetime achievement honors, most notably from the USC School of Cinematic Arts and Yale University and most recently from the Honolulu International Film Festival. She has been a member of the Academy of Arts and Sciences for thirty years, and is listed in "Who's Who in the World."

15. In addition to their own film work, Roger and Julie have given countless opportunities to young talent, forming what has become known as the "Corman School" of film. Roger was a mentor to Francis Coppola, Martin Scorsese, Jonathan Demme, James

Cameron, Peter Bogdanovich, Ron Howard, and Curtis Hanson, all Academy Award-winning filmmakers. Academy Award-winning actors Jack Nicholson, Tommy Lee Jones, and Sandra Bullock started with him, as well as Sylvester Stallone, Charles Bronson, Will Farrell, and many more. The Cormans' company, New World Pictures, also served as the domestic distributor for international films by film legends Federico Fellini, Ingmar Bergman, Francois Truffaut, Akira Kurosawa, and many others. Together, Roger and Julie Corman represent one of Hollywood's most original and enduring couples.

16. Through their efforts in the film industry, the Cormans were able to acquire substantial funds, much of which they put to use in various investments.

17. In the 1990s, the Cormans were invested in a fund managed by George Soros, who as manager made all investment decisions for the fund. Under the direction and management of George Soros, the Cormans' investments were very successful, and over the years, these investments accumulated substantial appreciation for the Cormans.

18. The administrator of the Soros fund was Citco. As such, Citco provided all accounting services for the fund, prepared reports to shareholders, paid fund expenses, provided valuations of the fund, distributed dividends, and monitored compliance with SEC, IRS, and other U.S. legal requirements. The Cormans' investments with George Soros were held at a Citco bank. Citco is the largest independent hedge fund administrator in the world, administering over 2,000 funds with more assets than any other hedge fund administrator, and is a global industry leader in the financial services market.

19. The Cormans' primary contact at Citco for the Soros-managed fund was Defendant Ermanno Unternaehrer ("Mr. Unternaehrer"). Mr. Unternaehrer was an agent, employee, and control person of Citco, as well as a member of Citco's Board of Directors. Mr. Unternaehrer also provided legal and tax advice to the Cormans relating to their investments. In 1996, Citco through Mr. Unternaehrer recommended that the Cormans invest a substantial part of their moneys in a fund managed by Citco, instead of the Soros-managed fund. Mr. Unternaehrer was the individual at Citco who was primarily responsible for management of the Citco fund which he recommended to the Cormans.

20. In late 1996, Mr. Unternaehrer, on behalf of Citco, came to Los Angeles and met with the Cormans. He represented to them that the Citco fund was a safe, secure place to invest their moneys, and that Citco would administer and manage the fund to ensure continued high performance. He further represented that Citco was the largest off-shore money manager in the world, that it would use its affiliated entities where appropriate in handling the funds, that it had its own moneys invested in the fund into which the Cormans' moneys would be put and would continue to keep Citco's own moneys side-by-side with the Cormans' moneys, that Citco would be an investment partner with the Cormans, that Citco would handle the funds in the best financial interests of the Cormans, and that the Cormans could trust and rely on Citco regarding the investing, managing, and administering of their funds. Mr. Unternaehrer made these representations and agreements with the intent that the Cormans would rely on them.

21. The Cormans accepted and relied upon Citco's advice and representations and agreed on that basis to move substantial funds from the Soros funds to be under the management of Citco. The Cormans entrusted their funds to Citco in reliance on Citco's representations. As part of their agreement and in reliance on Citco's representations, Citco became the Cormans' agent, investment partner, investment and tax advisor, and promoter, manager, and administrator of their investment funds. This agreement was partly oral and partly in writings and was also implied in fact, among other things from the ensuing management of the Cormans' funds by Citco and the actions taken by Citco concerning the Cormans' investments. In reliance on Citco's representations and as part of their agreement to go forward, the Cormans committed their funds to Citco's management.

22. Mr. Unternaehrer also gave the Cormans tax advice regarding the investment, including that the Citco fund would have tax advantages for the Cormans, and that the fund was 100% compliant with United States tax law.

23. Relying on the representations of Mr. Unternaehrer, among other things, as Director and agent for Citco, the Cormans fulfilled their agreement with Citco and invested substantial moneys in the Citco fund, which had previously been invested in the fund

managed by George Soros, and left such funds there for about fourteen years, which they would not have done but for the solicitation by the Citco and its agents and the representations made by them. The Cormans' reliance on Citco's representations was reasonable, given the prior success of their investments in the Soros-managed funds that were administered by Citco.

24. From the time the Cormans made their first investments in the Citco managed fund, Citco received fees for the on-going management of the fund.

25. Between 1996 and 2008, Mr. Unternaehrer met with the Cormans approximately once per year, usually in Los Angeles. At these meetings, Mr. Unternaehrer urged them to continue to keep their moneys under Citco management, and provided them with tax advice relating to their investments.

26. In 2002, in order to have even more complete control of the Cormans funds, Citco, through Mr. Unternaehrer, recommended that Pasig Ltd. ("Pasig") be set up and that for tax reasons, that it should be a British Virgin Islands entity. Citco then set up Pasig and used a Citco address in the British Virgin Islands as Pasig's address. Once Pasig was set up, Citco became the sole conduit for these investments of the Cormans, with Citco fully managing and handling all administrative functions for Pasig.

27. Roger Corman was included initially as a Director when Citco incorporated Pasig. However, within a few months of Pasig's incorporation, Mr. Unternaehrer told Roger Corman that, for tax reasons, he should resign as Director, after which the Cormans' only role in Pasig was as signatories to the account.

28. Thereafter, having obtained complete control of Pasig, in or about June, 2008, Citco transferred the management of the Cormans' funds then totaling $73 million in Pasig to one Alphonse "Buddy" Fletcher ("Mr. Fletcher" and, together with the entities controlled by him, "Fletcher"). Citco did so without informing the Cormans that it was transferring management of the Pasig moneys to Fletcher.

29. Citco did not make this transfer of management to Fletcher in good faith based on the business or financial interests of the Cormans, but rather to further its own interests.

Citco was facing criticism from other clients for its conflicting role as both a bank and the manager of investment funds, and the transfer to Fletcher allowed Citco to mitigate this criticism. In addition, Citco obtained a payout to itself of at least $28 million for the transfer of management, along with other benefits for Citco and its representatives. Further, in connection with this transfer of management to Fletcher, Citco and its CEO, Defendant Christopher Smeets, and Defendant Unternaehrer arranged a side deal whereby Mr. Unternaehrer obtained $6.6 million in cash from Fletcher and received stock in a Fletcher entity, which he was able to redeem for cash. Mr. Smeets is also a control person of Citco and, as CEO was involved in and ratified all decisions by Citco herein.

30. At the time of the transfer, Citco was familiar with Fletcher's operations because it was already serving as an administrator for Fletcher's funds, and in that capacity provided accounting services, prepared reports to shareholders, paid fund expenses, provided valuations of the fund, distributed dividends, and monitored compliance with SEC, IRS, and other U.S. legal requirements for Fletcher; and in particular Mr. Unternaehrer held a management position with Fletcher. Thus, Citco had access to Fletcher's financial information and knowledge about Fletcher's operations prior to the transfer of the management of the Pasig funds to Fletcher.

31. At the time of the transfer, Citco was in possession of information that was material to the transfer of management of the funds to Fletcher. Citco knew or should have known at the time of the transfer that Fletcher would be a poor manager of the fund, and that he was already engaged in fraud and mismanagement of other funds under his control, including but not limited to knowledge of the following:

a. Fletcher had not made a single profitable investment in the ten months prior to the transfer of management of Pasig funds;

b. Citco was a lender to Fletcher, and Fletcher was having great difficulty paying back the Citco loan;

c. Fletcher repaid Citco loans with money that was invested with Fletcher by the Firefighter's Retirement System, Municipal Employees

Retirement System, and New Orleans Firefights Pension Relief fund (collectively, "Louisiana Firefighters Pension fund"). This investment is the subject of the ongoing litigation in *Firefighters' Retirement System et al. v. Citco Group Limited et al.*, Case No. 13cv00373-SDD-SCR (M.D. La.). Fletcher's use of this pension fund money, which Fletcher was purporting to invest, to pay old investors is a classic hallmark of a Ponzi scheme and was not a permitted use of new investor funds per Fletcher's organizing documents;

d. Just two months prior to the transfer of management of the fund, the combined cash balance of all Fletcher entities was only $1.6 million, plainly insufficient to pay all of Fletcher's existing obligations; and

e. The $28 million or more paid by Fletcher to Citco in return for the transfer in management of the Pasig funds came directly from the money invested by the Louisiana Firefighters Pension fund, which was also not a permitted use of new investor funds per Fletcher's organizing documents.

32. Citco did not inform the Cormans that Fletcher would be a poor manager or that he was already engaged in fraud and mismanagement of other funds under his control, and did not give the Cormans an opportunity to decline to put the Pasig money with Fletcher. Had Citco revealed this material information to the Cormans, the Cormans would not have agreed to allow Fletcher to manage their funds. Rather, Citco failed to disclose this material information and actively concealed this information from the Cormans, intending to deceive them.

33. No reasonable agent, investment partner, investment and tax advisor, promoter, manager, and/or administrator of investment funds would have agreed to the transfer of management of the funds to Fletcher in similar circumstances. In addition, Citco also undertook direct actions that harmed the Cormans' interests just prior to the transfer in management to Fletcher. At the time of the investment by the Louisiana Firefighters

Pension fund, Citco had already directed the Cormans' fund to invest in the same Fletcher entity as the Louisiana Firefighters Pension fund. Fletcher promised the Louisiana Firefighters Pension fund that it would always obtain at least a 12% return on its investment. Citco agreed to subordinate the rights of the Cormans' fund in the Fletcher entity to those of the Louisiana Firefighters Pension fund, even allowing Fletcher to reduce the value of the Cormans' funds in the entity in order to ensure that 12% return to the Firefighters. This transaction provided Fletcher with needed cash to pay back the Citco loan and to pay Citco for the transfer of management of the Cormans' Pasig funds. These actions were not in the best financial or business interests of the Cormans, were not actions that a reasonable agent, investment partner, investment and tax advisor, promoter, manager, and/or administrator of investment funds would have undertaken in similar circumstances, and were not disclosed to the Cormans, but were rather intentionally concealed so that Citco could benefit from them. Had Citco revealed this material information to the Cormans, the Cormans would not have agreed to the transfer of management of the Pasig funds.

34. After the transfer of the management of the Pasig funds, Citco continued to serve as the administrator of the funds. In that capacity, Citco continued to have access to the financial information regarding the investments and had the ability to monitor the activities of the Fletcher and the status of the Cormans' investments.

35. In October 2008, just four months after the transfer to Fletcher, Citco removed the Cormans as signatories to the Pasig account. This step took away the last remaining control the Cormans had over their money, removed any transparency from Citco's control of the Cormans' funds, and kept them ignorant of the risks to which their moneys were subjected by the transfer to Fletcher, and of the benefits Citco received for the transfer of the Cormans' moneys. By 2009, the Cormans no longer received account statements for Pasig. Instead, account statements were sent from one Citco entity to another Citco entity.

36. At or about this time, additional red flags appeared that made Citco fully aware that the funds were in jeopardy as a result of Fletcher's mismanagement and fraud. These included, without limitation, the expiration of Fletcher's credit lines three months

after the transfer, with the foreseeable result that, without such credit lines, Fletcher would use assets which would have otherwise have gone to investors to pay Fletcher's own expenses. Also, Fletcher directed the fund in which the Pasig moneys were held to invest approximately $60 million into other of his own entities, while double counting for this $60 million as an asset of each entity, and collecting a fee for each such transaction.

37. These red flags put or should have put Citco on further notice that investments under Fletcher management, including those of the Cormans, were at extreme risk and likely to lose substantial value by virtue of Fletcher's mismanagement. Citco did not reveal these red flags to the Cormans, but rather intentionally concealed this material information in order to deceive the Cormans and to further Citco's own financial interests.

38. Indeed, by November 2008, just five months after the transfer, the Fletcher managed funds were insolvent and restrictions were imposed on investors, including the Cormans, from withdrawing funds invested or from receiving full value of their investments if they did withdraw funds.

39. However, without informing the Cormans, prior to the time that Fletcher began restricting investors from exiting the funds he managed, Citco pulled out its own money from the Fletcher investments, and did not keep its funds alongside the Cormans' money as it had represented and agreed it would do. Citco did not pull out the Cormans' Pasig funds or advise them to do so when it withdrew its own funds, and did not inform the Cormans of its withdrawal of its own funds or of any of the danger signals it became aware of as to investments with Fletcher, or the fact that it received a payout for putting the investments with Fletcher. These actions were self-serving and not in the best financial or business interests of the Cormans, were not actions that a reasonable agent, investment partner, investment and tax advisor, promoter, manager, and/or administrator of investment funds would have undertaken in similar circumstances, and were not disclosed to the Cormans, but were rather intentionally concealed so that Citco could benefit from them. Had Citco told the Cormans that it was pulling its money out of the Fletcher funds, the Cormans would not have left their own funds invested with Fletcher at that time.

40. When Citco did finally attempt to withdraw the Cormans' funds from Fletcher in or about May 2010, it was unable to do so given the state of the Fletcher investments.

41. By the summer of 2013, the Cormans were able to recover about $13 million from the total of $73 million Pasig funds which Citco had transferred to Fletcher's management. Faced with this stunning loss, the Cormans investigated the activities of Citco and Fletcher and became aware of some of the facts alleged herein as to Fletcher's fraud and mismanagement and Citco's fraud, self-dealing, mismanagement and failures to act or inform the Cormans.

42. In August, 2013, the Cormans demanded that Citco make them whole for their losses. Citco refused to do so but did enter into a tolling agreement for the claims of the Cormans as to all Citco entities. The Cormans made a further demand to be made whole in December, 2014, which Citco also refused; and the tolling agreement was extended until March 31, 2015.

43. In or about 2013 and 2014, bankruptcy proceedings involving funds managed by Fletcher were filed in New York, the Cayman Islands, and the British Virgin Islands. The Cormans and/or Pasig have appeared and made claims in such bankruptcy actions, and may receive small amounts as a creditor. Plaintiffs are informed and believe that such bankruptcy recoveries will not be more than something on the order of $5 million, and will credit any such monies received as an offset against damages herein. In order to make these claims in mitigation of damages herein, the Cormans have been required to retain counsel to represent them in the bankruptcy actions, and have incurred attorneys' fees and costs in connection with the bankruptcies which they would not have incurred but for the conduct of Citco as set forth herein.

44. As a result of Citco's conduct, as alleged herein, the Cormans lost an amount to be determined at trial but on the order of $55-$60 million, after offset for possible recoveries from the bankruptcies, which they had invested with Citco at the time Citco transferred management of such funds to Fletcher, lost the reasonable and expected continued earnings on their $73 million investment funds from 2008 to present, in an

amount to be determined at trial, and have incurred attorney's fees and costs in connection with the bankruptcy actions which were all made necessary by the conduct of Defendants as set forth herein.

FIRST CAUSE OF ACTION

(Breach of Fiduciary Duty Against All Defendants)

44. Plaintiffs, the Cormans, hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 43 above as though set forth in full herein.

45. A fiduciary relationship existed between Plaintiffs and each of the Defendants. Citco, including all of its affiliates, subsidiaries, parents, related entities, employees and agents, including those named herein as Defendants, was an agent of Plaintiffs, investment and tax advisor to Plaintiffs, promoter of stocks and other financial transactions, and manager and administrator of their funds. Plaintiffs entrusted their funds to Citco; the Cormans gave broad authority to Citco to invest their funds; the Cormans relied on Citco's advice and representations; the Cormans were vulnerable to Citco and depended on Citco; Citco held itself out as and was an investment partner with the Cormans; Defendants voluntarily and knowingly undertook to act on behalf of and for the benefit of the Cormans.

46. Defendants owed fiduciary duties to Plaintiffs, including the duty to act with the utmost good faith in the best interests of Plaintiffs.

47. As alleged herein, Defendants, among other things, acted as Plaintiffs' agent for purposes of investing their funds.

48. As alleged herein above, Defendants, including all entities and individuals named as Defendants, failed to act as reasonably careful agents, investment and tax advisors, partners, managers, and/or administrators would have acted under the same or similar circumstances.

49. As alleged herein above, Defendants, including all entities and individuals named as Defendants, also failed to act in the best interests of Plaintiffs, knowingly acted against Plaintiffs' interests, and instead acted in their own self-interest, subordinated

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Plaintiffs interests to their own interests and engaged in numerous activities to the detriment of Plaintiffs and did so without Plaintiffs' knowledge or consent.

50. As alleged herein above, Defendants undertook direct actions and omissions which caused harm to the Plaintiffs' investments and caused Plaintiffs to lose substantial amounts of money.

51. Plaintiffs were harmed by Defendants' actions and were damaged in an amount to be proven at trial.

52. Defendants' conduct was a substantial factor in causing Plaintiffs' harm.

SECOND CAUSE OF ACTION

(Constructive Fraud Against All Defendants)

53. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 52 above as though set forth in full herein.

54. A fiduciary relationship existed between Plaintiffs and each of the Defendants. Citco, including all of its affiliates, subsidiaries, parents, related entities, employees and agents, including those named herein as Defendants, was an agent of Plaintiffs, investment and tax advisor to Plaintiffs, promoter of stocks and other financial transactions, and manager and administrator of their funds. Plaintiffs entrusted their funds to Citco; the Cormans gave broad authority to Citco to invest their funds; the Cormans relied on Citco's advice and representations; the Cormans were vulnerable to Citco and depended on Citco; Citco held itself out as and was an investment partner with the Cormans; Defendants voluntarily and knowingly undertook to act on behalf of and for the benefit of the Cormans.

55. Defendants owed fiduciary duties to Plaintiffs, including the duty to act with the utmost good faith in the best interests of Plaintiffs.

56. As alleged herein above, Defendants possessed information material to Plaintiff's interests relating to the transfer, administration, and management of the Cormans' investments.

57. As alleged herein above, Defendants knew or should have known that this information was material to Plaintiffs' interest.

58. As alleged herein above, Defendants failed to disclose this material information to Plaintiffs.

59. Plaintiffs would have acted differently and would not have been damaged if defendants have not breached their duties, had not made false representations and had not omitted to inform Plaintiffs of material facts known or should have been known to them.

60. Plaintiffs were damaged by Defendants' wrongdoing in an amount to be proven at trial.

61. Defendants' conduct and omissions were a substantial factors in causing Plaintiffs' harm.

THIRD CAUSE OF ACTION

(Concealment Against All Defendants)

62. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 61 above as though set forth in full herein.

63. A fiduciary relationship existed between Plaintiffs and each of the Defendants. Citco, including all of its affiliates, subsidiaries, parents, related entities, employees and agents, including those named herein as Defendants, was an agent of Plaintiffs, investment and tax advisor to Plaintiffs, promoter of stocks and other financial transactions, and manager and administrator of their funds. Plaintiffs entrusted their funds to Citco; the Cormans gave broad authority to Citco to invest their funds; the Cormans relied on Citco's advice and representations; the Cormans were vulnerable to Citco and depended on Citco; Citco held itself out as and was an investment partner with the Cormans; Defendants voluntarily and knowingly undertook to act on behalf of and for the benefit of the Cormans.

64. Defendants owed fiduciary duties to Plaintiffs, including the duty to act with the utmost good faith in the best interests of Plaintiffs.

65. As alleged herein above, Defendants had exclusive knowledge of material facts and intentionally concealed, suppressed, and failed to disclose facts to Plaintiffs relating to the Cormans' investments and Defendants' own actions which harmed Plaintiffs' interests and subordinated Plaintiffs' interests to their own.

66. As a result, Plaintiffs did not know of material facts relating to the transfer and management of the Cormans' investments and Defendants' own actions which harmed Plaintiffs' interests and subordinated Plaintiffs' interests to their own.

67. Defendants intended to deceive Plaintiffs by concealing these facts, in order to ensure their continued investment of their funds which benefitted Defendants and harmed Plaintiffs as alleged herein above.

68. As alleged herein above, had Defendants disclosed the concealed facts, Plaintiffs would have acted differently and would not have been harmed.

69. Plaintiffs were damaged by Defendants' actions in an amount to be proven at trial.

70. Defendants' conduct and omissions were a substantial factor in causing Plaintiffs' harm.

FOURTH CAUSE OF ACTION

(Negligent Misrepresentation Against All Defendants)

71. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 70 above as though set forth in full herein.

72. As alleged herein above, Defendants made representations to Plaintiffs regarding their investments with Citco.

73. As alleged herein above, these representations were false.

74. Defendants had no reasonable grounds for believing the representations to be true when they were made.

75. Defendants intended Plaintiffs to rely on their representations, which they then did.

76. Plaintiffs reasonably relied on the Defendants' misrepresentations.

77. As alleged herein above Plaintiffs would have acted differently and would not have been harmed but for Defendants' misrepresentations.

78. Plaintiffs were harmed by Defendants' misrepresentations in an amount to be proven at trial.

79. Plaintiffs' reliance on Defendants' misrepresentations was a substantial factor in causing Plaintiffs' harm.

FIFTH CAUSE OF ACTION

(Fraud - Intentional Misrepresentation Against All Defendants)

80. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 79 above as though set forth in full herein.

81. As alleged herein above, Defendants made representations to Plaintiffs regarding their investments with Citco.

82. As alleged herein above, Defendants' representations regarding Plaintiffs' investments with Citco were false.

83. Defendants knew the representations were false when made, and/or they were made recklessly and without regard for their truth.

84. Defendants intended Plaintiffs to rely on their representations and invest in the fund, which they then did.

85. Plaintiffs reasonably relied on Defendants' representations.

86. As alleged herein above Plaintiffs would have acted differently and would not have been harmed but for Defendants' misrepresentations.

87. Plaintiffs were harmed by Defendants' misrepresentations in an amount to be proven at trial.

88. Plaintiffs' reliance on Defendants' misrepresentations was a substantial factor in causing Plaintiffs' harm.

89. Defendants' conduct as alleged herein, was unconscionable, fraudulent, oppressive, malicious and done intentionally or in conscious disregard of Plaintiffs' rights and in order to further their own financial self-interest at Plaintiffs expense so as to justify an award of punitive damages.

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SIXTH CAUSE OF ACTION

(Unjust Enrichment Against All Defendants)

90. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 89 above as though set forth in full herein.

91. As alleged herein above, a result of their actions and omissions, Defendants received financial and economic benefit at the expense of Plaintiffs.

92. As alleged herein above, Plaintiffs suffered harm as a result of Defendants' actions in obtaining an economic benefit.

93. Defendants' retention of these benefits at the expense of Plaintiffs is unjust.

94. As a direct and proximate result of the allegations above, Defendants have been unjustly enriched at the expense of Plaintiffs in an amount to be proved at trial.

SEVENTH CAUSE OF ACTION

(Breach of Written, Oral, and/or Implied Contracts Against All Defendants)

95. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 94 above as though set forth in full herein.

96. As alleged herein above, Defendants entered into partly written, partly oral and/or implied contracts with Plaintiffs.

97. As alleged herein above, pursuant to their contract, Defendants promised and agreed to undertake certain actions, to refrain from undertaking certain actions, and made representations to Plaintiffs concerning the contracts.

98. In return for the promises made by Defendants, Plaintiffs gave Defendants substantial amounts of money.

99. Plaintiffs did all or substantially all of significant things that their contract with Defendants required.

100. As alleged herein above, Defendants breached their contract with Plaintiffs by failing to undertake actions that the contract required them to and by undertaking actions that the contract prohibited them from doing.

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101. As a direct and proximate result of the breaches of contract, Plaintiffs were harmed in an amount to be proven at trial.

EIGHTH CAUSE OF ACTION

(Breach of Implied Covenant of Good Faith and Fair Dealing Against All Defendants)

102. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 101 above as though set forth in full herein.

103. As alleged herein above, Defendants entered into partly written, partly oral, and/or implied contracts with Plaintiffs.

104. As alleged herein above, pursuant to their contract, Defendants promised and agreed to undertake certain actions, to refrain from undertaking certain actions, and made representations to Plaintiffs concerning the contracts.

105. In return for the promises made by Defendants, Plaintiffs gave Defendants substantial amounts of money.

106. Plaintiffs did all or substantially all of significant things that their contract with Defendants required.

107. As alleged herein above, Defendants unfairly interfered with Plaintiffs' rights to receive the benefit of its promises and thereby breached their implied covenant of good faith and fair dealing inherent in every contract.

108. As a direct and proximate result of the breaches of the implied covenant of good faith and fair dealing, Plaintiffs were in an amount to be proven at trial.

NINTH CAUSE OF ACTION

(Violation of Corporations Code § 25401 Against All Defendants)

109. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 108 above as though set forth in full herein.

110. As alleged herein above, Defendants made untrue statements of material fact and omitted to state material facts in inducing Plaintiffs to invest their funds with Citco.

111. Plaintiffs' investment in the funds owned and/or managed by Defendants included purchases of securities.

112. The Cormans authorized payments for securities in Los Angeles, California.

113. Defendants intended Plaintiffs to rely on their representations and intended to induce Plaintiffs to purchase the securities.

114. Plaintiffs reasonably relied on the representations in deciding to purchase the securities and not to sell the securities.

115. Plaintiffs were damaged by Defendants' actions in an amount to be proven at trial.

116. Defendants' conduct was a substantial factor in causing Plaintiffs' harm.

117. Defendants' conduct as alleged above, was unconscionable, fraudulent, oppressive, malicious and done intentionally or in conscious disregard of Plaintiffs' rights and in order to further their own financial self-interest at Plaintiffs expense so as to justify an award of punitive damages.

TENTH CAUSE OF ACTION

(Violation of Corporations Code § 25403 Against Individual Defendants)

118. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 117 above as though set forth in full herein.

119. As alleged herein above, Defendants made untrue statements of material fact and omitted to state material facts in inducing Plaintiffs to invest their funds with Citco in violation of California Corporations Code § 25401.

120. Individual Defendants Mr. Unternaehrer and Mr. Smeets are control persons of Citco. Mr. Unternaehrer is an executive of Citco and directly or indirectly controls the actions of Citco. Mr. Smeets is the Chief Executive Officer, President, and Executive Director, and directly controls the actions of Citco.

121. California Corporations Code § 25403 imposes liability on persons who, with knowledge, directly or indirectly control an entity liable under Corporations Code § 25401.

122. Mr. Unternaehrer and Mr. Smeets are liable for the harm to the Cormans.

123. Defendants' conduct as alleged above, was unconscionable, fraudulent, oppressive, malicious and done intentionally or in conscious disregard of Plaintiffs' rights

and in order to further their own financial self-interest at Plaintiffs expense so as to justify an award of punitive damages.

ELEVENTH CAUSE OF ACTION

(Negligence Against All Defendants)

124. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 123 above as though set forth in full herein.

125. Defendants had a duty to Plaintiffs to act reasonably carefully in the administration, management and handling of their money and to give them investment and tax advice within the standard of care. Defendants fell below the standard of care and were negligent. As alleged herein, Defendants failed to use the skill and care that reasonably careful agents, investment and tax advisors, partners, and/or managers would have used in similar circumstances.

126. As alleged herein, as a direct and proximate result of Defendants' negligence, Plaintiffs were harmed.

127. As alleged herein, Defendants' negligence was a substantial factor in causing Plaintiffs' harm and Plaintiff would not have suffered the harm but for Defendants' negligence.

TWELFTH CAUSE OF ACTION

(Punitive Damages Against All Defendants)

128. Plaintiffs hereby repeat and re-allege the factual allegations contained in paragraphs 1 through 127 above as though set forth in full herein.

129. As alleged herein, Defendants' conduct causing Plaintiffs' harm justifies an award of punitive damages against Defendants.

130. As alleged herein, Defendants engaged in that conduct with malice, oppression, or fraud.

///

///

///

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against all Defendants as follows:

As to the First, Second, Third, Fourth, Fifth, Seventh, Eighth, Nine, Tenth, and Eleventh Causes of Action:

1. For compensatory damages according to proof;

As to the Fifth, Ninth, and Tenth Causes of Action:

2. For punitive damages pursuant to California Civil Code § 3294(a);

As to the Sixth Cause of Action:

3. For restitution in such amounts as shall be shown at the time of trial and by which the Defendants have been unjustly enriched;

As to All Causes of Action:

4. For attorneys' fees, costs, and interest as provided by law, including but not limited to prejudgment interest as provided for by Cal. Civil Code §§ 3288 and 3291; and

5. For such other and further relief as the Court may deem just, equitable, and proper.

Dated: March 23, 2015

Respectfully Submitted,

HOWARTH & SMITH
DON HOWARTH
SUZELLE M. SMITH
PADRAIC GLASPY
JESSICA L. RANKIN

By: Don Howarth
Don Howarth

Attorneys for Plaintiffs
ROGER W. CORMAN, JULIE A. CORMAN, and PASIG, LTD.

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand trial by jury.

Dated: March 23, 2015

Respectfully Submitted,

HOWARTH & SMITH
DON HOWARTH
SUZELLE M. SMITH
PADRAIC GLASPY
JESSICA L. RANKIN

By: _____
Don Howarth

Attorneys for Plaintiffs
ROGER W. CORMAN, JULIE A. CORMAN, and PASIG, LTD.

EXHIBIT E-2

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sjpearson@JonesDay.com

March 30, 2015

VIA OVERNIGHT MAIL AND E-MAIL

Howarth & Smith
523 West Sixth Street, Suite 728
Los Angeles, California 90014
Attention: Don Howarth, Esq.

Re: In re Soundview Elite, LTD., et al.

Dear Mr. Howarth:

We write on behalf of Corinne Ball, solely in her capacity as chapter 11 trustee of Soundview Elite, Ltd., Soundview Premium, Ltd., Soundview Star, Ltd., Elite Designated, Star Designated, and Premium Designated (collectively, the "Debtors"). On September 24, 2013, each of the Debtors commenced cases under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York. The chapter 11 cases are currently pending and are being jointly administered under Case No. 13-13098 (REG).

We have been advised that, on or about March 23, 2015, Roger Corman, Julie A. Corman and Pasig Ltd. (collectively, the "Cormans") commenced an action in the Superior Court of the State of California for the County of Los Angeles against Citco Group Limited and certain of its affiliates and related parties (collectively, "Citco") for conduct relating to the Debtors and their collapse.

Pursuant to section 362(a) of the Bankruptcy Code, which is entitled the "automatic stay," all entities are enjoined from, among other things, "any act to obtain possession of property of the estate … or to exercise control over property of the estate." Property of the estate includes any legal or equitable claim of the debtors. 11 U.S.C. § 541. Thus, the automatic stay prohibits creditors from exercising possession or control over such claims. *See, e.g., In re Chateaugay Corp.*, 78 B.R. 713, 725 (S.D.N.Y. 1987); *see also Marshall v. Picard (In re Bernard L. Madoff Inv. Secs. LLC)*, 740 F.3d 81, 93 (2d Cir. 2014) (affirming an injunction of creditors from pursuing claims that where duplicative or derivative of estate claims). The California action asserts claims belonging to the Debtors, including claims for transfers made by the Debtors to Citco and claims for Citco's role in the Debtors' mismanagement, and was commenced in violation of the automatic stay.

For example, the complaint alleges the Debtors were insolvent, *id.* at ¶ 38, wrongfully made transfers to Citco for millions of dollars, *id.* at ¶ 29, and the Cormans and other creditors will only receive a fraction of their loss from the Debtors' bankruptcy cases, *id.* at ¶ 43. These claims belong to the Debtors—not the Cormans—and thus any pursuit of them by the Cormans is a violation of the automatic stay.

A violation of the automatic stay is willful if it is taken with knowledge of the bankruptcy case. *See Chateaugay Corp.*, 78 B.R. at 726. "[C]ontempt proceedings are the proper means of compensation and punishment for willful violations of the automatic stay." *Maritime Asbestosis Legal Clinic v. LTV Steel Co., (In re Chateaugay Corp.)*, 920 F.2d 183, 186-187 (2d Cir. 1990); *see also Fidelity Mortgage Investors v. Camelia Builders, Inc.*, 550 F.2d 47 (2d Cir. 1976). Here, the Cormans are actively participating in the Debtors' bankruptcies, and the California complaint expressly references the bankruptcy proceedings. The Cormans' actions are therefore willful.

In accordance with the foregoing, any attempt by the Cormans to continue the action in the Superior Court of California is in violation of the automatic stay and willful. Consequently, the Cormans should take any and all steps necessary to promptly either withdraw and re-file the above-described action or otherwise amend the complaint such that the action complies with the automatic stay. Failure to do so will be in violation and derogation of the provisions of the Bankruptcy Code and would necessitate appropriate proceedings in the Bankruptcy Court with the attendant possibility of sanctions, costs and other expenses.

Please do not hesitate to call me if you have any questions or need additional information.

Very truly yours,

Stephen J. Pearson

cc: Suzelle Smith, Esq.
Padraic Glaspy, Esq.
Jessica L. Rankin, Esq.
Andrew K. Glenn, Esq.

EXHIBIT E-3

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April 3, 2015

VIA EMAIL AND U.S. MAIL

Stephen J. Pearson, Esq.
Jones Day
222 East 41st Street
New York, NY 10017
sjpearson@jonesday.com

Re: *In re Soundview Elite, Ltd., et al.*

Dear Mr. Pearson:

This will acknowledge and respond to your letter of March 30, 2015, in which you allege that the Complaint filed by Roger Corman, Julie Corman, and Pasig Ltd. (collectively, the "Cormans") on March 23, 2015 in Los Angeles Superior Court was "commenced in violation of the automatic stay" in the bankruptcy proceedings involving various Soundview entities. You assert that the claims made by the Cormans belong to the Soundview Debtors, not to the Cormans, and that the Cormans have willfully violated the stay and may be subject to sanctions.

The automatic bankruptcy stay only bars claims that belong to the bankruptcy estate, including, for example, claims for recovery of fraudulent transfers made by the bankruptcy debtors, here Soundview, to third parties, or derivative claims made on behalf of the Soundview entities. The Cormans assert no such claims in their Complaint. The Cormans plainly assert individual claims, not claims on behalf of the Soundview entities, against Citco and its agents for breach of its fiduciary duties *to the Cormans* in their role as investment and tax advisors, stock promotors, and managers and administrators of the Cormans' assets. *See, e.g.,* Complaint, ¶¶ 45, 54, 63. The Cormans also bring claims arising from Citco's misrepresentations made at the time Citco induced the Cormans to invest in Citco's fund, and Citco's breach of promises made to the Cormans to induce them to invest. *See* Complaint, ¶¶ 71-127. These are all claims based on Citco's duties

to the Cormans and Citco's activities directed at the Cormans, and have nothing to do with Soundview.

Such claims plainly do not constitute an "act to obtain possession of property of the estate…or to exercise control over property of the estate" as alleged in your letter and do not fall within the ambit of the automatic bankruptcy stay.

It is established that a creditor is well within his rights to sue non-bankrupt entities for his individual harm, regardless of the pendency of a bankruptcy, just as the Cormans have done here. *See In re Phar-Mor, Inc. Sec. Litig.*, 164 B.R. 903 (W.D. Pa. 1994) (stay denied where creditor asserted negligence and breach of contract claims against debtor's auditor); *see also Edwards v. Armstrong World Industries, Inc.*, 6 F.3d 312, 318 (5th Cir.1993) ("property of the debtor cannot be extended to include the separate obligations of the non-bankrupt [third party]"). Claims of misrepresentation, fraud, negligence, and other individual claims have been specifically held to belong to the creditor. *See Begier v. Price Waterhouse*, 81 B.R. 303 (E.D. Pa. 1987) (summary judgment granted in favor of auditor where debtor attempted to bring claims on behalf of creditors who relied on auditor's statements in investing); *see also Cumberland Oil Corp v. Thropp*, 791 F.2d 1037 (2d Cir) (creditor's claim that it suffered damages as a result of intentional fraud is the property of the creditor, not the debtor's estate); *Bankers Trust Co. v. Rhoades,* 859 F.2d 1096, 1101 (2d Cir.1988) (finding that a creditor had "standing to bring a RICO claim, regardless of the fact that a bankrupt [debtor] might also have suffered an identical injury" because "[creditor] does not seek recovery for injuries suffered by [debtor] but for injuries it suffered directly"); *see also Primavera Familienstiftung v. Askin*, No. 95 CIV. 8905 (RWS), 1996 WL 494904, at *18 (S.D.N.Y. Aug. 30, 1996) ("fraud and negligent misrepresentation claims are personal, not derivative").

The legal authority you cite in your letter is perfectly consistent with this and does not support the application of the bankruptcy stay to the Cormans' Complaint in Los Angeles Superior Court. You cite *In re Chateaugay Corp.*, 78 B.R. 713 (S.D.N.Y. 1987), which involved a bankruptcy creditor initiating an action to recover on a debt owed by the bankruptcy debtor directly from one of the bankruptcy debtor's accounts receivable. There, the court held that such an action was stayed by the bankruptcy because the account receivable that was claimed against was property of the bankruptcy debtor:

> The consignees entered into contracts to purchase the Debtors' steel products. Upon receiving the products they ordered, those consignees incurred an obligation to pay the Debtors which is uncontested. This uncontested obligation is an account receivable in favor of the Debtors. The definition of "property of the estate" includes the Debtors' *right to collect* accounts receivable…. Section 362(a)(3) of the Code enjoins "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." Based on the foregoing this

> Court finds that Graham's collection of freight charges from the Debtors' consignees amounts to a violation of § 362 and of this Court's restraining order. Accordingly Graham is enjoined from pursuing the collection of its pre-petition freight charges directly from the Debtors' consignees. Instead Graham, like all other pre-petition creditors, has the right to file a claim against the Debtors' estate to the extent that it is owed money by the Debtors for debts incurred pre-petition.

In re Chateaugay Corp., 78 B.R. 713, 725-26 (S.D.N.Y. 1987).

The claims in the Cormans' Complaint are nothing like the claims at issue in *Chateaugay*. The Cormans are not claiming against accounts receivable of the Soundview Debtors or property otherwise belonging to the Soundview Debtors. The Cormans are suing Citco for damages to them from breaches of Citco's fiduciary and other duties based on its wrongful conduct and fraud, not to recover property of Soundview.

Similarly, your reliance on *Marshall v. Picard (In re Bernard L. Madoff Inv. Sec. LLC)*, 740 F.3d 81 (2d Cir. 2014) is misplaced, as that case also supports the Cormans' position. The court in *Marshall* held that a bankruptcy stay precluded a party from bringing derivative actions belonging to the bankruptcy debtor, but expressly did not affect a creditor's own direct claims against a third party:

> A claim based on rights "derivative" of, or "derived" from, the debtor's typically involves property of the estate. *See In re Quigley,* 676 F.3d at 57 ("[W]e have treated whether a suit seeks to impose derivative liability as a helpful way to assess whether it has the potential to affect the bankruptcy *res....*"). By contrast, a bankruptcy court generally has limited authority to approve releases of a non-debtor's independent claims. *See Deutsche Bank AG v. Metromedia Fiber Network, Inc. (In re Metromedia Fiber Network, Inc.),* 416 F.3d 136, 141–43 (2d Cir.2005)... Put another way, "when creditors ... have a claim for injury that is particularized as to them, they are exclusively entitled to pursue that claim, and the bankruptcy trustee is precluded from doing so." *Hirsch v. Arthur Andersen & Co.,* 72 F.3d 1085, 1093 (2d Cir.1995).

In re Bernard L. Madoff Inv. Sec. LLC, 740 F.3d 81, 88 (2d Cir. 2014).

Furthermore, the court in *Madoff*, which held that the stay applied to claims of fraudulent transfer against co-conspirators in the Ponzi scheme, also expressly stated that the stay would not have applied if the plaintiffs brought claims that the conspiring defendants took particularized actions against plaintiffs, such as making direct misrepresentations:

> As just noted, however, appellants have not alleged that the Picower defendants took any such "particularized" actions aimed at BLMIS customers. They have not alleged, for instance, that the Picower defendants made any misrepresentations to appellants. Appellants respond that their respective complaints allege "that the Picower Defendants' wrongful conduct ensured the fraud's success *by inducing [them] and other customers to invest* (and remain invested) in BLMIS." Fox Br. 25 (emphasis supplied); *see also* Marshall Br. 31. We do not think that the complaints can reasonably be read in this way. Allegations that the Picower defendants knowingly reaped the benefits of Madoff's scheme through fraudulent withdrawals, and effected such withdrawals through backdating trades and recording fictional profits, does not amount to a particularized claim that they directly participated in defrauding BLMIS customers by inducing them to invest.
>
> ....
>
> We conclude, therefore, that appellants purported conspiracy-based claims against the Picower defendants are "derivative" of those asserted by the Trustee in his fraudulent conveyance action, and, therefore, the Bankruptcy Court was authorized to enjoin those actions.
>
> We note that we affirm without prejudice to appellants seeking leave to amend their complaints. There is conceivably some particularized conspiracy claim appellants could assert that would not be derivative of those asserted by the Trustee. That question, however, is not properly before us, and is a question in the first instance for the United States District Court for the Southern District of Florida.

In re Bernard L. Madoff Inv. Sec. LLC, 740 F.3d 81, 90-94 (2d Cir. 2014).

As discussed, the Cormans' Complaint here does not involve claims for fraudulent transfer, like the claims that were stayed in the *Madoff* case. Rather, the Cormans claim particularized harm that they suffered by Citco's actions, including claims for misrepresentation, as specifically held by the *Madoff* case to fall beyond the automatic bankruptcy stay. There is no basis under either of the cases that you cite in your letter to support your claim that the bankruptcy stay applies to the Cormans' Complaint.

In summary, the assertions in your letter are so utterly frivolous as to be in complete bad faith. Given the clear case law on point, we trust that you will withdraw your totally unsupportable allegation that the Cormans have violated the automatic stay, and absent hearing further from you, we will understand that you have done so. Certainly, consistent with the discussion above, any attempt to interfere with the Corman's action by motion or petition to the bankruptcy court would be frivolous in the extreme and a violation of Fed. R. Bankr. P. 9011, and the Cormans will seek all

appropriate relief if any such steps are taken in derogation of the clear controlling law on this subject.

Sincerely,

Don Howarth

cc: Andrew Glenn, Esq.

EXHIBIT E-4

JONES DAY

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April 23, 2015

VIA OVERNIGHT MAIL AND E-MAIL

Howarth & Smith
523 West Sixth Street, Suite 728
Los Angeles, California 90014
Attention: Don Howarth, Esq.

Re: In re Soundview Elite, LTD., et al.

Dear Mr. Howarth:

We are in receipt of your letter dated April 13, 2015.

There is nothing "bizarre" about our prior letter, which cites to specific language in the Cormans' own pleading that makes clear that the Cormans are asserting mismanagement and wrongful transfer claims that belong to the Debtors' estates. We do not believe that there is any dispute that, as a matter of law, mismanagement and wrongful transfer claims are paradigmatic debtor causes of action. Citing to specific language found in the complaint, our letters have warned the Cormans that they are asserting such debtor causes of action. You have never denied that these types of claim are included in the complaint; instead taking the (erroneous) position that the Cormans are entitled to pursue them directly.

Your April 13 letter makes no attempt whatsoever to respond to the specific points we raised about the wording of the complaint, and instead limits itself to criticizing our prior letter for citing *Marshall v. Picard (In re Bernard L. Madoff Inv. Secs. LLC)*, 740 F.3d 81 (2d Cir. 2014); a case which provides, among other things, that the allegations found in a complaint control over formal labels. Despite this binding authority, your letters rely exclusively on the formal labels in the complaint and *ipse dixit* proclamations that the Cormans are only asserting direct causes of action. This silence, coupled with the promise of continued silence in the April 13 letter, is telling.

If we end up in front of Judge Gerber on this issue then we will also stress to him that we have repeatedly provided the Cormans with a clear way forward without having to withdraw their complaint in its entirety, namely to amend the complaint to make it clear that their claims are limited to ones that belong solely to them rather than to the Debtors' estates. The Cormans

could have therefore cured their stay violation at any time by simply removing the Debtors' causes of action from the complaint. If the Cormans have no intention to pursue derivative claims belonging to the estates and the complaint does not intend to assert such claims then making that clear in this correspondence and through appropriate amendments should be a simple and uncontentious fix. Against that backdrop, their continued refusal to make that fix (i.e., to eradicate the vagueness and uncertainty in the current language) suggests that your clients do in fact wish to assert such claims.

Put simply, if the Cormans do not intend to pursue derivative claims then why are they so opposed to making that clear both in this correspondence and in the complaint itself? Absent your clients having a change of heart and taking us up on this eminently reasonable and cost effective proposal, the Trustee will have no option but to protect the estates' assets (in the form of the relevant causes of action). That would involve both our clients in unnecessary expense. Specifically, if voluntary amendments are not made by close of business on Wednesday, April 29, then we intend to file a motion to enforce the automatic stay. A draft of such motion is attached so you can consider your client's position carefully. We will reserve our position on seeking a contempt sanction pending your response.

We would also note in closing that the language in your letters is often intemperate and inappropriate, particularly when addressing a Court-appointed fiduciary. Your reliance on insults, rather than reasoning, betrays the weakness in the Cormans' underlying position on these matters. While the Cormans are free to disagree with the Trustee's position, we expect them to do so in a respectful manner. We anticipate that the Judge with conduct of this bankruptcy would take a similar view when he reviews the relevant correspondence.

Very truly yours,

Stephen J. Pearson

cc: Suzelle Smith, Esq.
Padraic Glaspy, Esq.
Jessica L. Rankin, Esq.
Andrew K. Glenn, Esq.

Hearing Date and Time: [____] a.m., E.T.
Response Deadline: [____] p.m., E.T.

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Veerle Roovers
Stephen Pearson
Amy Ferber

Attorneys for the Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11
	:	Case No. 13-13098 (REG)
SOUNDVIEW ELITE LTD., *et al.*,	:	(Jointly Administered)
Debtors.	:	

MOTION TO ENFORCE THE AUTOMATIC STAY WITH RESPECT TO THE CORMANS AND PASIG LTD.

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TO THE HONORABLE ROBERT E. GERBER,
UNITED STATES BANKRUPTCY JUDGE:

Jones Day, counsel to Corinne Ball, not individually but solely in her capacity as chapter 11 trustee (the "**Trustee**") for the above-captioned debtors (the "**Debtors**") respectfully moves the Court (the "**Motion**") for an order substantially in the form attached hereto as **Exhibit A**, pursuant to 11 U.S.C. § 105(a) and 362, to enforce the automatic stay with respect to Roger W. Corman, Julie A. Corman and Pasig, Ltd for knowingly and willfully violating the automatic stay by filing and prosecuting a complaint asserting claims belonging to the Debtors against Citco Group Limited and certain of its affiliates (collectively, "**Citco**") and related parties. In support of the Motion, the Trustee respectfully represents as follows:

PRELIMINARY STATEMENT

1. The Trustee moves this Court to enforce the automatic stay in connection with certain claims and causes of action asserted in a Complaint filed by the Cormans and Pasig against Citco and related parties in the Superior Court of the State of California (L.A. County) on March 23, 2015 (BC576379) (the "**California Action**"). The California Action asserts (among others) claims against Citco and related parties for their role relating to the Debtors' mismanagement and failure. Specifically, the Complaint includes claims for fraud and misrepresentation in connection not only with the Cormans' initial investment in the Debtors but their continued investment in the Debtors, negligence and breach of fiduciary duty, unjust enrichment, and breach of contract. While certain of these claims may constitute direct claims that belong to the Cormans and in respect of which no complaint lies, others are clearly derivative in nature and may only be asserted by the Trustee for the benefit of all creditors of the Debtors.

2. Prior to filing this Motion, the Trustee repeatedly informed the Cormans that the automatic stay prevents creditors from exercising control over causes of action belonging to the Debtors and that the California Action improperly asserted estate claims. Accordingly, the Trustee demanded that the Cormans amend the Complaint to excise such claims. The Cormans, who are represented by sophisticated counsel, flatly refused and proclaimed ownership over all of the actions asserted in their Complaint. Contrary to the Cormans' position, however, actions based on Citco's role in the Debtors' mismanagement, recovery from Citco for transfers that the Debtors made to Citco, and generalized harms felt by all investors through a reduction in the Debtors' value constitute derivative claims that, pursuant to section 362(a)(3) and 541(a)(1) of the Bankruptcy Code, may only be asserted by the Trustee.

3. Accordingly, the Trustee brings this Motion to enforce the automatic stay and, to the extent the Court deems appropriate, for contempt sanctions against the Cormans and Pasig for their continued and willful violation of the stay.

FACTS SUPPORTING THE RELIEF REQUESTED

4. On September 24, 2013, the Debtors each commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. By Order dated October 16, 2013 (Docket No. 40), this Court directed that the Chapter 11 Cases be procedurally consolidated and jointly administered.

5. On October 4, 2013, Pasig filed a notice of appearance in the bankruptcy cases. (Docket No. 21). Thereafter, Pasig actively participated in these proceedings through its counsel, Andrew Glenn of Kasowitz Benson. (*E.g.*, Docket Nos. 49, 53, 54, 70, 80, 94, 112, 153, 190, 218, 219, 396, 446, 452, 499).

6. On January 23, 2014, this Court entered a bench decision (Docket No. 156) which, among other things, authorized and directed the U.S. Trustee to appoint a chapter 11

trustee. By a notice dated January 31, 2014 (Docket No. 160), the U.S. Trustee appointed Corinne Ball to serve as the Trustee in these Chapter 11 Cases. On February 3, 2014, the Court approved (Docket No. 164) the U.S. Trustee's appointment of Corinne Ball as Trustee.

7. On March 23, 2015, the Cormans and Pasig filed the California Action against Citco and related parties in the Superior Court of the State of California (L.A. County) on March 23, 2015 (BC576379). A copy of the Complaint in the California Action is attached hereto as **Exhibit B**.

8. Through a letter dated March 30, 2015 (**Exhibit C**), counsel for the Trustee advised counsel in the California Action that the action was commenced in violation of the automatic stay because it included claims belonging to the estates and, accordingly, demanded that the Cormans "promptly either withdraw and re-file the above-described action or otherwise amend the complaint such that the action complies with the automatic stay." The parties, thereafter, exchanged letters dated April 3, 2015 (**Exhibit D**), April 9, 2015 (**Exhibit E**), April 13, 2015 (**Exhibit F**), and April 23, 2015 (**Exhibit G**). As of the date hereof, the Complaint in the California Action remains pending in the California Superior Court unaltered from the originally filed version.

JURISDICTION AND VENUE

9. This Court has subject matter jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue in this District is proper under 28 U.S.C. §§ 1408 and 1409.

ARGUMENT

I. Asserting Claims Belonging To The Debtors Violates The Automatic Stay

10. The filing of the bankruptcy petition operates as an automatic stay of "any act to obtain possession of property of the estate or of property from the estate or to exercise

control over property of the estate." 11 U.S.C. § 362(a)(3). The automatic stay is "one of the fundamental debtor protections provided by the bankruptcy laws." *Midlantic Nat'l Bank v. N.J. Dep't of Envtl. Prot.*, 474 U.S. 494, 503 (U.S. 1986) (quotations omitted). The scope of the automatic stay is "broad in order to effectuate its protective purposes on behalf of both debtors and creditors." *In re AP Industries, Inc.*, 117 B.R. 789, 798 (Bankr. S.D.N.Y. 1990) (quoting H.R. Rep. No. 95-595 at 340 (1977); S. Rep. No. 95-989 at 49 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5987, 6296-97)).

11. The automatic stay "centralize[s] all disputes concerning property of the debtor's estate so that reorganization can proceed efficiently, unimpeded by uncoordinated proceedings in other arenas." *SEC v. Brennan*, 230 F.3d 65, 70 (2d Cir. 2000); *In re United States Lines, Inc.*, 197 F.3d 631, 640 (2d Cir. 1999); *In re Ionosphere Clubs, Inc.*, 922 F.2d 984, 989 (2d Cir. 1990).

12. Section 541(a) of the Bankruptcy Code provides that the property of the bankruptcy estate includes "all legal or equitable interests of the debtor in property as of the commencement of the case." 11 U.S.C. § 541(a)(1). Section "541(a)(1)'s scope is broad." *United States v. Whiting Pools*, 462 U.S. 198, 205 (U.S. 1983). It includes all kinds of property, including tangible and intangible property. *Id.* at 205 n. 9. Causes of action of the debtors constitute property of the bankruptcy estate under section 541(a). *Id.*; *see also Marshall v. Picard (In re Bernard L. Madoff Inv. Secs. LLC)*, 740 F.3d 81, 88 (2d Cir. 2014) (property of the estate includes causes of action possessed by the debtor); *Jackson v. Novak (In re Jackson)*, 593 F.3d 171, 176 (2d Cir. 2010) (same); *accord* H.R. REP. 595, 95th Cong., 1st Sess. 367 (1977) ("This includes all interests, such as interests in real or personal property, tangible and intangible

property, choses in action, causes of action, rights such as copyrights, trade-marks, patents, and processes, contingent interests and future interests, whether or not transferable by the debtor.").

13. Accordingly, the commencement by an investor of an action that belongs to the debtor, including a derivative cause of action, is an exercise of control over the debtor's property and violates the automatic stay. *See, e.g.*, *Fox v. Picard (In re Madoff)*, 848 F. Supp. 2d 469, 481 (S.D.N.Y. 2012), *aff'd*, 740 F.3d 81 (2d Cir. 2014); *Kagan v. St. Vincents Catholic Med. Ctrs. (In re St. Vincents Catholic Med. Ctrs.)*, 449 B.R. 209, 218-219 (S.D.N.Y. 2011), *aff'd*, 581 Fed. Appx. 41, 43 (2d Cir. N.Y. 2014); *see also In re Gen. Growth Props.*, 426 B.R. 71, 76 (Bankr. S.D.N.Y. 2010) (claim asserted by non-debtor belonged to the estate and thus violated the automatic stay).

14. To determine whether a claim is a derivative claim belonging to the debtor, courts "look past the nominal title of the cause of action pleaded in assessing whether or not a claim is in substance duplicative or derivative of a claim that is the property of the [estate]." *Fox*, 848 F. Supp. 2d at 482, *aff'd*, 740 F.3d 81 (2d Cir. 2014) (cautioning against "too much significance on the labels appellants attach to their complaints"); *In re Margaux City Lights Partners, Ltd.*, 2014 Bankr. LEXIS 4841, 15 (Bankr. N.D. Tex. Nov. 24, 2014) (same); *see also San Diego County Emples. Ret. Ass'n v. Maounis*, 749 F. Supp. 2d 104, 126 (S.D.N.Y. 2010) ("In conducting its analysis, the court must not rely on a plaintiff's characterization of his claims in the complaint, but rather, 'must look to all the facts of the complaint and determine for itself whether a direct claim exists.'"); *see generally Wynder v. McMahon*, 360 F.3d 73, 77 (2d Cir. 2004) (noting a plaintiff is not required to plead law or legal theory in a complaint).

15. A creditor cannot frustrate the Bankruptcy Code by pleading around the automatic stay provisions. *See, e.g.*, *Fox*, 848 F. Supp. 2d at 481 ("If potential creditors could

bypass the automatic stay injunction by simply pleading around it, … the bankruptcy laws' core purpose would be severely undermined, because some potential creditors could 'obtain[] payment of the[ir] claims in preference to and to the detriment of other creditors' simply by styling their pleadings as sounding in tort."); *see also In re Commonwealth Oil Refining Co.*, 805 F.2d 1175, 1187 (5th Cir. Tex. 1986) (the automatic stay should not be undermined "by artful pleading that depends on form rather than substance." (quoting *Penn Terra Ltd. v. Dep't of Envtl. Res., Comm'n of Pa.*, 733 F.2d 267, 275 (3d Cir. 1984)).

II. The California Action Asserts Claims Belonging To The Debtors

16. The California Action asserts certain claims that belong to the Debtors, not Pasig or the Cormans. The Complaint includes allegations for claims arising from (i) Citco's mismanagement of the Debtors, (ii) transfers made by the Debtors to Citco and others, and (iii) damages associated with concealing claims that caused investors generally not to withdraw their moneys from the Debtors (so-called "holdings claims"). Claims arising from such allegations rightfully belong to the Debtors, not Pasig or the Cormans.

A. Mismanagement

17. "A claim for deficient management or administration of a fund is a paradigmatic derivative claim." *Stephenson v. Citco Group Ltd.*, 700 F. Supp. 2d 599, 610 (S.D.N.Y. 2010); *see also Maounis*, 749 F. Supp. 2d at 127 (describing gross negligence claims as "paradigmatic derivative claim[s]" because they were "[e]ssentially claim[s] for mismanagement") (citing *Albert v. Alex. Brown Mgmt. Servs.*, 2005 Del. Ch. LEXIS 133, 46 (Del. Ch. Aug. 26, 2005) and *Kramer v. W. Pac. Indus., Inc.*, 546 A.2d 348, 353 (Del. 1988)); *In re Gen. Growth Props.*, 426 B.R. 71, 76 (Bankr. S.D.N.Y. 2010) (collecting cases; it is settled law that corporate waste and mismanagement claims are property of the estate).

18. The Complaint alleges breach of fiduciary duty and negligence actions against Citco claiming that it failed to act in a reasonably careful manner as, inter alia, investment advisor, [investment] manager and administrator. *See* Complaint, ¶¶ 48 and 125. Various Citco companies performed those roles for the Debtors pursuant to contracts with the Debtors. Copies of the contracts between the relevant Citco companies and the Debtors are annexed hereto as **Exhibit H**. The fiduciary duty and negligence counts incorporate all of the preceding allegations of the Complaint, *id.* ¶¶ 44 and 124, and thus include a host of conduct that could only give rise to a derivative claim that belongs to the Debtors' estates. The Cormans may not exercise control over such claims.

B. Transfers

19. When a debtor makes an improper transfer, it is the debtor that necessarily suffers. Investors suffer too, but they suffer only the secondary effects of such transfers through the diminution in the value of recoverable assets and the consequent effect that has on the value of the fund they are invested in. Those secondary effects may give rise to a claim, but that claim, by its very nature, is derivative and, therefore, subject to the automatic stay. *See, e.g.*, *Kagan v. Saint Vincents Catholic Med. Ctrs. (In re Saint Vincents Catholic Med. Ctrs.)*, 581 Fed. Appx. 41, 43 (2d Cir. N.Y. 2014) (holding "claims of fraud, waste, and improper transfers clearly represent[ed] property of the bankruptcy estate"); *Marshall*, 740 F.3d at 94 (holding "appellants' purported tort claims are, in essence, disguised fraudulent transfer actions, which belong exclusively to the Trustee."); *Keene Corp. v. Coleman (In re Keene Corp.)*, 164 B.R. 844, 849 (Bankr. S.D.N.Y. 1994) (package of "wrongful transfer" claims were property of the estate); *AP Indus.*, 117 B.R at 801 ("not only is the fraudulent conveyance cause of action property of the estate, but clearly any recovery, either in the form of a return of that particular asset to the estate or monetary damages, is also property of the estate").

20. Pasig and the Cormans complain of various payments/benefits that Citco wrongfully received, but in every case those payments/benefits were derived from transfers made by the Debtors (or, at minimum, investments funds that included the Debtors). Indeed, the Complaint is completely devoid of any allegation that the Cormans (as opposed to the Debtors or funds including the Debtors) transferred these payments/benefits to Citco.

21. The Cormans obscure the fact that they are complaining about transfers made by the Debtors rather than transfers made by the Cormans by relying upon imprecise terminology. For instance, when the Complaint refers to the transfer of the management of the funds to Fletcher, it is in reality complaining about the transfer of the management of Debtors (or, at a minimum, the management of a number of funds including the Debtors) to Fletcher. Complaint, ¶ 33. When the Complaint refers to the subordination of rights to the Louisiana Firefighters Pension fund, it is in reality complaining about the subordination of the Debtors' rights (among other similarly affected funds). *Id.*

22. In each case, the Cormans treat the monies they have invested with the Debtors as the "fund" and elide the existence of the Debtors. Indeed, other allegations in the Complaint reinforce the notion that "Cormans' fund" or "Pasig funds" simply refers to moneys that the Cormans invested with the Debtors (and/or other funds). *See, e.g.*, Complaint, ¶ 41 ("the Cormans were able to recover about $13 million from the total of $73 million Pasig funds which Citco had transferred to Fletcher's management"). Viewed with this color, each of the transfers referenced in the Complaint is in reality seeking relief for transfers or transactions undertaken by the Debtors (or funds including the Debtors).

23. The Complaint's blurring of the Cormans and the Debtors is neither harmless nor innocent. For instance, the Cormans assert a claim for unjust enrichment against

Citco despite the fact that the only benefit allegedly conferred on Citco was conferred by the Debtors (or funds including the Debtors). *See* Complaint, ¶¶ 90-94.[1] The Cormans are thus prosecuting a claim that belongs exclusively to the Debtors. Further, and as set forth in more detail below, the Debtors provided the Cormans with numerous opportunities to amend or clarify their Complaint, but the Cormans have refused point blank. If they genuinely had no intention to assert claims belonging to the Debtors, they would have confirmed as such in correspondence and made appropriate edits to their Complaint. Their refusal to do so means that the Cormans' violation of the stay cannot be innocent.

C. Holding Claims

24. The Debtors have acknowledged throughout that, in some instances, fraud in the inducement to invest in a fund may constitute a direct claim of an investor where there is a particularized injury.[2] While fraud in the inducement as to an initial investment can be characterized as a direct claim, so-called holding claims—that is, claims based on a decision to remain invested that are generic to all investors in a fund—are derivative in nature, belong to the fund, and are not direct investor claims. *See Stephenson v. PricewaterhouseCoopers, LLP*, 482 Fed. Appx. 618, 621 (2d Cir. 2012) ("The district court correctly found that Stephenson has standing to bring a claim that PWC's negligence induced him to invest in Greenwich Sentry (the 'inducement' claim), but that he lacks standing to assert a claim based on his decision to remain invested in Greenwich Sentry through December 2008 (the 'holding' claim)."); *Maounis*, 749 F.

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1 Indeed, in the Complaint—apparently to support the claim of unjust enrichment— the Cormans allege all of the elements of a fraudulent transfer: The complaint alleges the Debtors were insolvent, Complaint at ¶ 38, wrongfully made transfers to Citco for millions of dollars, *id.* at ¶ 29, and the Cormans and other creditors will only receive a fraction of their loss from the Debtors' bankruptcy cases, *id.* at ¶ 43. A fraudulent transfer claim, of course, unquestionably belongs to the estates, *see*, *e.g.*, *Marshall*, 740 F.3d at 94, and the estate and all of its creditors would be prejudiced by a lone investor prosecuting such an action.

2 Prior to filing this motion, the Debtors did not demand that the Cormans withdraw their Complaint in its entirety, but rather demanded that the Cormans withdraw their Complaint and re-file it or otherwise amend it so as to comply with the automatic stay. The Cormans refused.

Supp. 2d at 127 ("[w]hile Plaintiff claims it was individually wronged by Defendants' misrepresentations, '[t]o the extent that plaintiff was deprived of accurate information upon which to base its investment decisions . . . [plaintiff] experienced an injury suffered by all' Fund investors when the Fund collapsed, in proportion to their share of investment." (citing *Smith v. Waste Management Inc.*, 407 F.3d 381, 385 (5th Cir. 2005)); *Broyles v. Cantor Fitzgerald & Co.*, 2013 U.S. Dist. LEXIS 54767, 32-33 (M.D. La. Apr. 17, 2013) (determining that so-called holdings or "holder claims" were derivative in nature).

25. Despite the fact that generic holding claims are derivative in nature, the Complaint's allegations are not limited to fraud or misrepresentation in connection with the Cormans' initial investment. Instead, Pasig and the Cormans also assert derivative "holding claims." For instance, Paragraphs 34 through 39 of the Complaint address the time period after the Cormans made their initial investment. In essence, these paragraphs allege:

- after the initial investment, Citco learned of red flags that it did not disclose; *see* Complaint, ¶ 36;
- "[t]hese red flags put or should have put Citco on further notice that investments under Fletcher management, including those of the Cormans, were at extreme risk and likely to lose substantial value by virtue of Fletcher's mismanagement," *id.*, ¶37; (emphasis added)
- "the Fletcher managed funds were insolvent and restrictions were imposed on investors, including the Cormans, from withdrawing funds invested or from receiving full value of their investments if they did withdraw funds," *id.*, ¶ 38; (emphasis added) and

- by the time the Cormans' ultimately withdrew their investment, they (like many others) realized a fractional recovery on their investment, (emphasis added) *id.*, ¶ 41.

As can be seen from the Complaint itself, these red flags may have "include[ed] those of the Cormans", but they were in no way unique or confined to the investment of the Cormans; rather these holding claims are derivative claims common to many and which vest in the fund.

III. Plaintiffs Willfully Fail To Amend The Complaint To Cure The Stay Violation

26. A violation of the automatic stay is willful if it is taken with knowledge of the bankruptcy case. *See In re Chateaugay Corp.*, 78 B.R. 713, 726 (S.D.N.Y. 1987). "[C]ontempt proceedings are the proper means of compensation and punishment for willful violations of the automatic stay." *Maritime Asbestosis Legal Clinic v. LTV Steel Co., (In re Chateaugay Corp.)*, 920 F.2d 183, 186-187 (2d Cir. 1990); *see also Fidelity Mortgage Investors v. Camelia Builders, Inc.*, 550 F.2d 47 (2d Cir. 1976). Here, the Cormans are actively participating in the Debtors' bankruptcies, *see* Docket No. 21, the California complaint expressly references the bankruptcy proceedings, Complaint, ¶¶ 43-44, and the Cormans were expressly warned on a number of occasions that they were violating the automatic stay, *see* Exs. C, E and G. The Cormans' actions are therefore willful.[3]

27. As set forth above, prior to filing the Motion, counsel for the Trustee and counsel for the Cormans and Pasig exchanged a series of letters discussing the matters contained herein. Counsel for the Trustee repeatedly asked that the Cormans/Pasig promptly either to withdraw and re-file the above-described action or otherwise amend the complaint so that the

[3] Whether or not the Cormans and Pasig were subjectively operating in good faith, they may be subject to sanctions in the discretion of this Court. *See Lehman Bros. Holdings Inc. v. Barclays Capital Inc.*, 2014 U.S. Dist. LEXIS 175049, 40 (S.D.N.Y. Dec. 18, 2014).

action would comply with the automatic stay. *See* Exs. C, E and G. The Cormans and Pasig, who are represented by sophisticated counsel, refused. *See* Exs. D and F.

NOTICE

28. Notice of this Motion has been provided to: (a) counsel in the California Action; (b) counsel to Pasig in the bankruptcy case; (c) the U.S. Trustee; and (d) all parties requesting notice in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. The Trustee submits that no further notice of this Motion should be required.

PRIOR REQUEST

29. No prior request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Trustee respectfully requests that this Court: (i) enter an order substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein; and (ii) grant such other and further relief to the Trustee as the Court may deem proper.

Respectfully submitted,

Dated: New York, New York
April [____], 2015

Veerle Roovers
Stephen Pearson
Amy Ferber
JONES DAY
222 East 41st Street
New York, New York 10017
Telephone: (212) 326-3939
Facsimile: (212) 755-7306

Attorneys for the Chapter 11 Trustee

EXHIBIT E-5

JONES DAY

222 EAST 41ST STREET • NEW YORK, NEW YORK 10017.6702
TELEPHONE: +1.212.326.3939 • FACSIMILE: +1.212.755.7306

DIRECT NUMBER: 020 7039 5165
SJPEARSON@JONESDAY.COM

May 5, 2015

Howarth & Smith
523 West Sixth Street, Suite 728
Los Angeles, California 90014
Attention: Don Howarth, Esq.

Re: In re Soundview Elite, LTD., et al.

Dear Mr. Howarth:

I write with reference to your letter dated April 27, 2015.

It is obviously pleasing that you are prepared to confirm in correspondence that you are not seeking to pursue claims which belong to the Debtors. We do not however want any confusion to arise going forward as to whether particular claims are properly characterized as claims belonging to your clients or to the Debtors. Nor equally, do we want any confusion to arise as to which losses are losses suffered by the Debtors (and therefore claimable only by the Debtors) or losses suffered and claimable by the Cormans. There seems to have been some prior confusion on both those topics and so we would like to eradicate that confusion going forward.

The footnote you have suggested does not go far enough, not least because it still begs these two key questions, specifically (a) whether claims which lie within the complaint do actually belong to the Debtors as a matter of law (whatever the footnote might say) and (b) whether any assets or losses of the Debtors are being claimed under one or more of the various heads of claim.

To take one example of issue (a), you plead unjust enrichment but, as we have said in earlier correspondence, we are not aware of any money having passed from the Cormans to Citco which thereby unjustly enriched Citco. As such, if what is being claimed under that head of claim are sums that have passed to Citco from the Debtors or which reflect Citco's dealings with the Debtors then the entire head of claim is objectionable on the basis that it is a derivative claim which cannot be pursued. If, however, we are wrong and sums did pass from the Cormans directly to Citco and the unjust enrichment claim is limited to the recovery of such sums then the head of claim may not be objectionable per se.

JONES DAY

Howarth & Smith

May 5, 2015
Page 2

Another problem which arises here—issue (b) above—is that a head of claim may not be objectionable per se but it would become so in practical terms if it is used as a vehicle to claim the Debtors' losses together with the Cormans' own losses. At that point, Debtor losses would be the subject of a claim not by the Debtors but by an individual investor in the Debtors. As such, the issue we face is not simply crossing out particular claims; we also need clarity as to what amounts are being claimed within the existing heads of claim.

Further to the above, could you please confirm the following:

(1) No loss or damage is being or will be claimed relating to the mismanagement of the Debtors by Citco or for breaches of any duties owed by Citco to the Debtors (rather than to the Cormans directly).

(2) No claims are being asserted or will be asserted in respect of the misappropriation, loss, transfer or conveyance of monies or other assets from the Debtors (rather than from the Cormans). To the extent that cash or other assets were misappropriated by Citco from the Debtors then claims in that respect lie with the Debtors and not with the Cormans.

(3) As far as the quantum of the claims are concerned, the Cormans are only seeking (and will only ever seek) to recover losses they have personally suffered and no losses will be claimed which represent, include or reflect losses suffered by the Debtors or other investors in the Debtors.

You have indicated that Debtor claims are not being asserted. It should therefore follow that you are not seeking to recover Debtor losses. As such, we are hopeful that these additional confirmations will prove uncontentious.

I look forward to hearing from you. If, as I hope, the additional confirmations listed above can be provided then please let us have your proposal as to how they should be recorded in the complaint or otherwise.

Very truly yours,

Stephen J. Pearson

cc: Suzelle Smith, Esq.
Padraic Glaspy, Esq.
Jessica L. Rankin, Esq.
Andrew K. Glenn, Esq.

EXHIBIT E-6

HOWARTH & SMITH
ATTORNEYS AT LAW
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LOS ANGELES, CALIFORNIA 90014
TELEPHONE: (213) 955-9400
FAX: (213) 622-0791
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June 8, 2015

DON HOWARTH

DHowarth@howarth-smith.com
Direct Line: (213) 955-9400 Ext. 117

VIA EMAIL AND U.S. MAIL

Stephen J. Pearson, Esq.
Jones Day
222 East 41st Street
New York, NY 10017
sjpearson@jonesday.com

Re: *In re Soundview Elite, Ltd., et al.*

Dear Mr. Pearson:

Pursuant to our recent discussions, this letter will outline our proposal for avoiding a dispute by Soundview over the complaint filed by Roger Corman, Julie Corman, and Pasig, Ltd. (collectively, the "Cormans") in Los Angeles Superior Court against Citco.

Since we agree that the Cormans are not prevented by the bankruptcy stay from pursuing their own independent claims against Citco, we propose that by this letter we provide you with security that we are not pursuing anything but claims belonging to the Cormans in the recently filed action. Therefore, we are prepared to confirm that the Cormans are only pursuing their own claims against Citco in the California litigation (those that arise from Citco's violation of its duties and responsibilities to the Cormans and to Pasig) and are not pursuing any claims belonging to the Soundview debtors.

We believe that these representations should satisfy your concern that the Cormans are advancing claims that exclusively belong to the Soundview Debtors. Therefore, if this is acceptable to you, we are prepared to make the above representations and you will then need to agree that the Trustee will not move the Bankruptcy Court for an order staying the Cormans' action. As a part of this understanding, the Cormans will also agree to add you to our service list for our filings in Los Angeles.

Stephen J. Pearson, Esq.
June 8, 2015
Page 2

Please advise at your earliest convenience whether the above proposal is acceptable to you or if you have a different proposal that you would like us to consider.

Sincerely,

Don Howarth

DH:am

cc: Andrew Glenn, Esq.
Suzelle M. Smith, Esq.

EXHIBIT E-7

JONES DAY

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Direct Number: (212) 326-3876
sjpearson@JonesDay.com

June 9, 2015

VIA OVERNIGHT MAIL AND E-MAIL

Howarth & Smith
523 West Sixth Street, Suite 728
Los Angeles, California 90014
Attention: Don Howarth, Esq.

Re: In re Soundview Elite, LTD., et al.

Dear Mr. Howarth:

Thank you for your letter of yesterday's date (June 8).

Unfortunately, it does not take us very far. We had already established in prior correspondence, and indeed during our recent telephone conversation, that your clients were not intending to assert claims belonging to the Debtors. The problem is/was that we appear to have a different understanding of what particular claims are properly characterized as claims belonging to your clients and to the Debtors. I explained in my previous letter of May 5, 2015 why we believed that this was a serious issue which needed to be resolved now and why that led us to the position that various confirmations would have to be given above and beyond the bare assertion that the Cormans did not believe that they were pursuing claims belonging to the Debtors.

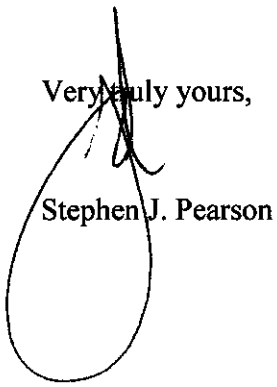
If anything your latest letter takes us backwards. In our letter of May 5, 2015 we had tried to resolve the problem in an amicable way and backed that up by engaging constructively on our subsequent call. During that call you indicated that you did not believe that the assurances sought in our May 5 letter were unreasonable but would consider the position with Andrew Glenn and see whether any minor language edits were necessary before the assurances were given. It now transpires that you are not prepared to give the assurances sought and have simply reverted back to a position whereby you are maintaining that the claims set out in the complaint do not assert claims belonging to the Debtors. As I have indicated above (and on numerous prior occasions), we disagree based on the language of the complaint and general principles. That is why we convened a call to try to see whether a solution could be found.

If, as you maintain, the Cormans have no intention of asserting claims belonging to the Debtors then why are they not prepared to give the confirmation set out in our letter of May 5, 2015? These are all short and reasonable confirmations which would remove the current uncertainty for the benefit of everyone and without the need to trouble the Court. In your most

recent letter you asked whether we had a different proposal we would wish you to consider. The answer is we do and it was set out in our letter of May 5, 2015. As such, we do not understand why you have not responded to that specific proposal and instead reverted back to where we were before our call. As we need to write to the Court this week with an update as to where matters stand with this particular issue could you please come back to us later today with the confirmations we seek or, alternatively, explain why your clients are not prepared to provide them.

I look forward to hearing from you.

Very truly yours,



Stephen J. Pearson

cc: Suzelle Smith, Esq.
Padraic Glaspy, Esq.
Jessica L. Rankin, Esq.
Andrew K. Glenn, Esq.

EXHIBIT F

General Budget As of June 11, 2015
For discussion purposes only

Funding of Reserves based on budgets up to and including September 30, 2015

THE BUDGET WILL BE REVISED BASED ON THE ACTUAL FEES AND EXPENSES INCURRED

		Soundview Elite Ltd.	Soundview Premium, Ltd.	Soundview Star Ltd.		Elite Designated	Premium Designated	Star Designated
1. Estimated Expenses accrued prior to Addendum								
Post-Petition Accrued Expenses	1,471,275.96	490,721.96	431,942.94	201,613.15		135,891.62	101,866.06	109,240.24
Agreed Claims								
HSM Chambers			9,357.08					
Smeets [5]		148,500.00	56,700.00	64,800.00				
Campbells			5,743.45					
Porzio		6,707.87	199,820.22	3,123.62		3,123.62	1,865.12	2,179.75
Loeb			23,107.86					
Total Agreed Claims		155,207.87	294,728.60	67,923.62		3,123.62	1,865.12	2,179.75
Disputed								
Pinnacle (post-petition)		11,900.00	4,550.00	5,250.00		5,250.00	3,850.00	4,200.00
Smeets [5]		52,818.40	20,167.02	23,048.03				
CohnReznick		79,674.49	30,463.78	35,150.51		35,150.51	25,777.04	28,120.41
Insiders (A.F, F.S, G.L, S.T, SCM)		95,127.56	37,011.09	18,292.01		40,418.51	32,277.98	33,180.90
Patterson Belknap Webb & Tyler LLP		95,993.64	36,703.45	42,350.14		42,350.14	31,056.77	33,880.11
	904,012.48	335,514.09	128,895.34	124,090.69		123,169.16	92,961.79	99,381.42
Interdebtor Reimbursement re Fee Reserve			8,319.00	9,598.84		9,598.84	7,039.15	7,679.07
Unpaid Fees & Expenses	2,831,591.77	687,284.23	890,472.45	422,807.34		339,797.65	232,276.51	258,953.59
KP		264,952.16	336,074.46	232,234.78		123,274.43	82,935.05	92,839.89
JD		359,382.29	505,919.67	162,929.49		197,241.27	134,314.72	150,023.16
EPIQ		2,169.34	829.45	957.06		957.06	701.84	765.65
MoFo [2]		8,251.55	10,527.44	3,600.67				
JOLs [2]		13,082.04	16,924.47	5,708.52				
Campbells [2]		5,446.86	7,196.95	2,376.81				
Contingency Fee Counsel								
Fee Cap	50,000.00	17,000.00	6,500.00	7,500.00		7,500.00	5,500.00	6,000.00
Expenses	50,000.00	17,000.00	6,500.00	7,500.00		7,500.00	5,500.00	6,000.00
Stuarts						3,324.89	3,324.89	3,324.89
Allowed Claims, and Administrative Total [4]	4,302,867.73	$1,178,006.19	$1,322,415.39	$624,420.48		$475,689.27	$334,142.57	$368,193.83
2. Estimated Expenses of the Estate after Addendum	**Limited Debtors**				**Designated Debtors**			
Jones Day Fees (4/30 - 9/30) [1]	685,513.93	403,357.66	131,672.92	150,483.34	368,342.95	143,653.75	106,819.46	117,869.74
Kinetic Partners Fees [3]	174,886.00	96,187.30	36,726.06	41,972.64	171,289.00	66,802.71	49,673.81	54,812.48
EPIQ	54,834.70	26,634.00	16,450.41	11,750.29	30,550.76	11,750.29	9,400.23	9,400.23
US Trustee		29,250.00	975.00	19,500.00		4,875.00	2,916.90	2,916.90
Total Fees	$915,234.62	$555,428.95	$185,824.39	$223,706.27	$570,182.71	$227,081.75	$168,810.40	$184,999.36
Total of (1) and (2)		**$1,733,435.14**	**$1,508,239.78**	**$848,126.76**		**$702,771.02**	**$502,952.96**	**$553,193.19**
3. Creditor Claims (Scheduled and Filed) [7]								
Unaffiliated	946,741.56	506,679.10	220,031.23	220,031.23	$953,207.86	$189,514.70	$574,178.46	$189,514.70
Pinnacle		10,900.00	10,900.00	10,900.00		10,900.00	10,900.00	10,900.00
Walkers		11,473.66	11,473.66	11,473.66		11,473.66	11,473.66	11,473.66
KPMG		7,000.00	7,000.00	7,000.00				
Ritch & Conolly		106,844.68	106,844.68	106,844.68		106,844.68	106,844.68	106,844.68
Fox Rothschild LLP		33,471.36	33,471.36	33,471.36		33,471.36	33,471.36	33,471.36
Wilmington Trust, N.A.								
HSBC Private Bank (Suisse) S.A.		312,972.87					385,163.76	
Stuarts Walker Hersant		24,016.53	24,016.53	24,016.53				
NYC Dept of Finance			26,325.00	26,325.00		26,325.00	26,325.00	26,325.00
Internal Revenue Serv						500.00		500.00
Insiders	2,012,414.06	927,577.48	603,525.02	481,311.55	1,820,219.17	639,587.01	591,536.55	589,095.60
Mgmt Fees (SCM)		436,790.26	129,492.23	6,494.76		175,350.95	127,938.09	125,397.54
RF Services		65,896.09	57,373.66	57,373.66		50,659.88	50,619.88	50,619.88
Floyd E. Saunders		2,402.78	2,402.78	2,402.78		2,402.78	2,402.78	2,402.78
George E. Ladner		2,402.78	2,402.78	2,402.78		2,402.78	2,402.78	2,402.78
Alphonse Fletcher		2,402.78	2,402.78	2,402.78		2,402.78	2,402.78	2,402.78
Stewart A. Turner		13,328.00	5,096.00	5,880.00		2,290.80	1,693.20	1,792.80
Lampost		390,000.00	390,000.00	390,000.00		390,000.00	390,000.00	390,000.00
Solon Group Inc.		14,354.80	14,354.80	14,354.80		14,077.05	14,077.05	14,077.05
Total of (3)		**$1,434,256.59**	**$823,556.25**	**$701,342.78**		**$829,101.71**	**$1,165,715.01**	**$778,610.30**
4. Estimated Claims from Executory Contracts	**N/A**							
5. Trustee's Commission [6]								
Amounts Disbursed to date		3,791,872.69	83,860.39	1,530,431.63		760,528.23	576,538.58	622,372.72
Amount of Cash as of 6/11/15 - all converted to USD as of 6/11/15		2,140,089.41	546,934.00	1,614,075.30		3,694,755.00	2,858,751.00	3,894,035.00
Interfund Settlement $1M		550,000.00	210,000.00	240,000.00				
Non-cash Asset Amounts - Valued @ 100%		1,001,519.63				3,103,092.25	2,572,047.53	1,939,902.33
Citco/Insiders								
Total		7,483,481.73	840,794.39	3,384,506.93		7,558,375.48	6,007,337.11	6,456,310.05
Total Commission	1,079,524.17	**$249,104.45**	**$29,823.83**	**$126,135.21**		**$251,351.26**	**$204,820.11**	**$218,289.30**
TOTAL RESERVES	**$12,660,825.68**	**$3,416,796.18**	**$2,361,619.87**	**$1,675,604.75**		**$1,783,224.00**	**$1,873,488.09**	**$1,550,092.79**
Redemptions Payable [4]		31,686,872.39	13,426,528.30	10,094,448.16				

1 Jones Day fees were derived from their budget for the period up to and including September 30, 2015.

2 The fees and expenses of the JOLs and their professionals from and after February 1, 2015 will be paid from $1 million to be paid to Soundview Elite Ltd. pursuant to the inter-fund settlement.

3 Kinetic Partners fees were derived from their budget for the period up to and including September 30, 2015.

4 The redemptions payable balance reflects the investigation of the Chapter 11 Trustee and her financial consultant.

5 Assumes that Smeets will be paid an aggregate of amount of $270,000 on account of its pre-December 1, 2014 fees and expenses. The Trustee has objected to paying additional Smeets fees.

6 The estimated amount of the Trustee's commission does not include the return on contingent assets, including any payment to be received by Soundview Elite Ltd. as a result of the adversary proceeding against Soundview Composite Ltd.

7 ALL CREDITOR CLAIMS ARE SUBJECT TO OBJECTION IN THEIR ENTIRETY.

EXHIBIT B

SECOND STATUS REPORT

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Veerle Roovers
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Amy Ferber

Attorneys for the Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11
SOUNDVIEW ELITE LTD., *et al.*, Debtors.	:	Case No. 13-13098 (REG)
	:	(Jointly Administered)

SECOND STATUS REPORT OF THE CHAPTER 11 TRUSTEE

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Preliminary Statement

Since the Trustee's Amended and Revised Report, dated June 15, 2015 (Docket No. 692) (the "**Trustee's Amended Report**"),[1] the Trustee has focused on: (a) completing the Protocol Addendum (defined below), (b) finalizing the Interfund Settlement (defined below), (c) continuing her investigation following the discovery of new documents apparently sourced from Muho, (d) responding to enquiries from various regulatory agencies, (e) focusing upon the allocation of assets and liabilities among the six Debtors at the request of one of the redemption creditors of the Limited Debtors, and (f) moving recovery actions forward, including filing objections to insider claims, initiating 25 avoidance actions and, most notably, an action against insiders, including Fletcher, his associates and various individuals and entities associated with Citco (such individuals and entities hereinafter being referred to as the "**Citco Parties**"). The insider lawsuit (defined below as the Citco/Fletcher Action) also required the negotiation of a joint prosecution agreement with the BVI Funds which led to the reimbursement of some of the Trustee's legal costs in conducting her investigation and drafting the complaint.

The Protocol Addendum and Interfund Settlement. Pursuant to the Protocol approved by the US Bankruptcy Court and the Cayman Islands Court, the Soundview JOLs serving in the Cayman Islands liquidation proceedings for the Limited Debtors (namely, Soundview Elite, Soundview Premium, and Soundview Star) and the Trustee were to attempt to reach agreement on the resolution of any remaining issues and tasks in the Chapter 11 Cases and the Cayman Islands Liquidations for the Limited Debtors. That subsequent agreement was to be recorded in an Addendum to the Protocol. On April 30, 2015, the Trustee served over 330 parties with a fully executed Addendum. See Affidavit of Service, Docket No. 629.[2]

Pursuant to the Protocol, the Addendum was to be self executing, subject to an opportunity for parties in interest to object. See Protocol, § 12.5. On May 6, 2015, only one objection was filed (by Pasig).[3] See Docket No. 631. On June 16, 2015, there was a hearing before the US Bankruptcy Court triggered by that sole objection. At the hearing the Court expressed interest in hearing from the Soundview JOLs directly, in particular as to whether they stood by the Addendum notwithstanding the Pasig objection. Unfortunately, the Soundview JOLs' counsel was only present for a portion of the June 16, 2015 hearing and was not present when the US Bankruptcy Court asked for the Soundview JOLs' position on the Protocol Addendum. The hearing was therefore adjourned with the parties directed by the Court to try to address Pasig's objection insofar as it raised issues concerning (a) claims administration and (b) the pursuit of claims against another Fletcher-affiliated fund, known as Soundview Composite. Those claims are the subject of a pending adversary proceeding (Ad. Proc. No. 14-01923 (REG))

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[1] Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Trustee's Amended Report.

[2] The Trustee served approximately 175 parties with hard copies and approximately 160 parties were served via email. See Docket No. 629. In addition, on May 5, 2015, the Soundview JOLs served all parties that have filed proofs of debt in the Cayman Islands Liquidations. See Docket No. 630.

[3] Pasig owned (a) 6.74% of the redemption creditor claims against Soundview Elite, (b) 26.01% of the redemption creditor claims against Soundview Premium and (c) 29.39% of the redemption creditor claims against Soundview Star. See Trustee's Amended Report, at 51, fn. 36. Pasig has no economic interest in the Designated Debtors.

in which the Trustee, as the representative of the sole investor in, and shareholder of, Soundview Composite, seeks a turnover of all funds in excess of *bona fide* creditor claims and an accounting.

An additional issue which had been raised to the Trustee by Pasig concerned a provision in the Protocol Addendum which provided for the assignment of direct claims held by the redemption creditors of the Limited Debtors against the insiders in exchange for her prosecution of the same and the return of any net recoveries for distribution to the creditors of the Limited Debtors. The Trustee planned to prosecute the claims of the estates of the Limited Debtors and their creditors against the insiders in reliance on her investigation, using contingency counsel, on terms previously agreed with the Soundview JOLs. See Docket No. 677. The Protocol Addendum provided that any creditor could opt out of that assignment and retain and prosecute its individual, direct claims (but obviously not any claims of the Limited Debtors' estates which would always continue to vest solely in their estates). In accordance with the procedure envisaged in the Protocol Addendum, Pasig had opted out of an assignment of its direct claims, no doubt because it was already prosecuting its own action against most of the same Citco Parties in California, as discussed at greater length in the Trustee's Amended Report.[4]

The Trustee met with Pasig and the Soundview JOLs shortly after the June 16 hearing. As part of that meeting the Trustee revised the budget that had been annexed as Exhibit F to the Trustee's Amended Report to demonstrate the impact of the Protocol Addendum on (a) claims resolution and (b) distribution timing. In Exhibit F the Trustee described and set forth every administrative expense accrual and a projection for the same, and every priority and general unsecured claim filed in these Chapter 11 Cases. The revised budget again set forth: (i) every administrative expense accrual and projected budget, (ii) every priority and general unsecured claim filed in the Limited Debtors cases, and (iii) insider claims, as well as an indication as to how they would be resolved under the Protocol Addendum. The budgets confirmed that all but two or three of such claims were U.S. based, most were insider claims and/or claims asserted by claimants that the Trustee intended to pursue in recovery actions. Some claims also required resolution concurrently with the Designated Debtors.

As the Protocol mandated, the Trustee explored with the Soundview JOLs the various alternatives in respect of Soundview Composite, reaching an agreement in principle on an approach.

Pursuant to the Protocol Addendum, the Soundview JOLs were to administer and resolve redemption claims against the Limited Debtors. See Protocol Addendum, Section II.

Throughout the July through September 2015 period, the Soundview JOLs and the Trustee nevertheless had multiple calls, following various meetings and calls with the liquidation

[4] The Trustee believes that Pasig continues to assert some claims belonging to the Limited Debtors in the Pasig Action (as defined below) and has asked Pasig to cease and desist from doing so. See Trustee's Amended Report, Section VI. A. No resolution has yet been reached. Given its conflict position Pasig has been recused from any Liquidation Committee discussions on the Limited Debtors' litigation strategy including, but not limited to, its claims against the Citco Parties. That recusal decision was communicated to Pasig on April 29, 2015 by the Soundview JOLs.

committee appointed in the Cayman Islands Proceedings (the "**Liquidation Committee**")[5] and its counsel[6] on issues raised in connection with the Protocol Addendum.[7] Most, if not all, of those issues were focused on the allocation of distributions among redemption creditors and the distribution methodology. Multiple times the Soundview JOLs were made aware by the Trustee of a September 23, 2015 deadline for the conclusion of any revised Protocol Addendum, which would reflect any amendments the Trustee and the Soundview JOLs felt were required/advisable. The Trustee and the Soundview JOLs ultimately agreed to minor revisions to the Protocol Addendum which they believed were reflective of and responsive to any legitimate concerns expressed to that point by the Liquidation Committee, and the revised Protocol Addendum was executed and became effective on September 23, 2015. See Protocol Addendum, Section VI.

The Trustee's Continuing Investigation. The Trustee has been responsive to the Department of Justice and the Securities and Exchange Commission in their investigations into various actions by the Debtors, their former managers, including Fletcher, other officers, as well as certain other entities. The Trustee also recovered an additional 18,000 or more documents that Muho apparently uploaded to a public website. Contained within these more than 18,000 documents were documents that were not previously produced despite being responsive to prior subpoenas served on Fletcher and his affiliates, including emails by and among Fletcher, Turner and Kiely, as well as with Citco and various of its officers, including Smeets, Unternaehrer, Laddaga, Bloch and Magris. Those new documents aided the Trustee's review and analysis of the allocation of assets and liabilities among the six Debtors.

Muho has recently commenced bankruptcy proceedings in Florida. Just as the Trustee was able to capitalize on using Jones Day's global capacity to avoid having to hire separate counsel in a number of locations, Jones Day was able to use its Florida office to assist the Trustee and her contingency counsel in preserving and prosecuting the estates' claims against Muho.

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[5] The Liquidation Committee currently comprises Pasig, John Ayres, one of the BVI JLs, and Solon, through Deborah Midanek, formerly a director of the BVI Funds and the Soundview Funds. The BVI Funds had a particular interest in the evolution of the Protocol Addendum as the Protocol Addendum was closely related—and had to give effect—to the negotiated settlement (the "**Interfund Settlement**") among (a) the BVI Funds, (b) the FILB Plan Administrator, (c) the representatives of the affiliated funds, Leveraged, Arbitrage and Alpha, (d) the MBTA and (e) the Limited Debtors, which was subsequently presented to this Court and approved on September 23, 2015. See Docket No. 816.

[6] Pasig has released its Cayman Islands Counsel to serve as the Liquidation Committee's Counsel.

[7] In the interests of economy and efficiency and the allocation of responsibility under the Protocol Addendum, the Soundview JOLs took the laboring oar in discussing the Pasig objections, other than claims administration and Composite. Concurrently, the Trustee has been working with the Soundview JOLs to answer questions and provide analyses and records requested by the Liquidation Committee.

The Recovery Actions. On and prior to September 23, 2015, the Trustee commenced over 25 actions seeking to recover over $300 million. In addition, rather than pay fees to Patterson Belknap, as Court-approved special counsel, she settled claims against, and recovered from, Patterson Belknap. That settlement process with Patterson Belknap, together with the 25 recovery actions shall hereafter be referred to collectively as the "**Trustee's Actions**".

The largest of the Trustee's Actions was brought against certain of the Debtors' insiders, managers, key individuals in those managers and insiders, including Citco and certain of its officers and directors, and administrators and other service providers (the "**Citco/Fletcher Action**"). The BVI JLs are co-plaintiffs in the Citco/Fletcher Action such that all the claims of both the BVI Funds and the Debtors (collectively, the "**Richcourt Funds**") are asserted together.[8]

Another of the Trustee's Actions seeks recovery from Solon, a member of the Cayman Islands Liquidation Committee and, in addition, the subordination of Solon's claims as one of the insider claims. The Trustee also sought to subordinate 16 other insider claims totaling $1,735,589.95.

Prior to the Citco/Fletcher Action, Pasig and its principals, Roger and Julie Corman (the "**Cormans**") commenced their own action against various Citco entities, directors and officers in the Superior Court of the State of California for the County of Los Angeles (the "**Pasig Action**"). The Pasig Action and the Citco/Fletcher Action have many common defendants and focus on common events, in particular the sale of the Richcourt Group by Citco to Fletcher in June 2008. Since the commencement of the Pasig Action, the Soundview JOLs and the Trustee have been pressing Pasig to refrain from asserting claims which belong to the Debtors. See Trustee's Amended Report, Section VI.A. Those efforts continue without resolution as of the date of this report and may require Court resolution absent agreement.

To the best of the Trustee's knowledge, claims relating (broadly) to the relationship between the Citco Parties and Fletcher are now the subject of four lawsuits: (a) a suit brought by the Louisiana Pension Funds as investors in Leveraged; and (b) a suit brought by the FILB Plan Administrator and the representatives of Leveraged, Arbitrage and Alpha; (c) the Pasig Action; and (d) the Citco/Fletcher Action.

Budget Reconciliation and Impact of Delay. The budgets prepared by the Trustee for the Chapter 11 Cases of the Limited Debtors in connection with the Protocol Addendum ran through September 2015 and included a professional expense budget with a stated need to revisit and extend at that time. September 30, 2015 was selected as a logical date to revisit the budget as the statutory deadline for recovery actions to be brought by the Trustee fell in September and the other needs of the estates would also likely be much clearer by then. The budget anticipated the successful implementation of the Protocol Addendum in July 2015 and did not account for the prolonged Protocol Addendum expense or the continuing expense of the Interfund Settlement. The Trustee has undertaken a reconciliation of the budget to actual fees and expenses incurred. While the Protocol Addendum and related Interfund Settlement discussions were not budgeted,

[8] At or around the same time the Citco/Fletcher Action was being issued, Citco opened a large hosting facility for its fund clients and friends on Park Avenue in New York to further facilitate its U.S. business.

highlights of the reconciliation are: Jones Day was only $48,000 over budget, Kinetic Partners was $78,000 under budget and the Trustee recovered $200,000 as part of the joint prosecution agreement with the BVI Funds. In addition, another significant settlement was realized in September 2015.

At this time the Trustee is in consultation with the Soundview JOLs regarding projected budgets through to March 31, 2016.

I. The Protocol and Protocol Addendum

To facilitate a more complete understanding of the Protocol and the Protocol Addendum, an overview of their evolution is appropriate.

A. Status upon the Trustee's Appointment

At the time the Trustee was appointed, the Limited Debtors had some $9.5 million in cash and faced substantial litigation expenses and other professional expenses.[9] The Cash and primary records were all here in the United States and had been under Fletcher's control shielded by the Automatic stay. Despite the expense, there had been no progress in these Chapter 11 cases, the Limited Debtors had not filed any reports with the U.S. Bankruptcy Court, there were no schedules, Fletcher had blocked an investigation, and based on reports from the affiliated Fletcher cases there were a number of transactions which raised questions of fraud and asset defalcation.

B. Steps Taken Immediately After Trustee's Appointment

In response to this Court's direction on her appointment, the Trustee reviewed a draft protocol proposed by the Soundview JOLs that was very different from the *Lancelot* protocol identified by the Court as a model in the Bench Decision. Rather than trade drafts, the Trustee focused on identifying and attempting to resolve core contentious issues before moving to a drafting phase. This also involved preparing and circulating an assessment of the differences in treatment as between Cayman Islands Liquidations and Chapter 11 Cases on points relevant to the Limited Debtors. The Trustee reviewed that assessment with the Soundview JOLs and their US and Cayman Islands counsel. There were areas in which the US clearly had a more valuable and protective approach such as addressing insider claims and seeking subordination of same, as well as a firm bar date. Moreover, in the US claimants that are the subject of an avoidance action are not entitled to any distributions until it is resolved. By way of contrast there were areas where Cayman Islands law seemed preferable, especially with respect to selling non-cash

[9] This amount includes what would have been the Limited Debtors' responsibility to pay 62% of incurred fees and expenses—if fully approved by the court—of Porzio ($1,643,848.58), CohnReznick ($234,336.74) and Patterson Belknap ($127,652.76), and the Limited Debtors' 100% share of the fees and expenses of the Soundview JOLs ($376,801.72), Morrison & Foerster LLP ($1,850,106.05), Smeets Law ($172,086.25) and HSM Chambers ($44,557.50), all prior to the Trustee's appointment and prior to the reductions negotiated by the Trustee or approved by the Court. Subsequent to the Trustee's appointment, she reached agreements with both the Debtors' professionals retained prior to her appointment and the Soundview JOLs and their professionals for reductions in fees and expenses. These reductions, including reductions to fees incurred both before and after the Trustee's appointment, total $788,072.84 for Debtors' professionals retained prior to the Trustee's appointment and $664,873.56 for the Soundview JOLs and their professionals (as of September 30, 2015).

assets sited abroad and making distributions to redemption creditors. The Cayman Islands proceeding also does not require any voting process.

Following the Trustee's appointment, there was a spike in activity in March 2014 regarding the FILB plan and $19 million clawback relief requested by FILB, Leveraged and Arbitrage in respect of the Debtors which would not only have eliminated any claims by the Debtors against FILB, Arbitrage, Leveraged and Alpha, but also would have enjoined the Trustee from defending against clawback claims asserted by those entities. For that reason, the Protocol was deferred. Pasig concurred in that decision. The Trustee directed her efforts to preserving the $2.2 million claim that Debtor Soundview Elite had against FILB, defeating the $19 million clawback claims asserted by Leveraged, Arbitrage and Alpha and realizing on Soundview Elite's investment in Soundview Composite. Indeed, in the spring of 2014, Pasig urged the Trustee to give priority to the interfund claims and settlement issues and the Soundview Composite recovery action, over the Protocol. The Trustee presented the alternatives under US and Cayman Islands law to Pasig on both of those matters. There were multiple meetings involving the Trustee, the Soundview JOLs and Pasig. Following those meetings Pasig urged the Trustee to pursue a Turnover Action against Soundview Composite. Thereafter, the Trustee assiduously pursued the interfund issues and pressed the Turnover Action, including successfully maintaining the freeze on the Soundview Composite bank account in Delaware, and seeking contempt orders against the managers of Soundview Composite.

During the same period, in addition to securing the books and records and assets of the estates, the Trustee was also busy bringing these cases into compliance with the reporting and other requirements of the Bankruptcy Code and Bankruptcy Rules, as well as the requirements of the Office of the United States Trustee.

C. The Fall of 2014 and the Approval of the Protocol

Following on from the actions described above, and now operating on the assumption that there would be an effective interfund settlement, the Trustee returned to identifying the best vehicle for resolving these Chapter 11 Cases. The Trustee had sought a bar date and permission to serve redacted documents to comply with Cayman Islands privacy laws (which would allow noticing of investors). Docket Nos. 368, 372. In November 2014, the Trustee prepared and presented to Pasig and the Soundview JOLs' US counsel a termsheet and budget for a chapter 11 plan, which would have looked to confirm a plan in March 2015, assuming (a) that bar date activities would be completed in January 2015, (b) approval of the Interfund Settlement and (c) success on the Turnover Action against Soundview Composite. Among other things, the plan term sheet proposed: (a) that litigation await confirmation of a plan; (b) that administrative expenses be settled at confirmation, which also would have curtailed various reporting expenses; (c) a joint resolution of currency decisions; (d) a continuing investigation but with post-confirmation litigation being conducted on a contingency (the Trustee anticipated combining her report detailing the outcome of her investigation and the disclosure statement, as was done in FILB's chapter 11 case); and (e) a methodology regarding distributions on account of redemption claims, to be administered by the Soundview JOLs.

After analyzing Cayman Islands legal provisions, the Trustee also proposed that redemption claims should not vote on a chapter 11 plan. Such claims would not be entitled to a

vote in the Cayman Islands proceeding in any event. The plan proposal anticipated paying other (non-redemption) creditors a settled amount and they, as impaired creditors, would then vote on the plan, with the redemption creditors being treated as a deemed rejected class entitled to the residual (which would be distributed in a manner agreed by the Soundview JOLs, consistent with the bar date approach). The solicitation was expected to be closely confined to less than two dozen creditors and the expense manageable as the Trustee intended to seek designation of the votes of all insider claims. Based upon the Trustee's review of the records, this path would have involved only a small group of voting creditors.

Throughout this period the Trustee was in communication with investors. Many of those investors were Euro and Swiss Franc class investors. The Trustee had intended to the extent possible (and in the absence of a Protocol indicating anything to the contrary) to return funds to investors in their investment currencies and fund expenses largely through existing U.S. Dollar holdings and the anticipated Soundview Composite recoveries. The Trustee reported on the multi currency holdings of each of Debtors every month.

Pasig, apparently in consultation with the Soundview JOLs' U.S. counsel, rejected the Trustee's proposals (as outlined above) without discussions and without a meeting. Instead, there was a demand that the Trustee prepare a Protocol and agree/procure payment of the outstanding fees of the Soundview JOLs and their counsel. Discussions followed among the Soundview JOLs and the Trustee. The Soundview JOLs and the Trustee subsequently agreed upon a bar date process, the identification of non-insider claims and a determination of claims entitled to participate in distributions, as general unsecured creditors and non-insider redemption creditors. Subsequently, the Trustee prepared an analysis of claims that she intended to bring, which as she had anticipated, included a fair number of professional firms and creditors who had submitted proofs of claim.[10] In addition, there were meetings, including a meeting held on December 11, 2014 at the offices of Pasig's counsel that lasted several hours. The December 11, 2014 meeting was also joined by representatives of the Soundview JOLs as well as by John Ayres, one BVI JL. At that meeting a two-step approach which enabled the bar date process to operate and the bar date order to be effective was discussed and agreed upon. The Protocol was then negotiated. It also reflected a two step process, anticipating a Protocol Addendum which would follow after analysis of the proofs of claim and proofs of debt. Interim drafts were circulated. There were calls. The agreed upon Protocol was then presented to the US Bankruptcy Court on December 30, 2014. See Docket Nos. 495 and 502. That same day, Pasig objected and claimed it was "largely excluded from these negotiations," despite the all day meeting at their counsel's office and the exchange of interim drafts. See Docket No. 499. Ultimately Pasig withdrew its objection five hours after filing it and on December 30, 2014, the Protocol was approved and the fees of the Soundview JOLs and their US counsel were approved on a discounted basis.

The Protocol provides for US Dollar payments. Accordingly, the Trustee consulted with Citi currency experts and others and monitored rates on a daily basis to determine when and how to convert. The US Dollar equivalents of all holdings have been reported monthly. Since the Protocol, the variance of the Euro and US Dollar were not substantial, but did hit certain high

[10] In the spring of 2015, the Trustee identified contingency counsel and thereafter shared the proposed retention arrangements with the Soundview JOLs. See Docket Nos. 632,677.

points. The Trustee implemented a plan to convert though issuing standing sell orders should currency hit certain pre-determined levels. Many times professionals were asked to wait for payment to permit the Trustee to implement the conversion plan. A chart of the movement in currency since the effective date of the Protocol is annexed hereto as Exhibit A.

D. The Protocol Addendum.

Impact of Bar Date Process. The bar date process culminated at the end of February 2015. At the time the Protocol was approved, the Trustee hoped to finalize the Protocol Addendum by the end of March 2015. With respect to administrative, priority and general unsecured claims, an analysis of the timely filed proofs of claims, their legitimacy, or the basis for objection was underway, as was an attempt to gain an understanding of just which claimants were insiders and which claimants were likely subject to recovery actions. This work was necessary to understand the reserve requirements likely applicable under US and Cayman Islands law. Thereafter, a budget reflecting the priorities and distribution requirements of the Limited Debtors' Cayman Islands proceeding and Chapter 11 Cases could be developed. The Trustee undertook that work, which ran through to late March 2015.

Key Provisions. The Protocol Addendum was not a theoretical exercise, but a practical approach to resolving these cases, as set forth in the Protocol. That took substantial work and review. The Protocol Addendum had to ensure that administrative claims were paid first, general unsecured creditors second and redemption creditors third. It allocated responsibility for contingent assets among the Soundview JOLs and the Trustee, based on who was better positioned to pursue the same for the benefit of the estates. It allocated the realization of non-cash assets to the Soundview JOLs. It left the investigation with the Trustee. All those features remain unchanged. To better protect the interests of creditors, the Protocol Addendum provided that the Trustee would pursue the claims of the Debtors and the assigned direct claims of individual redemption creditors against Fletcher and the Citco Parties, provided, however, that any investor could opt out of the proposed assignment of its own direct claims.

Impact of Interfund Settlement. During this time the Interfund Settlement also took shape. The Interfund Settlement was linked to the Protocol Addendum insofar as the payment under the Interfund Settlement of $1 million by the BVI JLs[11] for the benefit of Soundview Elite was conditioned on the Protocol Addendum being agreed. The BVI JLs therefore had to sign off on the Protocol Addendum provisions affecting the treatment of the BVI JLs' claims set forth in Exhibit A to the Interfund Settlement. See Interfund Settlement, § 7(b). Specifically, the BVI JLs wanted to understand the methodology to be used to value the redemption claims of the BVI Funds against the Limited Debtors, in particular, the size and treatment of those claims as redemption creditors are set forth in Exhibit A to the Interfund Settlement.

Further Negotiations and April 30, 2015 Protocol Addendum. The Trustee sent drafts of the Protocol Addendum and, more importantly, the reserve budgets to the Soundview JOLs by the end of March 2015. Understanding the budgets, the interaction with the investigation, the proofs of claim, the intended use of contingency counsel, among other things, took time. The Trustee and the Soundview JOLs entered into several stipulations extending the filing date of the

[11] Certain of the BVI Funds were investors in certain of the Debtors.

Protocol Addendum, most recently until April 17, 2015. See Docket No. 601. Ultimately, the Protocol Addendum was not agreed and completed until late April, after substantial work, multiple meetings and discussions with the Soundview JOLs. It was filed with the US Bankruptcy Court on April 30, 2015 and sent to all creditors and investors, over 330 notice parties, in addition to all parties who had filed a proof of debt in the Cayman Islands Liquidations. See Docket Nos. 626, 629 and 630.

The Protocol Addendum reflected a methodology for distribution to redemption creditors to be managed by the Soundview JOLs.[12] Importantly, after April 30, 2015, the Soundview JOLs sought a better understanding of the distribution methodology set forth in the Protocol Addendum. As part of her investigation, the Trustee and her financial professionals had reviewed the redemption records of the Limited Debtors (such as they were) and ran models of potential distribution scenarios. Those models were shared with Pasig, the Soundview JOLs and the Liquidation Committee.

The Budgets. Implementing the Protocol Addendum required an agreed understanding of the reserves required and a projection of the likely expenses to be incurred. The budget for the Chapter 11 Cases was key to the Protocol Addendum as it was intended to facilitate and estimate distributions. It is composed of the Trustee's professional budgets and a general budget. The original general budget was appended to the Trustee's Amended Report as Exhibit F. That budget appended as Exhibit F did not demonstrate the impact of the Protocol Addendum, but did identify every claim and claimant, other than redemption creditors.

The original budget was revised substantially to reflect the impact of the Protocol Addendum. Specifically, in order to anticipate the timing and the magnitude of potential distributions, the Trustee revised the original professional and general budgets to demonstrate the impact of the Protocol Addendum and jointly reconcile the responsibilities of the Soundview JOLs and the Trustee. The Trustee's budgets, both general and professional, anticipated implementation of the Protocol Addendum by July 2015. The general budget anticipated recoveries from Soundview Composite. The budget was prepared through September 2015. As stated above, that time frame reflected the statutory deadline for the Trustee to bring recovery actions and provided a logical timeframe for revisiting the budget. The budget revisions were provided to Pasig as well. The budget identified those claimants that would be the subject of recovery actions, including Solon, and identified the insider claims which the Trustee intended to seek to subordinate, including, among others, Solon.

Summer 2015 Negotiations with the Liquidation Committee. In the interest of economy and efficiency, the Soundview JOLs took the lead in working through the issues with the Liquidation Committee which, as already noted, included Solon, John Ayres (one of the BVI JLs) and Pasig. There were multiple calls, as between the Liquidation Committee and the Soundview JOLs and their respective counsel. There were also multiple calls between the Soundview JOLs and the Trustee and their respective counsel. On Friday August 14, 2015, there was a conference call among the Soundview JOLs, its Cayman Islands counsel and its US counsel, and the Trustee and her counsel. A further revised Protocol Addendum was circulated

[12] In addition, the Protocol Addendum provided for protections for the Soundview JOLs and Trustees in discharging their responsibilities.

afterwards. At that time the Trustee was advised that the only remaining issue was the consequence of a creditor "opt out" of the assignment of direct claims.

The Trustee was quite conscious of the delay that had arisen and the expiration by statute of her right to bring suit in late September 2015.[13] Unfortunately, the Liquidation Committee then raised other issues that had not previously been the subject of any dissent. Meetings between the Soundview JOLs and the Liquidation Committee continued and the Trustee received regular reports. The Trustee was advised that the latest issue related to a new point concerning the calculation of distributions for redemption creditors. Given the Protocol Addendum's delegation of that issue to the Soundview JOLs, the Soundview JOLs again took the lead in trying to resolve the one remaining issue. The Trustee pointed out that the Court-approved Interfund Settlement required a certain methodology, which had been reviewed with and approved by the BVI JLs. The Liquidation Committee asked again for an analysis from the Trustee's professionals, a summary of same and a call. The Trustee pointed out in response that the key person on her professional's staff was going on maternity leave in two weeks from that request and asked that the Liquidation Committee arrange its call prior to her departure. The Liquidation Committee was unable to do so. By this time, the Trustee had also sued Solon (a member of the Liquidation Committee). See Complaint, Ball, as Ch. 11 Trustee v. Solon Grp., Inc. Ad. Pro. No. 15-01310 (REG) (Bankr. SD. N.Y. Sept. 18, 2015). Despite many meetings and calls the Liquidation Committee did not respond before the statutory deadline. The Soundview JOLs and the Trustee therefore agreed that, while the Soundview JOLs would continue to work through the one remaining issue with the Liquidation Committee, the Protocol Addendum would be executed and become effective as of September 23, 2015.

II. The Trustee's Continuing Investigation

The Trustee was contacted by various governmental agencies after her last report and has been cooperating with them in their investigation into the facts and circumstances of the Debtors.

In addition, on October 16, 2015, Muho commenced a bankruptcy case in the Southern District of Florida. The Trustee is taking action through her contingency counsel to protect and pursue the rights of the Debtors in those cases, relying upon the courtesy of the Miami Office of Jones Day.

As the Trustee was approaching the litigation deadline, she assessed that continued investigation was too costly and would be best pursued through the avenue of litigation commenced on a contingency basis. Also, the issue of allocation remained outstanding and required further review, as Pasig had requested in June 2015. There were also over 18,000 documents discovered through Muho that the Trustee had identified (the "**Muho Documents**"). The Muho Documents were reviewed to determine how many had already been produced. Interestingly over 10,000 of those documents were never previously produced. These documents included internal emails among Fletcher, certain of the Citco Parties, Kiely, Michael Meade and other Fletcher associates covering the 2008-2009 time frame.

[13] The Chapter 11 Cases were commenced on September 24, 2013.

The Muho Documents provided additional information on the allocation issue, events which took place during the nine months following the Richcourt Acquisition and the roles played by various insiders after the sale of 85% of the Richcourt Group to Fletcher. The documents clarify important aspects of Citco's and Fletcher's respective roles in managing and servicing the Limited Debtors. The documents also make clear that Fund investors did not receive an official announcement of the Richcourt Acquisition until more than six months after it occurred and, as discussed in the Trustee's complaint, that announcement and its follow-ups were misleading. The result was investor complaints. In addition, the documents record Fletcher's expression of frustration about Citco's withholding information which made it difficult or impossible for him to communicate directly with the Limited Debtors' investors even after the Richcourt Acquisition. It appears that Citco did not share even the identity of many of the investors with Fletcher and his team upon the closing of the Richcourt Acquisition. Until early 2009, when a few individual investors started communicating directly with Fletcher and his associates (as described further below), Fletcher and his team were only able to communicate with most of the Limited Debtors' investors either through former Citco employee Laddaga, or via formal communications through the Limited Debtors' administrator, a route that (as the revised chronology records annexed hereto as Exhibit B) was used very infrequently.

One of the most important events for the Limited Debtors following the Richcourt Acquisition was the expiry of their credit lines with Swiss Re at the end of November 2008, some 150 days after the closing of the Richcourt Acquisition. Absent a credit line, the Limited Debtors would have had to use their own resources to satisfy redemption requests by liquidating investments. From the Trustee's review of the Muho Documents and other sources, it appears that in the summer and fall following the Richcourt Acquisition, Fletcher and his associates (including certain of the Citco Parties) were extremely concerned about: (a) obtaining a replacement credit line in time for the November 2008 expiration of the Limited Debtors' existing lines and (b) the large number of redemption requests they had received from investors in the Limited Debtors.

The Muho Documents confirm that Fletcher and his team (including certain of the Citco Parties) proved unable to obtain replacement financing for the credit lines of the Limited Debtors that expired at the end of November 2008. The documents show that Fletcher and his team initially pursued refinancing with Credit Suisse; however, Credit Suisse pulled out of the deal just before closing and there was speculation among Fletcher's team that this had been due to a rumor at Credit Suisse that the Richcourt Funds were becoming insolvent. The Muho Documents also suggest that, towards the end of 2008, Fletcher and his team sought replacement financing from one of Citco's affiliates, but this too did not materialize. It appears that Citco explained its refusal to refinance the Limited Debtors' debt in part because of concern that the Limited Debtors were too small. In an apparent effort to address Citco's concerns, Fletcher and his team apparently considered making one of the Limited Debtors a more attractive borrower by consolidating most of the non-cash assets of the Limited Debtors into a single fund. The hope presumably was that one consolidated fund would be a more attractive borrower than three smaller funds. Ultimately, even though the refinancing effort with Citco failed, the idea of a consolidated fund appears to have continued. As described below, the consolidated fund concept was grafted onto the plan to create the Designated Debtors when the Limited Debtors lifted their suspension of redemptions.

The Muho Documents and other sources suggest that the pressure on Fletcher and his team to secure replacement financing was exacerbated by the fact that, during the latter half of 2008, the Limited Debtors received very substantial redemption requests from their investors. While Fletcher and his associates caused the Limited Debtors to redeem a number of their own underlying investments to raise the cash to pay the investors' redemption requests, many of those investments had themselves become illiquid or imposed redemption gates or suspensions, and therefore could not provide the liquidity necessary to satisfy redemption requests. Moreover, the Muho Documents suggest that Swiss Re was pressuring the Limited Debtors to repay the expiring credit lines, with the result that much of the cash the Limited Debtors' received from redemptions went to Swiss Re instead of to pay investor redemptions. Without the use of their credit lines, the Limited Debtors were faced with pending redemptions they simply could not meet. On December 18, 2008, the Limited Debtors' directors, Kiely and Turner, in consultation with other Fletcher team members and Citco representatives, resolved to suspend the calculation of the Limited Debtors' NAVs as well as to suspend redemptions and subscriptions as of the November 28, 2008 redemption date.

As noted above, the Muho Documents also indicate that, for several months following the Richcourt Acquisition, neither Fletcher nor Citco issued an official notice to investors in the Limited Debtors about the Richcourt Acquisition and the change in control of the Richcourt Funds. The first official communication from Fletcher's team to the Limited Debtors' investors was in the form of letters dated December 30, 2008, six months after the closing of the Richcourt Acquisition. Those letters, reviewed and transmitted by certain of the Citco Parties and signed by Kiely and Turner as the Limited Debtors' directors, stated, amongst other things, that: "As you are aware, in June 2008, an affiliate of Fletcher Asset Management, Inc. ("FAM") acquired a controlling stake in the Richcourt Group." Communications from investors indicate, however, that they were not all aware of the Richcourt Acquisition, and read as a whole the letters' statements about the Acquisition were, the Trustee has alleged, misleading.

The December 2008 letters also informed investors that the Limited Debtors' directors had resolved to suspend the calculation of the funds' NAVs as well as redemptions and subscriptions as of November 28, 2008. As a result, many investors expressed concern about the NAV calculations having been suspended, and the number of redemption requests appears to have increased substantially.

The Muho Documents indicate that, in early 2009, Fletcher and his team considered options for how to lift the suspension of redemptions and the calculation of the NAV at the Limited Debtors. They came up with a plan to utilize a "side pocket" liquidating entity approach by creating the Designated Debtors. Under this plan, the purportedly illiquid investments of the Limited Debtors were transferred to the Designated Debtors, where they could be liquidated over time.

Fletcher and his team sent additional letters, dated January 30, 2009, to the Limited Debtors' investors notifying them that the directors had approved resumption of the calculation and publication of the funds' NAVs. The letters added that, as of February 1, 2009, the funds would resume accepting subscriptions and redemptions (with the next redemption date being March 31, 2009). These letters also notified investors that, when redemptions were paid, the redemption proceeds might be satisfied partly in cash and partly "in kind" through distributions

of shares in special purpose vehicles holding the less liquid assets currently held by the Limited Debtors. Finally, these January 30 letters provided investors with additional information about the Richcourt Acquisition, in the form of a set of questions and answers. As set out more fully in the Citco/Fletcher Action, this communication was inconsistent with Citco's internal communications about the Richcourt Acquisition and, in some ways, with the facts.

Apparently, around this time, in the first quarter of 2009, the idea of consolidating the funds reemerged, seemingly as a part of the plan to create the Designated Debtors. The Muho Documents indicate the development of a plan to move all remaining non-cash assets of Soundview Premium and Soundview Star that had not been distributed to the Designated Debtors into Soundview Elite immediately after the Designated Debtors had been created. It appears that Citco initially resisted the idea of consolidating the funds as inappropriate under the Limited Debtors' organizational documents. Citco also apparently voiced concern that the plan gave the shareholders in Soundview Elite preferential treatment above the shareholders in Soundview Star and Soundview Premium. Nevertheless, Citco appears to have gone along with other insiders and agreed to the plan.

On or around March 27, 2009, a third communication was sent to the Limited Debtors' investors, consisting of a letter dated March 27, 2009 and enclosed presentation. Both the letter and presentation sought to inform investors about the creation of the Designated Debtors and the consolidation of the funds by moving the remaining assets of Soundview Premium and Soundview Star into Soundview Elite. However, the communication failed to fully apprise investors that the consolidated fund was not a necessary part of the side-pocket plan to restore redemptions. Moreover, the letter and presentation failed to clearly describe the actions being undertaken by Fletcher and his team, and did not present any choice to investors. The letter also did not describe any benefit to investors, other than restoring redemptions, which was achievable anyway without the creation of the consolidated fund.

Within days of those communications to investors, the Limited Debtors responded to the pending redemptions in each Limited Debtor through distributions to redeeming creditors of cash and an interest in the similarly-named Designated Debtor, which held the non-cash assets of the related Limited Debtor (i.e., the "side pocket"). For example, the redeeming creditors of Soundview Elite received cash and an interest in Elite Designated. Apparently, it was expected that the Designated Debtors would wind-down over time for the benefit of the redeeming creditors, now the investors in the Designated Debtors. At the same time, Soundview Elite was reconstituted as a consolidated fund, containing the assets previously held by Soundview Premium and Soundview Star.

There appears to be no doubt that each of the Limited Debtors became smaller due to the creation of the Designated Debtors. Soundview Premium and Soundview Star were essentially stripped of all of their non-cash assets, which were moved into Soundview Elite. In return, Soundview Premium and Soundview Star received equity interests in Soundview Elite. Under the side pocket/consolidated fund combined solution, redeeming investors (meaning investors no longer interested in staying invested with Fletcher and Citco), received cash and an interest in the Designated Debtors. The remaining investors that did not redeem from the Limited Debtors were burdened by the consolidated fund design, which made some of them into mere indirect investors in the consolidated Soundview Elite. In other words, although redemptions were again

technically possible, the two non-consolidated Limited Debtors (*i.e.*, Soundview Premium and Soundview Star) could not actually meet redemptions without seeking redemptions from Soundview Elite. But, it appears that the consolidated fund structure multiplied the fees payable to both Citco and Fletcher: investors in Soundview Premium and Soundview Star paid expenses and fees once in Soundview Premium or Soundview Star and once in Soundview Elite. Moreover, it is not at all clear that the Limited Debtors' constitutional documents permitted this consolidation of assets into a single fund.

In the end, restoring redemptions did not require the creation of this consolidated fund. However, the consolidated fund and its liquidity helped Fletcher by allowing him to use Soundview Elite in various affiliated transactions. For example, immediately following March 2009, Fletcher, his associates and certain of the Citco Parties were involved in various transactions using and/or subordinating the interests and assets of the Richcourt Funds, as detailed in the Citco/Fletcher Action. In April and May 2009, Fletcher, his associates and the Citco Parties caused the Limited Debtors to invest in the Fletcher-affiliated fund, Arbitrage, in circumstances where those investments were self-evidently not in the best interests of the Limited Debtors. Moreover, the investments by the Limited Debtors in Arbitrage were later redeemed "in-kind" whereby the Funds were given subordinated interests in yet another Fletcher-affiliated Fund, Leveraged.

As a consequence of her investigation, the Trustee believes that Soundview Premium and Soundview Star, when it comes to expenses, should be treated like other investors in Soundview Elite given the consolidation of their non-cash assets. The affiliate investment by Soundview Premium (49% of Soundview Elite) and Soundview Star (12.43% of Soundview Elite) should not be counted as separate assets under management used to allocate expenses. The non-cash assets of these Limited Debtors have been consolidated into Soundview Elite. The administrative liabilities allocation should reflect this reality as well. The Trustee has reviewed this situation and various scenarios which reflect what was in essence a substantive consolidation of the non-cash assets of these entities. The Trustee believes that administrative expenses should be reallocated to reflect this consolidation. Soundview Premium and Soundview Star should be relieved to a great extent of their share of administrative expenses. Soundview Elite must bear the lion's share of expenses. The Trustee's analysis is annexed hereto as Exhibit C. It is consistent with a fair re-allocation of expenses and relief to the investors in Soundview Star and Soundview Premium. Moreover, given the consolidation of assets, Soundview Elite and the Designated Debtors are best positioned to discharge the expenses.

The current allocation as among the six Limited Debtors, as reflected in every monthly operating report, is: 34% to Soundview Elite, 13% to Soundview Premium, 15% to Soundview Star, 15% to Elite Designated, 11% to Premium Designated, and 12% to Star Designated. With respect to expenses payable only by the Limited Debtors, as for example, the Soundview JOLs fees, the current allocation is 55% to Soundview Elite, 21% to Soundview Premium and 24% to Soundview Star.

The Trustee recommends a reallocation as among the six Debtors eliminating the investments of Soundview Premium and Soundview Star in Soundview Elite as a separate "assets under management" with the result that the following allocation is applicable:

42% to Soundview Elite, 2% to Soundview Premium, 10% to Soundview Star, 18% to Elite Designated, 13% to Premium Designated and 15% to Star Designated.

The Trustee recommends a reallocation of expenses only payable as among the three Limited Debtors to the following: 79% to Soundview Elite, 3% to Soundview Premium and 18% to Soundview Star.

Overall, the impact of the reallocation will facilitate distributions by Soundview Star, Soundview Premium and, upon the recovery of the Soundview Composite monies, by Soundview Elite. A spreadsheet illustrating the impact of the recommended reallocation is annexed hereto. See Exhibit C. That spreadsheet is for illustrative purposes as it does not take into account any settlement or recovery that is not already in hand (such as the Patterson Belknap settlement and the Interfund Settlement) and does not include most recent expenditures or the recovery of costs pursuant to the joint prosecution agreement. It does however reflect a realignment of expenses consistent with the consolidation of assets into Soundview Elite.

At this time, the Trustee does not recommend reallocation of assets. The allocation of the net proceeds of the Recovery Actions, including, without limitation, the Citco/Fletcher Action, will depend on the origin and nature of any such recovery.

III. The Recovery Actions

Throughout the relevant period, the Trustee worked with contingency counsel on all recovery actions. In addition to the Citco/Fletcher Action, 25 recovery actions against entities were commenced on or before September 18, 2015. Some have already settled or are in settlement discussions. Furthermore, in accordance with the Protocol Addendum, the Trustee has pursued the subordination of 17 insider claims totaling $1,735,589.95. See Docket No. 851. The Trustee has monitored the competing actions brought against Citco. She resolved the fee application of CohnReznick LLP, the former financial advisor to the Debtors while in possession. She also resolved the estates' claims against Patterson Belknap and, instead of paying in excess of $335,000 to that firm, the Trustee has recovered $100,000 from that firm.

The Trustee, working with Jones Day and contingency counsel, has finalized her complaint in the Citco/Fletcher Action. Jones Day facilitated the joint prosecution and sharing arrangement with the BVI Funds. Jones Day updated the investigation analysis and damage assessment attributable to the ill-fated and ill-conceived sale by Citco to Fletcher, working with the Trustee's financial consultant. Jones Day has continued to liaise with Citco's counsel, for example working out a service stipulation which saved the estates significant time and cost through Paul Weiss agreeing to accept service on behalf of all Citco Parties.

IV. Budget Reconciliation

The Protocol Addendum anticipates budget revision as appropriate in consultation with the Soundview JOLs. The last budget was delivered in July and a copy is annexed as Exhibit D. The budget included separate detail of the professional expenses anticipated to be incurred by the Trustee through September 2015. Those details included privileged materials. Nevertheless work areas and amounts were shared with the Soundview JOLs. The budget did not anticipate prolonged work on the Protocol Addendum and Interfund Settlement. In addition, the budget

anticipated savings due to the Protocol Addendum commencing in July 2015. Instead the Protocol Addendum, as revised to meet the concerns outlined to the Court and the Soundview JOLs, only became effective in September 2015. That delay caused substantial expense. A reconciliation of the professional fees not taken into account has been prepared. It reflects the unanticipated expenses of continuing MORs, the continuing negotiations and calls on the Protocol Addendum and the Interfund Settlement. Those items represent in excess of $116,000 in unanticipated expenses. In all, the budget for Jones Day was exceeded by $47,000 while Kinetic Partners came in $78,000 under budget. However the Trustee has recovered $200,000 in costs through the joint prosecution agreement with the BVI JL. A copy of the reconciliation of the July 2015 Budget to the September 2015 actual is annexed as Exhibit E. At this point the Trustee is preparing a revised post September 2015 budget, premised upon the September 23, 2015 effective date of the Protocol Addendum and will consult with the Soundview JOLs on that budget.

While the list is not intended to be exhaustive, notable anticipated actions include: continued cooperation with the regulators in their investigation, continued appellate litigation with Fletcher, a motion for reallocation of expenses, follow up on insider claims and recovery actions, implementation of the agreed Soundview Composite strategy and other actions with respect to the Designated Debtors which will include, among other things, a motion for the sale of the non-cash assets of the Designated Debtors.

Dated: November 23, 2015
New York, New York

/s/ Corinne Ball
Corinne Ball,
In her capacity as Chapter 11 Trustee
of the Debtors
222 East 41st Street
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Telephone: (212) 326-3939
Facsimile: (212) 755-7306

Filed by:

Dated: November 23, 2015
New York, New York

/s/ Stephen Pearson
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Amy Ferber
JONES DAY
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New York, New York 10017
Telephone: (212) 326-3939
Facsimile: (212) 755-7306

Attorneys for the Chapter 11 Trustee

EXHIBIT A

USD to Euro Exchange Rates	
Date	Average Rate
1/10/15	0.84699
1/17/15	0.86367
1/24/15	0.88750
1/31/15	0.88104
2/7/15	0.88194
2/14/15	0.87750
2/21/15	0.88086
2/28/15	0.89539
3/7/15	0.92721
3/14/15	0.94514
3/21/15	0.92001
3/28/15	0.92263
4/4/15	0.91716
4/11/15	0.94126
4/19/15	0.92851
4/25/15	0.91431
5/2/15	0.89149
5/9/15	0.88980
5/16/15	0.88433
5/23/15	0.91093
5/30/15	0.90476
6/6/15	0.89236
6/13/15	0.88689
6/20/15	0.88553
6/28/15	0.89737
7/4/15	0.90364
7/11/15	0.90393
7/18/15	0.91940
7/25/15	0.90831
8/1/15	0.91319
8/8/15	0.90771
8/15/15	0.90049
8/22/15	0.87691
8/29/25	0.89106
9/5/15	0.89529
9/12/15	0.88374
9/19/15	0.88831
9/26/15	0.89273
10/3/15	0.89060
10/10/15	0.87891
10/17/15	0.88173
10/24/15	0.90684
10/31/15	0.91110
11/7/15	0.92954

Euro to USD Exchange Rates	
Date	Average Rate
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1/17/15	1.157849642
1/24/15	1.126760563
1/31/15	1.135022246
2/7/15	1.133863982
2/14/15	1.13960114
2/21/15	1.135254183
2/28/15	1.116831772
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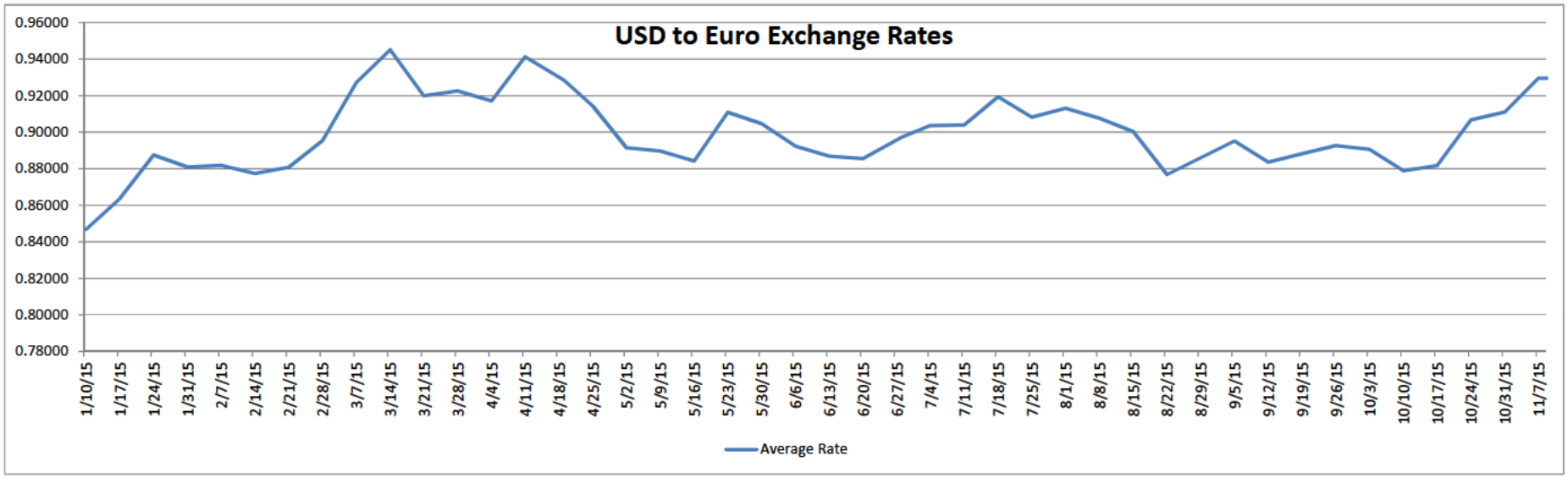
USD to Euro Exchange Rates
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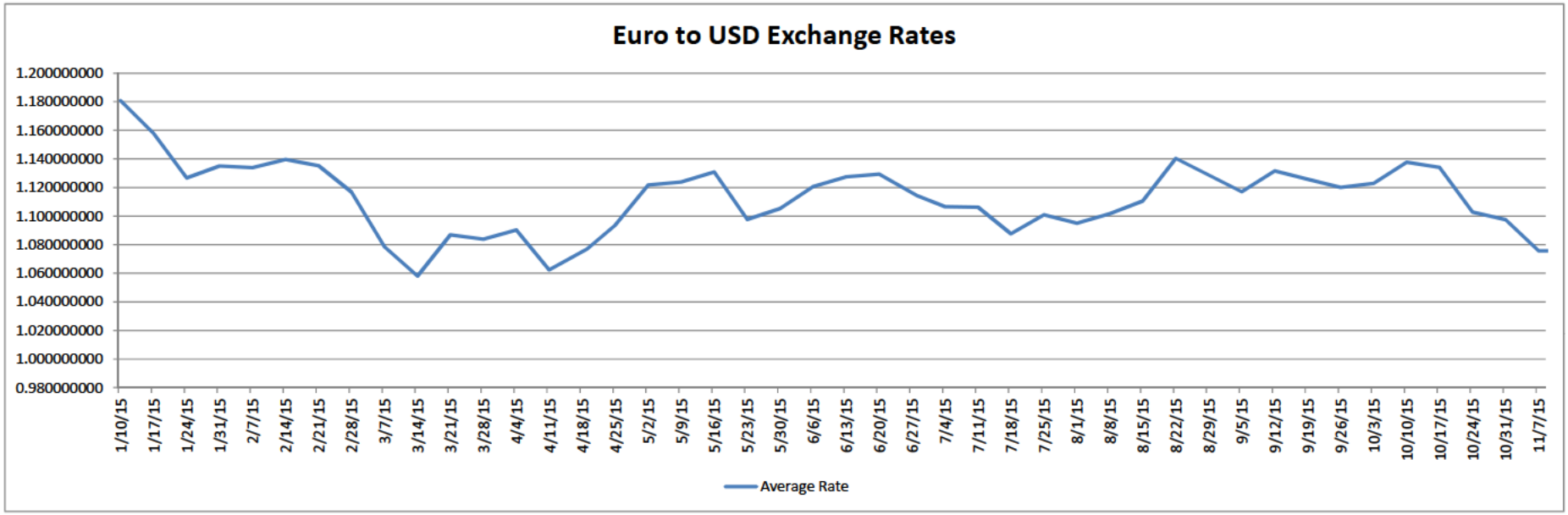
10/24/15
10/31/15
11/7/15
Average Rate


Euro to USD Exchange Rates
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7/25/15
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9/5/15
9/12/15
9/19/15
9/26/15
10/3/15
10/10/15
10/17/15
10/24/15
10/31/15
11/7/15
Average Rate

EXHIBIT B

draft of **October 20, 2015 at 10:00 PM EST**

In re Soundview: MASTER Chronology of Events

CAM: 766998-610001

Date [mm/dd/yyyy]	Event Description	Source Document(s)
6/1/1997	Citco Fund Services (Cayman Islands) Ltd. ("CSF") served as administrator to Fletcher Income Arbitrage Fund, Ltd. ('Arbitrage"), FIA Leveraged Fund, Ltd. ("Leveraged") and Fletcher Fixed Income Fund, Ltd. ("Alpha"), pursuant to 3 separate agreements until 3/31/2010. CFS's agreement with Arbitrage was dated as of 6/1/1997; CFS's agreement with Leveraged was dated as of 8/1/1998; CFS's agreement with Alpha was dated as of 6/8/2007.	FILB Docket No. 393, p. 50.
3/13/1998	Leveraged was incorporated as an exempted company in the Cayman Islands. It is an open-ended investment fund and mutual fund.	Judgment of Cayman Court ordering winding-up of Leverated, dated 4/18/2012.
5/9/2002	Soundview Star Ltd. ("SS") was incorporated as an international business company in the Commonwealth of the Bahamas under the original name of Clearview Fund Ltd.	Certificate of Incorporation for Clearview Fund Ltd., dated 09/05/2002.
10/1/2003	Soundview Elite Ltd ("SE") was incorporated as international business company in the Commonwealth of the Bahamas and commenced investment activities on 11/1/2003.	Winding-up Petition for SE filed in the Grand Court of the Cayman Islands on 26 July 2013, paras 3-6.
11/1/2003	SE entered into an investment management agreement with Soundview Capital Management Ltd. ("SCM").	Investment Management Agreement between SE and SCM, dated 11/01/2003.
12/23/2004	SS's name is changed from Clearview Fund Ltd. to Soundview Star Ltd.	Certificate of Incorporation (Change of Name) for SS, dated 12/23/2004.
1/1/2005	SS entered into an investment management agreement with SCM.	Investment Management Agreement between SS and SCM, dated 01/01/2005.
6/15/2005	SE's registration was transferred by way of continuation to the Cayman Islands and it was registered as an exempted company and a mutual fund. CFS Corporation Ltd. and CFS Company Ltd. were appointed directors of SE.	Certificate of Registration by Way of Continuation for SE, dated 06/16/2005; SE Register of Directors, dated 07/10/2008.
6/16/2005	SS's registration was transferred by way of continuation to the Cayman Islands and it was registered as an exempted company and a mutual fund. CFS Corporation Ltd. and CFS Company Ltd. were the directors of SS.	Certificate of Registration by Way of Continuation for SS, dated 06/16/2005; Register of Directors for SS, dated 04/19/2013.
6/1/2005	SE issued a confidential private placement memo ("PPM"), which was later modified on 12/03/2007 and 05/2009 (the "SE PPMs"). Pursuant to the SE PPMs, SE offered participating shares to potential investors for subscription in Classes D, E and F.	SE PPMs, dated 06/01/2005, 12/03/2007 and 05/2009.
6/1/2005	SS issued a PPM, which was later modified on 01/23/2006, 04/30/2006, 02/19/2007, 06/14/2007, 12/03/2007 and 05/2009 (the "SS PPMs"). Pursuant to the SS PPMs, SS offered participa ing shares to potential invstors for subscription in Classes D, E and F.	SS PPMs, dated 06/2005, 06/14/2007, 12/03/2007 and 05/2009.
9/1/2005	SE and SS entered into separate administra ion agreements with CFS.	Administration Agreements between CFS and SE and SS, dated 09/01/2005.
11/22/2005	Soundview Premium, Ltd. ("SP" and toge her with SE and SS, the "Limited Debtors") was incorporated in he Cayman Islands. CFS Corporation Ltd. and CFS Company Ltd. were appointed directors of SP.	Certificate of Incorporation for SP, dated 11/22/2005; Register of Directors of SP, dated 04/19/2013.
12/13/2005	SP issued a PPM, which was later modified on 04/30/2006, 02/19/2007, 06/01/2007, 06/14/2007 and 05/2009 (the "SP PPMs"). Pursuant to the SP PPMs, SP offered participa ing shares to potential investors for subscription in Classes D, D-NI, E, E-NI, F, Y and P.	SP PPMs dated 04/30/2006, 06/14/2007 and 05/2009.
1/13/2006	SP entered into an administration agreement with CFS.	Administration Agreement dated 01/13/2006 between SE and CFS.
2/9/2006	SP entered into an investment management agreement with SCM.	Investment Management Agreement dated 02/09/2006 between SP and SCM.
4/28/2007	Fletcher Asset Managent, Inc. ("FAM") used Cashless Notes of $80M, issued by Leveraged, as in kind subscriptions to Arbitrage. Arbitrage recorded the Cashless Notes due from Leveraged as an asset and allocated them to the capital accounts of the Corsair investors in Series 1,4,5 and 6. Leveraged recorded the invesetment in Arbitrage as an asset and recorded the Cashless Notes as a liability.	FILB Docket No. 393, p. 33.
5/22/2007	$80 milllion Cashless Notes issued by Leveraged were accompanying resolutions of Leverage and Arbitrage. The effective date of these Cashless Note was 4/28/2007.	FILB Docket No. 393, p. 47.
6/1/2007	FAM substituted Fletcher International, Ltd. ("FILB") for Leveraged as obligor of the Cashless Notes. As a result, Leveraged was obligated to FILB and FILB was obligated to Arbitrage.	FILB Docket No. 393, p. 33.
6/7/2007	The Massachusetts Bay Transportation Authority Retirement Fund ("MBTA") invested $25M into Alpha. MBTA was the sole investor. The FILB Trustee concluded that the majority of the invested funds were used other than for legitimate investments.	FILB Docket No. 393, p. 69.
1/1/2008	Sales process commenced pursuant to which Citco sought to sell Richcourt Holding Inc. ("RHI"). RHI was the holding company for the Richcourt Group of Funds, of which the Limited Debtors and SCM were a part (the "Richcourt Group"). According to the FILB Trustee, Citco was motivated to sell RHI and exit the fund management business, because it was coming under pressure from clients of its other businesses, which viewed Citco's ownership of a competitor as potentially creating a conflict of interest. The directors of RHI at this time were Citco individuals, Ermanno Unternaehrer ("Unternaehrer"), Yves Bloch ("Bloch") and Gabriele Magris ("Magris").	FILB Docket No. 393, pp. 73, 77; Soundview Adv. Pro. 15-01346, Docket No. 1., p. 25.
3/7/2008	FAM and Aphonse Fletcher, Jr. ("AF") provided Citco with a bid letter for the purchase of RHI.	FILB Docket No. 393, pp. 73.
3/31/2008	Combined cash balance of Alpha, Leveraged, Arbitrage, Fletcher International, Inc. (FII") and FILB as of this date was $1.6M.	FILB Docket No. 393, p.5.
3/31/2008	Citco was administrator of Alpha, Leveraged and Arbitrage and also a lender to Leveraged and a marketer for FAM; Citco was pressing FAM to have Leveraged repay the last $13.5M of its $60M credit line and to honor a year-old $3.1M redemption request by a Richcourt fund that Citco then controlled.	FILB Docket No. 393, p.5.

Date [mm/dd/yyyy]	Event Description	Source Document(s)
3/31/2008	The Louisiana Pension Funds ("LPFs") invested approximately $100M ($95M cash and $5M subscription in kind) in Leveraged for subscription in Series N Shares of Leveraged. The terms of the Series N Shares provided LPFs with priority over other investors in Leveraged. The FILB Trustee concluded that none of the funds invested by LPFs were used to make legi imate investments consistent with Leveraged's investment strategy.	FILB Docket No. 393, pp. 62-63, 71.
3/31/2008	According to the FILB Trustee, Leveraged repaid a $13.5 million credit line with Citco, as well as on 4/1/2008, using the monies invested by LPFs.	Soundview Docket No. 118, Ex.G; FILB Docket No. 393, p. 71.
4/3/2008	Leveraged transferred $3.1 to Citco Global to repay long outstanding redemptions. According to the FILB Trustee, the funds came from the investment by the LPFs.	Soundview Docket No. 118, Ex.G; FILB Docket No. 393, p. 71.
4/26/2008	FAM, again, used Cashless Notes of $80M, issued by Leveraged, as in kind subscriptions to Arbitrage. Arbitrage recorded the Cashless Notes due from Leveraged as an asset and allocated hem to the capital accounts of the Corsair investors in Series 1,4,5 and 6. Leveraged recorded the invesetment in Arbitrage as an asset and recorded the Cashless Notes as a liability.	FILB Docket No. 393, p. 33.
5/7/2008	Grant Thornton issued a due diligence report to FAM concerning the prospec ive purchase of RHI. It reported that the Richcourt Group's AuM as at year end 2007 was approx. $1.6bn, and unadjusted EDITDA was $726,000. Average AuM required to meet overhead was $963m.	FILB Docket No. 393, pp. 73.
5/9/2008	Cashless Note from FAM and the accompanying resolutions included an effective date of 4/26/2008.	FILB Docket No. 393, p. 47.
6/12/2008	Share purchase agreement entered into between Citco Trading Inc. ("CTI") and Richcourt Acquisition Inc. ("RAI")(the "SPA"). RAI was created by FAM and AF for the purpose of acquiring the Richcourt Group and CTI was a wholly owned subsidiary of Citco. Pursuant to the terms of the SPA, the par ies agreed that CTI would sell RAI 85% of the total issued share capital of RHI (the "Richcourt Acquisition"). CTI's 15% interest was structured as a put option.	Share Purchase Agreement between CTI and RAI, dated 06/12/2008; Soundview Adv. Pro. 15-01346, Docket No. 1., pp. 61 62.
6/20/2008	The Richcourt Acquisition closed and RAI acquired 85% of RHI paying Citco approx. $27m. The $27m paid by RAI was funnelled from the LPF's investment in Leveraged in 03/2008 through various FAM affiliates and a series of promissory notes.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 61; FILB Docket No. 393, pp. 72, 75.
6/20/2008	CFS Corporation Ltd. and CFS Company Ltd. resign as directors of the Limited Debtors. Denis Kiely ("Kiely") and Stewart Turner ("Turner") are appointed directors of the Limited Debtors.	Letters of Resignation of CFS Corporation Ltd. and CFS Company Limited, dated 06/20/2008
6/20/2008	Unternaehrer and Bloch resign as directors of SCM. Turner and Kiely are appointed directors of SCM, joining Enrico Laddaga ("Laddaga") who remained on the board.	Share Purchase Agreement between CTI and RAI, dated 06/12/2008, Sched. 1 and 10; Consent to act as director of Turner and Kiely, dated 06/20/2008.
6/20/2008	Bloch and Magris resign as directors of RHI. Kiely and AF are appointed to the board of RHI joining Unternaehrer, who remained on the board.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 73.
6/21/2008	Unternaehrer sends an internal annocuncement in Citco announcing the completion of the Richcourt Acquisition. The Limited Debtors and their investors are not notified of the Richcourt Acquisition for over 6 months.	Soundview Adv. Pro. 15-01346, Docket No. 1., pp. 64-65.
7/2/2008	Unternaehrer contributed 1,639.15 shares of FFC Fund (which indirectly owned shares in Citco) to Fletcher International Partners, Ltd. ("FIP") and in return received 10,479 common shares of FIP. Simultaneously, FILB contributed $6.6M cash in exchange for $3.65M in preferred stock and 2,922 common shares of FIP.	FILB Docket No. 393, p. 78.
7/3/2008	Unternaehrer redeemed 6,572 shares of FIP and received almost $6.6M in cash from FIP. The FILB Trustee concluded that this $6.6M came from the investment of the LPF in Leveraged.	FILB Docket No. 393, pp. 71, 78-79.
7/10/2008	Unternaehrer's pension plan (Citco International Pension Plan) contributed approximately $2.5M in cash to FIP.	FILB Docket No. 393, p. 79.
7/11/2008	FILB redeemed 2,522 common shares of FIP and received approximately $2.5M in cash	FILB Docket No. 393, p. 79.
9/30/2008	After this date, no non-AF controlled money was invested in FILB.	FILB Docket No. 393, p. 68.
11/1/2008	The credit lines of the Limited Debtors expire.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 74.
11/1/2008	Between 11/2008 and 06/2009, the Richcourt Group funds invest approx. $50m into Arbitrage/Leveraged.	Soundview Adv. Pro. 15-01346, Docket No. 1., pp. 77-79.
12/18/2008	The directors of the Limited Debtors (Kiely and Turner) resolve to suspend redemptions and the calculation of NAVs for he Limited Debtors from the 11/28/2008 redemption date.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 74.
12/19/2008	Turner and Todd Fletcher (AF's brother) are appointed directors of RHI.	Register of Directors of RHI, dated 12/20/2012.
12/30/2008	The directors of the Limited Debtors (Kiely and Turner) signed letters dated as of 12/30/2008 to the Limited Debtors' investors announcing for the first time that in June 20008 an "affiliate of [FAM] acquired a controlling stake in the Richcourt Group" but that "Citco Group continues to hold a minority ownership stake in Richcourt and all executives and staff of the Richcourt Group have been retained." The letters also announced that the directors had determined to suspend the calculation of NAVs and redemptions beginning with the 11/28/2008 redemption date.	Letters to investors of Limited Debtors, dated 12/30/2008.
12/31/2008	At year end 2008, the AuM of the Richcourt Group had dropped to approx. $1bn from approx. $1.6bn (at year end 2007), with the majority occuring after 06/2008.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 73.
1/2/2009	CFS entered into a master administration and middle office services terms agreement (the "Master Administration Agreement") and SE, SP and SS adhered to that agreement.	Master Administration Agreement dated 01/02/2009; Adherence Agreements dated 01/02/2009 by SE and SP.
1/30/2009	The directors of the Limited Debtors (Kiely and Turner) signed letters dated as of 01/30/2009 to the Limited Debtors' investors notifying them that they had approved he resumption of the calcula ion of NAVs from the 12/31/2008 NAV and also that from 02/01/2009, the funds would resume accep ing subscriptions and redemptions The letters also noted that the next redemption date would be 03/31/2009 and redeemers would receive redemption proceeds partly in cash and partly in redemptions in kind. "Distributions "in kind" will be made to redeemed shareholders in shares in one or more special purpose vehicles holding certain less liquid assets currently held by the Fund." The letters enclosed a set of questions and answers about, inter alia, the Richcourt Acquisition.	Letters to Limited Debtors' investors, dated 01/30/2009.
2/1/2009	The Limited Debtors resumed accepting redemptions and subscription requests.	Letters to Limited Debtors' investors, dated 01/30/2009.

Date [mm/dd/yyyy]	Event Description	Source Document(s)
3/19/2009	Elite Designated, Premium Designated and Star Designated (the "SPV Debtors") are formed as exempted companies registered in the Cayman Islands. The SPV Debtors were created to house the illiquid assets of the Limited Debtors in an effort to address redemption requests made on the Limited Debtors. At the same time, the Limited Debtors are restructured by moving all remaining assets from SP and SS to SE and giving the transferring Limited Debtors shares in SE in return.	Certificates of Incorporation for the SPV Debtors, dated 03/19/2009; Soundview Adv. Pro. 15-01346, Docket No. 1., pp. 74-76.
3/27/2009	The directors of the Limited Debtors (Kiely and Turner) sent letters to the Limited Debtors' investors notifying them that they had decided "that investor redemptions on March 31, 2009 will be paid partly in cash and partly in kind through shares of a special purpose vehicle," namely the SPV Debtors. The letter enclosed a presentation hat purported to give investors information about the SPV Debtors and the purported restructuing of the Limited Debtors that took place on 03/19/2009.	Letters to Limited Debtors' investors, dated 03/27/2009.
4/1/2009	The SPV Debtors entered into adherence agreements in respect of the Master Administration Agreement with CFS.	Adgrerence agreements of SPV Debtors, dated 04/01/2009.
4/15/2009	SE invested $5m in Arbitrage.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 78.
5/1/2009	The PPM's of the Limited Debtors are amended to reflect the creation of the SPV Debtors.	SE PPM, dated 5/5/2009; SP PPM, dated 5/5/2009; SS PPM, dated 5/5/2009.
5/5/2009	SP invested EUR 2m in Arbitrage and SS invested a total of EUR 2.7m in Arbitrage between 05/05/2009 and 05/29/2009.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 78.
6/24/2009	RBS issued an early termination notice on loan to Corsair, related to Corsair's investment in Leveraged, designating 6/26/2009 as the "Early Termination Date." According to the FILB Trustee, discussions proceeded over the next 9 months as the parties looked for a way to unwind he Corsair investment.	FILB Docket No. 393, pg. 65
8/10/2009	The SPV Debtors entered into investment management agreements with SCM.	Investment Management Agreements between SCM and the SPV Debtors, dated 08/10/2009.
9/23/2009	AF, Turner and Todd Fletcher resign from the board of RHI. Michael Meade, Eric Heintz and RPGP Limited are appointed directors joining Kiely and Unternaehrer who remained on the board.	Register of Directors of RHI, dated 12/20/2012.
10/1/2009	The investments of the Limited Debtors in Arbitrage are transferred in kind to investments in Leveraged. The shares acquired in Leveraged were not Series N Shares, herefore, they were structually subordinated to he LPFs shares.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 80.
31/12/2009	Citco resigned as fund administrator, custodian and bank to the Limited Debtors and SPV Debtors. The effective date of the resignation was 03/31/2010.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 87.
3/1/2010	FAM engaged Eisner as auditors for FILB, Arbitrage, Leveraged and Alpha and certain other AF-related entities for year-end 2009.	FILB Docket No. 393, p.56
3/19/2010	Pasig placed a full redemption request for its investment in the hree Limited Debtors on or around 03/19/2010, but suspended the redemption request a few days after it was placed, on 03/22/2010.	Soundview Trustee's investigations.
3/24/2010	SS&C took over as administrator for FILB, Alpha, Leveraged, Arbitrage and FII, effective 4/1/2010.	FILB Docket No. 393, p.51.
3/23/2010	Between 03/23/2010 and 03/29/2010, SE, along with three of the other funds in the Richcourt Group, invested a total of $13.8m in Arbitrage. $10m of this investment was paid to FII, where it was used to pay the deposit for a transaction with United Community Banks, Inc. ("UCBI") pursuant to which FII and FILB were to acquire a portfolio of non-performing loans, bank owned properties and warrants in securties issued by UCBI (the "UCBI Transaction").	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 85.
3/31/2010	Board of directors of Leveraged gave notice to Corsair of he compulary redemption of its Leveraged Series 4,5,6 shares as of 3/31/2010 ("Corsair Redemption"). Corsair Redemption was to be valued as of 3/31/2010, but as of this date, FAM, RBS, Citco, Swiss Re, Corsair and the Richcourt Funds and all other parites to the structure continued to negotiate how best to unwind the structure.	FILB Docket No. 393, pg. 65
3/31/2010	CFS's termination of its contractual position as fund administrator and custodian to the Limited Debtors and SPV Debtors is purportedly effected. HSBC takes over as administrator and custodian of the Limited Debtors and SPV Debtors in 06/2010.	FILB Docket No. 393, p.51; Soundview Docket No. 118
4/1/2010	FII and UCBI enter into securities purchase agreement ("UCBI SPA") as part of the UCBI Transaction. Koba executed as "authorized signatory" for FII and Kiely executed as Director of FII.	Soundview Docket No. 118, Ex.A
4/1/2010	FII and UCBI enter into asset purchase agreement ("UCBI APA") s part of the UCBI Transaction.	Soundview Docket No. 118, Ex.B
4/5/2010	FII remitted funds to purchase warrants to purchase common stock of UCBI. Part of these funds came from the investment by SE in Arbitrage on 03/23/2010.	Soundview Docket No. 118, Ex.B.; Soundview Adv. Pro. 15-01346, Docket No. 1., p. 85.
5/6/2010	Amended and Restated Termination and Release Agreement executed in connection with Corsair Redemption.	FILB Docket No. 393, p.65
5/17/2010	Michael Meade resigned as director of RHI.	Register of Directors of RHI, dated 12/20/2012.
5/26/2010	Pasig re-submitted a full redemption request for its investment in the three Limited Debtors.	Soundview Trustee's investigations.
6/11/2010	Amendment to UCBI SPA executed by FII and UCBI. Kiely and Turner execute as Directors of FII.	Soundview Docket No. 118, Ex.A
6/1/2010	HSBC took over as administrator and custodian of the Limited Debtors and SPV Debtors.	Letter from HSBC to Limited Debtors, dated 05/20/2011.
7/14/2010	Eisner issued audit opinions for 2009 year-end for FILB.	FILB Docket No. 393, p.57.
8/11/2010	Eisner issued audit opinions for 2009 year-end for FII.	FILB Docket No. 393, p.57.
8/23/2010	Side Agreement executed in connec ion with Corsair Redemption. Pursuant to the Amended and Restated Termination Agreement and the Side Agreement Global Hawk repaid its loan from RBS (presumably from proceeds of the Treasury STRIPS and from he redemption) and received from Leveraged $12.4M in cash and a redemption in kind from Arbitrage shares at a purported value of $8.4M; Arbitrage shares were transferred to 4 Richcourt Funds (*e.g.* , America Alt. Inv., Pitagora, Richcourt Allweather B, RES) that were investors in Global Hawk and invested back into Leveraged as subscriptions in kind; and FAM was paid a $12.3M deferred incentive fee in kind with Arbitrage shares which were then used to subscribe to Leveraged Series 5 and 6 shares.	FILB Docket No. 393, p.65-66
9/30/2010	Beginning on 9/30/2010, through 3/31/2011, Citco was paid $8,315,342 28 by the Limited Debtors on account of its redemption payments.	Soundview Docket No. 134
11/8/2010	The directors of the Limited Debtors (Turner and Kiely) sent a letter to participating shareholders notifying them that redemption gates would be imposed on the Limited Debtors as of the September 2010 redemption date.	Soundview Docket 2, AF First Day Dec., Ex. H., para 15.

Date [mm/dd/yyyy]	Event Description	Source Document(s)
12/31/2010	The Limited Debtors issue heir final NAVs as of this date.	
12/31/2010	The AuM of the Richcourt Group had declined to approx. $175m from approx. $1bn at year end 2008.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 73.
2/18/2011	Eisner issued audit opinoins for 2009 year-end for Arbitrage.	FILB Docket No. 393, p.57.
2/28/2011	SCM sent investors in the Limited Debtors letters confirming the the redemption gate was still in place. Pasig challenged the validity of the gate.	Soundview Docket 2, AF First Day Dec., Ex. H., para 18.
3/2/2011	LPFs submitted a redemption request to Leveraged.	Soundview Docket No. 118, para. 75.
3/24/2011	MBTA submitted a redemp ion request to Alpha.	Soundview Docket No. 118, para 76.
4/7/2011	AF and FAM file amended verified complaint against Dakota, et al in New York Supreme Court, New York County, asserting, among other claims, a claim for retaliation and business damges of $50 million. Quinn Emmanuel represents the Dakota, specifically Susan Estrich.	Soundview Docket No. 118, Exs.O & P
4/8/2011	Eisner issued audit opinoins for 2009 year-end for Alpha. Eisner never issued an audit opinion for 2009 year-end for Leveraged.	FILB Docket No. 393, p.57.
5/24/2011	MBTA requestd $10M in partial redemption from Alpha. This request was never satisfied.	FILB Docket No. 393, p.62.
7/24/2011	Memo from T. Marsh (Quantal) to Turner, D. Yergasheva and MacGregor regarding valua ion for UCBI on 6/30/2011	Soundview Docket No. 118, Ex.LL
7/25/2011	HSBC resigned as administrator and custodian of the Limited Debtors. Until 01/2013, the Limited Debtors and SPV Debtors did not have an administrator.	JOL First Report, 12/4/2013, para. 2.7.
7/28/2011	LPFs issued a joint memorandum to their beneficiaries stating that, to this point, the management and staff of FAM have been open and forthcoming with documents requested by the LPFs, including detail that FAM "is comprised of a well-respected independent team of academics."	Soundview Docket No. 118, para. 129 and Ex.U.
9/9/2011	Joint statement/press release of LPFs following heir independent auditors, E&Y, having confirmed that Leveraged "has assets exeeceding the value of the LPFs' investments and earnings showing more than $40 million in profit on the [Louisiana] Pension Fund's original investment" and further noting that "the assets and valuations have now been corroborated."	Soundview Doocket No. 118, Ex.KK
9/30/2011	Richcourt Allweather (winding up petitioner of SE) sought to redeem its shareholding on this date.	Soundview Docket No. 2, AF 1st Day Decl, para. 47.
10/31/2011	SE failed to pay redemption monies due to Richcourt Allweather on or about this date.	Soundview Docket No. 2, AF 1st Day Decl, para. 48.
11/21/2011	Kiely resigned as director of he Limited Debtors, SCM and RHI.	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 35.
12/11/2011	Eric Heintz resigned as director of RHI.	Register of Directors of RHI, dated 12/20/2012.
12/21/2011	Floyd Saunders ("Saunders") is appointed director of RHI.	Register of Directors of RHI, dated 12/20/2012.
12/28/2011	Saunders is appointed director of the Limited Debtors.	Registers of Directors of Limited Debtors, dated 04/19/2013.
1/1/2012	LPFs filed winding up petitions against Leveraged in the Cayman Islands, recommending heir accountants E&Y as the JOLs	Soundview Docket No. 118, para. 134.
1/3/2012	Letter from G. Waltzer (Skadden) to board of directors of FII regarding FII's investment interests in UCBI and the impact of UCBI's 1-for-5 reverse stock split.	Soundview Docket No. 118, Ex.MM
2/26/2012	Master Recovery Cooperation and Financing Agreement ("MRCFA") executed by AF, Ladner and Muho. Among other provisions, the MRCFA may have direct and indirect claims in the FILB chapter 11 cse, in the Cayman Islands proceedings of Leveraged and Arbitrage and in related matters (claims against FILB, Leveraged and Arbitrage, together with claims in related matters, the "Claims"). MRCFA's stated purpose is to seek fair and equitable resolution of the Claims in an expeditious and econmical manner. According to he Stipulated facts in pre-trial order, the MRCFA wasn't executed until 12/31/2012.	Soundview Docket No. 96-1. p 2 (Katz Aff) Soundview Docket No. 134
4/18/2012	Leveraged's winding up order was entered by the Grand Court. Grand Court concluded that the "in kind" security delivered in redemption to the LPF was "commercially worthless" despite having been valued by Quantal at $136M, as well earlier corroboration by E&Y and legal conclusions from Skadden supporting same.	Soundview Docket No. 134; Soundview Docket No. 118, para. 137.
4/22/2012	"April 22 Transactions" were comprised of: • $2.2M from FILB to FII's bank account • 1/2 of UCBI Warrant A from FILB to FII • FILB transferred to FII 100% of its membership in BRG • FILB transferred to FII the DSS warrants • FILB assigned to FII the Excess Registration Funds under the UCBI SPA Occurred 4 days after Leveraged's winding up order entered by Grand Court. No valuations peformed No justifiable business purpose provided (i e. , no written analysis) AF and Turner particularly involved FILB Trustee believes goal of April 22 Transactions was to put FILB assets out of reach of Leveraged JOLs and ultimately the LPFs by transferring assets to FII, which, pursuant to the share transfer aspect of the April 22 Transaction, Arbitrage would non longer have an interest	FILB Docket No. 393, pg. 108-109.
5/9/2012	Alpha was placed into voluntary liquidation. Tammy Fu and Gordon MacRae of Zolfo Cooper (Cayman) were appointed as he JOLs.	FILB Docket No. 393, p.62.
5/30/2012	Leveraged JOLs petitioned to wind-up FILB in Bermuda, however, on 6/29/2012, FILB filed a chapter 11 protection in the Bankruptcy Court for the Southern District of New York and obtained a 14-day TRO restraining he Leveraged JOLs from taking further ac ion with regard to the Bermuda winding up petition.	FILB, Docket No. 2, Saunders 1st day Aff, para. 40.; Leveraged JOLs 2nd Report, dated 7/26/2012
6/1/2012	Muho began employment with Richcourt Funds	Soundview Docket No. 134
6/8/2012	Leveraged JOLs petitioned to wind-up Arbitrage.	Second report of Leveraged JOLs, 7/26/2012, p. 9.
6/11/2012	Turner resigned as director of the Limited Debtors.	Registers of Directors of the Limited Debtors, dated 04/19/2013.
6/12/2012	Muho hired as an associate for RF Services and FAM. He graduated from St. John's University in 2005,*summa cum laude* with a degree in finance, worked for a while and then graduated from UC Berkeley School of Law in May 2012.	Soundview Docket No. 118, Ex. DD.

Date [mm/dd/yyyy]	Event Description	Source Document(s)
6/13/2012	Alpha and Leveraged (the 2 shareholders of Arbitrage) called a meeting of shareholders of Arbitrage to consider: (i) placing Arbitrage into voluntary liquidation and appointing the JOLs (i.e., McMahon and Bailey) and the joint official liquidators; or (ii) in the alternative, replacing the board of Arbitrage with the JOLs (or o her persons in he Cayman Islands).	FILB Adv. Pro. 12-01740, Docket No. 4., p. 13
6/29/2012	Arbitrage held shareholder meeting (with its 2 shareholders Alpha and Leveraged) and decides to put Arbitrage into voluntary liquidation.	FILB Adv. Pro. 12-01740, Docket No. 4., p. 13
6/29/2012	FILB petition date.	FILB Docket No.1
7/3/2012	FILBCI commenced suit against UCBI in S.D.N.Y., captioned as *FILB Co-Investments LLC v. United Community Banks, Inc.*, Index No. 12 CV 5183 (S.D.N.Y.)	FILB Docket No. 197 (FILB Trustee 9019 motion to approve Release and Waiver)
7/4/2012	Arbitrage officially placed into liquidation in Cayman Islands.	MBTA et al v CFS et al., 651446/2015, Docket No. 4, p. 15 (New York Supreme Court)
9/1/2012	Muho appointed as director of Richcourt Funds. Complaint before Judge Torres (para. 9) notes Muho's appointment to Richcourt Funds' Board of Directors to be between Aug 2012 - Nov. 2012.	Soundview Docket No. 118, para. 114.
9/4/2012	AF began taking roles of director of the Richcourt entities. AF is appointed director of the Limited Debtors.	Soundview Docket 118, para. 107; Register of Directors of Limited Debtors, dated 04/19/2013.
9/5/2012	Judge Gerber ordered appointment of chapter 11 trustee of FILB estate.	Tr. 9/5/12, pg. 68:17-69:1.
9/28/2012	Richard Davis appointed he chapter 11 trustee of FILB (the "FILB Trustee").	Soundview Adv. Pro. 15-01346, Docket No. 1., p. 52.
10/5/2012	Saunders resigned as director from numerous entities in the Richcourt Group, including, the Limited Debtors, RHI and SCM.	Floyd Saunders director resignation letters.
11/6/2012	Wilmington Trust Company ("WTC") entered into agreements to become the Limited Debtors' custodian.	Custodian Agreement between WTC and Limited Debtors, dated 11/06/2012.
11/28/2012	AF signed consent to serve as director of the Limited Debtors and SPV Debtors, as well as other companies in the Richcourt Group.	Director Appointments, dated 11/28/2012.
12/31/2012	Sales Agreement: FII's directors (AF and GL) and SE's directors (AF and GM) enter into a sales agreement wherby SE agrees to purchase from FII, all of the membership interests in BRG Investments, LLC at the price of $1.38M. The agreement is governed by NY law.	Ex. A to First Amendment to Omnibus Agreement, dated 7/19/2013
12/31/2012	Sales Agreement: FII's director (AF) and SE's directors (AF and GM) enter into a sales agreement wherby SE agrees to purchase from FII, all of he shares of FILB held by FII at the price of $4M. The agreement is governed by NY law.	Ex. B to First Amendment to Omnibus Agreement, dated 7/19/2013.
12/31/2012	Assignement and Assumption Agreement (between SE and FII): SE's directors (AF and Muho) and FII's director (AF) agree that FII will assign and SE will assume, 100% of FII's shares of FILB for $4M. FII also agrees to assign and SE agrees to assume, all of FII's membership interests in BRG Invesments LLS for $1.38M. At the time of he acquisition: • FII was controlled by AF. • FILB was, at the time of the purchase of its shares, therefore under the control of the FILB Trustee.	Ex. D to First Amendment to Omnibus Agreement, dated 7/19/2013; Soundview Docket No. 2, Ex.G, para 64 (SE winding up pe ition)
1/1/2013	Pinnacle Fund Administration ("PFA") is appointed fund administrator of the Limtied Debtors.	Administration Agreements between PFA and the Limited Debtors, dated 01/01/2013.
1/3/2013	AF advised hat Muho was arrested in NYC and charged with reckless endangerment and DWI after allegedly fleeing from NY police officers in a high-speed chase to avoid being stopped.	Soundview Docket No. 118, para. 115 and Ex. EE, at para. 10.
2/8/2013	FILB Trustee entered into term sheet with FII. The term sheet agreement unwinds the April 22 Transactions in accordance with the following key terms and condi ions: • FII pays FILB by wire transfer in immediately available funds $2.2M. Payment of $2.2M shall be without prejudice to FILB's claims to any other monies transferred by or between FII and BRG or their direct or indirect subsidiaries or affiliates; • FII shall execute an assignment of the 1/2 of UCBI Warrants A in favor of FILB or to the extent any or all of such warrants have been exercised an assignment of the Common Stock Junior Preferred purchased pursuant to such UCBI Warrants and any claims against UCBI for failure to honor the UCBI Warrants; • FII shall execute an assignment of the BRG membership interests in favor of FILB; • FII shall execute an assignment of the DSS Warrants in favor of FILB or to the extent any or all of such warrants have been exercised, an assignment of the common stock purchased pursuant to such DSS Warrants; • FII and FILB shall execute an agreement assigning the right to receive the Excess Registration Funds from FII to FILB; • Shares of FILB, that had been redeemed by FII, shall be reinstated and reissued to FII.	FILB Docket No. 188
2/8/2013	AF executes term sheet agreement on behalf of FII. FILB Trustee executes same on behalf of FILB.	FILB Docket No. 188, Ex. B ("Term Sheet Agreement")
2/11/2013	FILB Trustee files motion to approve term sheet between FILB Trustee and FII in order, to unwind the April 22 transaction.	FILB Docket No. 188
2/20/2013	Judge Gerber approved an order approving a settlement between the FILB Trustee and FII whereby the assets transferred by the April 22 Transactions were returned to the FILB estate.	FILB Docket No. 190
2/27/2013	Leveraged and the LPFs and UCBI entered into a settlement agreement and mutual releases and urged the FILB Trustee to sign a release and waiver (the "Release and Waiver") under the following terms: (a) UCBI released FILB of all claims asserted by FILBCI in FILBCI Action or related assignment agreements; (b) UCBI released FILB of all claims asserted by UCBI in FILBCI Action and all claims related to the assignment agreements; (c) Release and Waiver did not affect any other claims FILB may have against UCBI, any other claims UCBI may have against FILB, or any obligations that each may have to the other; (d) Release and Waiver did not affect rights, causes of action, claims, counterclaims, defenses or remedies of FILB or the FILB Trustee arising out of or relating to any of the transactions between and/or among UCBI, FILB, FILBCI or FII in 2010 hat were not specific rights and obligations designated in pargraphs (a),(b), and (c) of the Subscription Agreement and Cross Receipt.	FILB Docket No. 393, pg. 126-127

Date [mm/dd/yyyy]	Event Description	Source Document(s)
3/8/2013	Omnibus Assigment and Stock Reinstatement Agreement entered into between FILB Trustee, on behalf of FILB and AF, on behalf of FII to finalize the reversal of the April 22 Transactions. • SE transferred $4M from its bank account to FII to purchase FILB shares. • FII received $4M in its bank account from SE for the purchase of FILB shares from FII. • FII wired $2.2M in to FILB's debtor account (controlled by FILB Trustee).	Omnibus Agreement and Stock Reinstatement Agreement, dated 08/08/2013.
3/26/2013	Midanek appointed co-director (along with AF) of Limited Debtors	Soundview Docket No. 118, para 109.
4/2/2013	Email from Midanek to C. Bridges (Rich & Connolly), S. Schilder (Ogier) and J. Smolinsky (Weil) regarding governance concerns regarding the Richcourt Funds.	Soundview Docket No. 119, Ex.7
4/3/2013	Muho tendered written resignation as director to boards of directors of the Limited Debtors, America Alt. Inv., NWF Optima, Pitagora, Richcourt Allweather, RHI, RCI, RES, Richcourt Top Stars, and Composite.	Soundview Docket No. 118, Ex. FF
5/1/2013	Limited Debtors advised WTC that it should not accept instructions from Muho concerning funds held on behalf of any of the Richcourt Funds.	Soundview Docket No. 118, para. 117.
5/7/2013	Muho requested $5M to be transferred out of WTC accounts of the Richcourt Funds and delivered to Leveraged Hawk.	Soundview Docket No. 134.
5/28/2013	Letter from Midaneck to CIMA in her capacity as non-management Director of the Limited Debtors, NWF and Pitagora. Midanek expressed concern about the funds' condition and raised the issue whether the CIMA should invesitgate removing AF as director of he funds.	Soundview Docket No. 118, Ex.CC
6/13/2013	Richcourt funds incorproated in BVI ("BVI Entities") adopted resolutions removing AF as director of each BVI Entity.	WT Interpleader, BVI Entites' answer to interpleader.
6/17/2013	Interpleader action brought by Wilimington Trust, National Assocation against Richcourt Funds.	Soundview Docket No. 118, Ex.HH
7/16/2013	Limited Debtors' registered offices transferred from DMS to Stuarts Corporate Service	Soundview Docket No. 119, Ex.6.
7/19/2013	First Amendment to Omnibus Agreement entered into by: SE, FII and RPGP (collectively, he "Parties") whereby the Parties agree to, among other things: (1) terminate the transfers of membership interests of BRG from FII to SE; (2) SE and FII agree to terminate SE's remaining obliga ion to make cash payments to FII for the purchase of FII equity, (3) FII agrees to issue a note to SE of $4M with an interest rate of 8% per annum, (4) RPGP will deliver a cash payment to FII equal to $5.138M and FII will immediately deliver 24,254 shares of FII to RPGP, and (5) FII will prepay amounts of its note in (3) no later than 3 business days after FII"s receipt of the aggregate cash payments equal to $5.138M from settlements of claims and payments from RPGP pursuant to (4).	Soundview Docket No. 96-1, Katz Aff., pg.2., FN1, First Amendment to Omnibus Agreement (MacGregor doc)
7/19/2013	FII executes (via its secretary FS) a promissory note to SE in the principal amount of $5 38M.	Ex. H. to First Amendment to Omnibus Agreement, dated 7/19/2013
7/25/2013	Leveraged Hawk files suit in the Northern District of California against: Global Hawk, AF, FAM, FII, RFA, Richcourt USA, Citco, Citco Trading, Citco Trustees (Cayman) Ltd., CFS Company Ltd., CFS Corporation, Ltd., CTC Corporation, Solon, Citco Global, WT, and o her nominal defendants, (the "Muho California Suit") alleging misapprorpration of assets of the Funds and other defendants and seeking recovery of assets in excess of $200M from Citco and FAM and further seeking to void all contracts between the funds and the defendants and to enforce a contract for the sale of $5M in preferred shares of Leveraged Hawk to the defendants.	Muho California Suit Docket.
7/26/2013	Optima petitioned for both Elite Designated and Premium Designated to be wound up in the Grand Court. America Alt. Inv. petitioned for Star Designated to be wound up in the Grand Court.	Soundview Docket No. 2, AF First Day Dec. Exs. D, E. F
7/26/2013	Richcourt Allweather petitioned for SE to be wound up. Ladner and AF were directors of the SE as of 7/26/2013	Soundview Docket 2, AF First Day Dec., Ex. G
7/31/2013	Solon files suit in BVI against Muho, Leveraged Hawk, AF, and the BVI Entities to determine who has control of the BVI Enti ies and their assets.	Solon v. Muho ("BVI Action") Docket
8/8/2013	Muho transferred $2,067,377 24 from SE's bank account at HSBC Monaco to a Citibank account in the name of Leveraged Hawk.	Soundview Docket No. 134
8/8/2013	Justice Bannister issued an injuction requested by Solon that Muho, AF and Leveraged Hawk refrain from (a) holding themselves out as directors of he BVI Entities, (b) instructing legal representatives to act on behalf of the BVI Entities and (c) dealing in any other way with he assets of the BVI Entities.	Solon v. Muho ("BVI Action") Docket
8/9/2013	Richcourt Funds brought a suit against Midanek in the District of New Jersey alleging breach of contract, breach of duty of good faith and fair deadling and conversion.	Richcourt Funds v. Midanek docket.
8/14/2013	Letter from Harvey (Patterson) to Mr. Luc Lloris (HSBC Monaco) asking HSBC Monaco not to transfer any assets from SE or Vanquish to Muho or Leveraged Hawk.	Soundview Docket No. 118, Ex.II
8/16/2013	FILB Trustee submitted notice again to exercise the entire $30M of FILB's UCBI warrants. UCBI refused to honor no ice because, among o her reasons, FILB's calculation did not factor into consideration the June 2011 1:5 reverse stock split.	RD Amended Report, at 94.
8/20/2013	Citco (on behalf of Pasig) filed winding up petitoins under Cayman law for SP and SS with the Grand Court seeking appointment of Matthew Wright and Peter Anderson as the JOLs. The Citco winding up petition alleges that "your petitioner [is] a creditor or a potential contingent creditor of the company for he amount of the redemption price."	Soundview Docket 2, AF First Day Dec., Exs. H, I.
9/19/2013	Limited Debtors filed summones seeking an adjournment of the winding up hearing scheduled for 9/24/2013	Soundview Docket No. 134
9/20/2013	Limited Debtors submitted letter to Chief Justice Smellie regarding he summones and their skeleton arguments.	Soundview Docket No. 134
9/20/2013	Midanek filed motion to dismiss action brought by Richcourt Funds in D.N.J.	Richcourt Funds v. Midanek docket.
9/24/2013	Limited Debtors file for chapter 11 relief in SDNY.	Soundview Docket No. 1
9/24/2013	Hearing to consider Citco's winding up petitions for the Limited Debtors held; Grand Court appoints Matthew Wright and Peter Anderson as the JOLs for the Limited Debtors.	Soundview Docket No. 134
9/27/2013	SE and Vanquish file complaint against Muho and Leveraged Hawk in SDNY for conversion and unjust enrichment arising from defendants' illegal transfer of over $2M	Soundview Docket No. 118, Ex. EE
10/1/2013	FILB Trustee brought adversary proceeding against Kasowitz, FII, AF and FAM for fraudulent conveyance. The adversary proceeding alleges a series of money transfers beginning on 8/5/2011 through 4/20/2012.	FILB Adv. Pr.
10/25/2013	Order of attachment entered by Judge Torres (SDNY) in litigation brought by SE and Vanquish against Muho and Leveraged Hawk upon any funds, property, investments of Muho or Leveraged Hawk situationed in NY, including any bank accounts, to satisfy sum of $2,067,337.24.	Soundview Docket No. 118, Ex.JJ
11/25/2013	FILB Trustee files his report and disclosure statement.	FILB Dcoket No. 327

Date [mm/dd/yyyy]	Event Description	Source Document(s)
11/26/2013	District judge Chesney entered an order adopting the magistrate judge's report and recommendation and dismissing the Muho California Suit with prejudice.	Muho California Suit Docket.
12/13/2013	Agreement between JOLs and Pasig made known to Bankruptcy Court and parties whereby JOLs would pay legal fees for Pasig's attorney.	Soundview Docket No. 134
12/19/2013	So-ordered stipulation between Limited Debtors and WT, ordering WT to turnover the funds held in 6 accounts within 5 business days of the order, to an Authorized Institution selected by the Soundview Debtors.	Soundview Docket No. 135
12/31/2013	RD files adversary proceeding against FII seeking avoidance and recovery of more than $143M. RD styles FII as follows: • AF used FII and FILB as a piggy bank, facilitating, among other things, payment of inflated management, incentive, and administrative fees to FAM and others, payment of redemptions to Fletcher-related entites, the funding of investments that were outside of the stated strategy of FILB and the feeder funds. • FII received at least $8 55M in preferential payments. • 2 year transfers - FII received $42.345M from FILB for redemptions in 2 year prior prior to FILB petition date. • 4 year transfers - FII received at least $143.07M from FILB as payments for redemptions in 4-year period between 1/1/2009 and he petition date.	FILB Adv. Pr. No. 13-01814 (REG)
1/10/2014	Judge Torres in SE, et al v. Muho action entered a cer ificate of judgment as to Muho and Leveraged Hawk.	SE v. Muho docket.
1/24/2014	FILB Trustee files his amended report and disclosure statement.	FILB Docket No. 393
1/27/2014	Judge Torries in SE, et al. v. Muho action issued an order to show cause why it should not enter a default judgment in the amount of $2,067,377.24, plus interest, costs and punitive damages.	SE v. Muho docket.
2/10/2014	Justice Bannister granted Solon's motion for summary judgment against AF, holding that Midanek is the sole directors of the BVI Entities and finding that AF had "no real prospect" of establishing that Solon was removed as director on 6/12/2013 or defending Solon's claim that AF was validly removed as director of the BVI Entities on 6/13/2013.	Solon v. Muho ("BVI Action") Docket
2/13/2014	MBTA posts 16.2% investment return for 2013. • The investment gain, reported in a February newsletter on the MBTA's web site, includes a “total write down” of the MBTA's $25M investment in a FAM hedge fund (i.e., Alpha) that lost all the money in a suspected Ponzi scheme.	http://www.boston.com/business/2014/02/13/mbta-pension-fund-posts-percent-investment-return-for/17Gzvv2deEJaeAfVLVbyFK/story.html • **MBTA newsletter: https://www.mbtarf.com/sites/default/files/Milestones_Feb_2014%20(4)_0.pdf**
3/6/2014	Order to show cause hearing in SE, et al v. Muho action scheduled before Judge Torrest (S.D.N.Y).	SE v. Muho docket.

EXHIBIT C

Soundview Fund's Allocation

Cash As of 9/24/13							
FX Translation at 9/24/13	21,190,358	5,629,982.52	636,520.87	3,306,366.46	4,273,140.42	3,080,973.29	4,263,374.49
		Current Allocation*					
		Soundview Elite	**Soundview Premium**	**Soundview Star**	**Elite Designated**	**Premium Designated**	**Star Designated**
	All Debtors %	0.34	0.13	0.15	0.15	0.11	0.12
	Ltd/Designated Specific %	0.55	0.21	0.24	0.39	0.29	0.32
Professionals	**Total Fees Incurred as of September 30, 2015**	**Current Allocation with FX Translation at 9/24/13**					
Jones Day	5,057,717.61	1,817,849.65	694,907.19	800,615.77	688,404.07	504,958.99	550,981.94
Kinetic Partners	3,018,923.78	1,033,171.23	395,006.63	455,546.01	447,906.38	328,632.59	358,660.93
Joint Official Liquidators	1,104,592.78	607,526.03	231,964.48	265,102.27	-	-	-
Morrison & Foerster LLP	1,845,935.87	1,015,264.73	387,646.53	443,024.61	-	-	-
Campbells	287,472.19	158,109.70	60,369.16	68,993.33	-	-	-
HSM Chambers	44,557.50	24,506.63	9,357.08	10,693.80	-	-	-
Smeets Law[1]	366,033.45	172,410.95	96,936.25	96,686.25	-	-	-
Porzio, Bromberg & Newman P.C.[2]	1,537,078.58	522,606.72	199,820.22	230,561.79	230,561.79	169,078.64	184,449.43
Loeb, Smith & Brady	110,037.41	60,520.58	23,107.86	26,408.98	-	-	-
CohnReznick[3]	206,320.76	70,149.06	26,821.70	30,948.11	30,948.11	22,695.28	24,758.49
Patterson Belknap Webb & Tyler LLP[4]	-	-	-	-	-	-	-
Richards Layton & Finger[5]	138,955.49	76,486.14	12,493.87	12,493.87	12,493.87	12,493.87	12,493.87
AlphaLit	6,358.13	2,161.76	826.56	953.72	953.72	699.39	762.98
Arthur B. Levine Co.	113,242.00	38,502.28	14,721.46	16,986.30	16,986.30	12,456.62	13,589.04
Diconza Traurig Kadish LLP	62,176.56	21,140.03	8,082.95	9,326.48	9,326.48	6,839.42	7,461.19
Epiq eDiscovery Solutions	203,381.50	69,149.71	26,439.60	30,507.23	30,507.23	22,371.97	24,405.78
Miller Advertising Agency	64,851.54	22,049.52	8,430.70	9,727.73	9,727.73	7,133.67	7,782.18
Pinnacle Fund Administration LLC	35,000.00	11,900.00	4,550.00	5,250.00	5,250.00	3,850.00	4,200.00
Stuarts Corporate Services Ltd[6]	15,829.26	-	-	-	5,276.42	5,276.42	5,276.42
U.S. Trustee Fees[7]	85,023.28	25,461.04	4,162.31	16,330.46	15,030.38	11,821.95	12,217.13
Total Professional Fees	**14,303,487.69**	**5,748,965.75**	**2,205,644.54**	**2,530,156.71**	**1,503,372.49**	**1,108,308.83**	**1,207,039.38**
Cash after all payments based on 9/24/13 starting and 9/24/13 FX	**6,886,870.36**	**(118,983.23)**	**(1,569,123.67)**	**776,209.75**	**2,769,767.93**	**1,972,664.46**	**3,056,335.11**
Reserves for JD, and KP (10/1/15 - 3/31/16)	**TBD**						
Unaffiliated Non-Redemption Filed Creditor Claims[8]	**(177,096.36)**	**(15,086.26)**	**(32,093.28)**	**(32,980.70)**	**(33,480.70)**	**(31,205.85)**	**(32,249.56)**
Trustee's Commission	**(1,090,670.53)**	**(238,034.03)**	**(36,312.58)**	**(123,674.88)**	**(258,191.89)**	**(210,560.86)**	**(223,896.30)**
Current Outstanding Fees as of 9/30/15 for JOLs, MoFo and Campbells	**1,231,915.86**	**384,259.02**	**679,980.18**	**167,676.66**			
Other Settlements	**TBD**						
Cash after payments (excluding current outstanding Cayman Professionals' fees)	**6,851,019.33**	**12,155.50**	**(957,549.35)**	**787,230.83**	**2,478,095.34**	**1,730,897.75**	**2,800,189.25**
InterFund Settlement[10]		**500,000.00**					
Transfer from BVI Funds[9]		**68,000.00**	**26,000.00**	**30,000.00**	**30,000.00**	**22,000.00**	**24,000.00**
Patterson Belknap Settlement[4]		**100,000.00**					
Other Settlements	**TBD**						
Cash after payments (excluding current outstanding Cayman Professionals' fees) plus settlement	**7,651,019.33**	**680,155.50**	**(931,549.35)**	**817,230.83**	**2,508,095.34**	**1,752,897.75**	**2,824,189.25**

	New Allocation based on Substantial Consolidation for Ltd Funds with Cash and FX as of 9/24/13					
	Soundview Elite	Soundview Premium	Soundview Star	Elite Designated	Premium Designated	Star Designated
All Debtors %	0.42	0.02	0.10	0.18	0.13	0.15
Ltd/Designated Specific %	0.79	0.03	0.18	0.39	0.29	0.32

Professionals	Total Fees Incurred as of September 30, 2015	All professionals allocated based on New Allocation for Substantial Consolidation of Ltd Funds with FX Translation at 9/24/13					
Jones Day	5,057,717.61	2,299,869.50	101,458.78	522,584.38	838,184.18	594,175.85	701,444.92
Kinetic Partners	3,018,923.78	1,286,069.94	56,735.00	292,225.30	543,550.00	385,602.93	454,740.61
Joint Official Liquidators	1,104,592.78	868,842.38	38,329.00	197,421.40	-	-	-
Morrison & Foerster LLP	1,845,935.87	1,451,962.52	64,053.35	329,920.00	-	-	-
Campbells	287,472.19	226,117.74	9,975.19	51,379.26	-	-	-
HSM Chambers	44,557.50	35,047.71	1,546.13	7,963.66	-	-	-
Smeets Law[1]	366,033.45	287,911.87	12,701.24	65,420.34	-	-	-
Porzio, Bromberg & Newman P.C.[2]	1,537,078.58	645,080.68	28,457.74	146,577.49	281,662.56	199,516.93	235,783.18
Loeb, Smith & Brady	110,037.41	86,552.41	3,818.26	19,666.74	-	-	-
CohnReznick[3]	206,320.76	86,588.64	3,819.86	19,674.97	37,807.33	26,780.99	31,648.98
Patterson Belknap Webb & Tyler LLP[4]	-	-	-	-	-	-	-
Richards Layton & Finger[5]	138,955.49	58,316.80	2,572.65	13,250.95	25,462.95	18,036.80	21,315.35
AlphaLit	6,358.13	2,668.38	117.72	606.32	1,165.10	825.30	975.32
Arthur B. Levine Co.	113,242.00	47,525.37	2,096.58	10,798.88	20,751.07	14,699.12	17,370.98
Diconza Traurig Kadish LLP	62,176.56	26,094.24	1,151.15	5,929.22	11,393.57	8,070.68	9,537.70
Epiq eDiscovery Solutions	203,381.50	85,355.09	3,765.44	19,394.68	37,268.72	26,399.47	31,198.10
Miller Advertising Agency	64,851.54	27,216.88	1,200.67	6,184.31	11,883.75	8,417.90	9,948.03
Pinnacle Fund Administration LLC	35,000.00	14,688.79	648.00	3,337.64	6,413.59	4,543.09	5,368.89
Stuarts Corporate Services Ltd[6]	15,829.26	-	-	-	6,173.41	4,590.49	5,065.36
U.S. Trustee Fees[7]	85,023.28	25,461.04	4,162.31	16,330.46	15,030.38	11,821.95	12,217.13
Total Professional Fees	**14,303,487.69**	**7,561,369.97**	**336,609.05**	**1,728,666.02**	**1,836,746.61**	**1,303,481.50**	**1,536,614.54**
Cash after all payments based on 9/24/13 starting and 9/24/13 FX	**6,886,870.36**	**(1,931,387.45)**	**299,911.82**	**1,577,700.44**	**2,436,393.81**	**1,777,491.79**	**2,726,759.95**
Reserves for JD, and KP (10/1/15 - 3/31/16)	**TBD**						
Unaffiliated Non-Redemption Filed Creditor Claims[8]	**(177,096.36)**	**(15,086.26)**	**(32,093.28)**	**(32,980.70)**	**(33,480.70)**	**(31,205.85)**	**(32,249.56)**
Trustee's Commission	**(1,090,670.53)**	**(238,034.03)**	**(36,312.58)**	**(123,674.88)**	**(258,191.89)**	**(210,560.86)**	**(223,896.30)**
Current Outstanding Fees as of 9/30/15 for JOLs, MoFo and Campbells	**1,231,915.86**	**384,259.02**	**679,980.18**	**167,676.66**			
Cash after payments (excluding current outstanding Cayman Professionals' fees)	**6,851,019.33**	**(1,800,248.72)**	**911,486.14**	**1,588,721.52**	**2,144,721.22**	**1,535,725.08**	**2,470,614.08**
InterFund Settlement[10]		**500,000.00**					
Transfer from BVI Funds[9]		**68,000.00**	**26,000.00**	**30,000.00**	**30,000.00**	**22,000.00**	**24,000.00**
Patterson Belknap Settlement[4]		**100,000.00**					
Other Settlements	**TBD**						
Cash after payments (excluding current outstanding Cayman Professionals' fees) plus settlement	**7,651,019.33**	**(1,132,248.72)**	**937,486.14**	**1,618,721.52**	**2,174,721.22**	**1,557,725.08**	**2,494,614.08**

1 Smeets fees were allocated by Smeets and do not follow the allocation methodology among the Limited Debtors. Prior to January 2014 the invoices were split evenly, subsequently the amounts are taken directly from the invoices. Smeets will be paid an aggregate of amount of $270,000 on account of its pre-December 1, 2014 fees and expenses. The Trustee has objected to paying additional Smeets fees.

2 Porzio fees were paid incorrectly, however the allocation method was consistent.

3 On September 15, 2015, the Court approved the settlement between the Chapter 11 Trustee and CohnReznick, in a total amount of $206,320.76

4 On September 23, 2015, the Court approved the settlement between the Chapter 11 Trustee and Patterson Belknap, pursuant to which Patterson Belknap will pay $100,000 to the Chapter 11 Trustee. This payment was allocated to Soundview Elite Ltd.

5 Richards Layton & Finger fees do not follow the allocation methodology among the Debtors

6 Stuarts Corporate Services Ltd are split evenly between the Designated Funds

7 U.S. Trustee Fees are charged on an individual Fund basis, calculated from distributions made.

8 All creditor claims are subject to objection in their entirety, and the tax claims are subject to settlement discussions.

9 On September 28, 2015, $200,000 was received from the BVI Funds.

10 $500,000 of the total interfund settlement of $1,000,000 will go to the JOLs to pay outstanding professional fees.

EXHIBIT D

General Budget As of July 14, 2015
For discussion purposes only

Funding of Reserves based on budgets up to and including September 30, 2015
THE BUDGET WILL BE REVISED BASED ON THE ACTUAL FEES AND EXPENSES INCURRED

		Soundview Elite Ltd.	Soundview Premium, Ltd.	Soundview Star Ltd.
1. Estimated Expenses accrued prior to Addendum				
Post-Petition Accrued Expenses	394,558.32	98,282.36	243,152.99	53,122.97
Agreed Claims				
HSM Chambers	to JOLs			
Smeets	to JOLs			
Campbells	to JOLs			
Porzio		6,707.87	199,820.22	3,123.62
Loeb	to JOLs			
Total Agreed Claims	209,651.71	6,707.87	199,820.22	3,123.62
Disputed				
Pinnacle (post-petition)		11,900.00	4,550.00	5,250.00
Smeets	to JOLs			
CohnReznick		79,674.49	30,463.78	35,150.51
Insiders (A.F, F.S, G.L, S.T, SCM)	Objected To			
Patterson Belknap Webb & Tyler LLP	Objected To			
	166,988.78	91,574.49	35,013.78	40,400.51
Interdebtor Reimbursement re Fee Reserve			8,319.00	9,598.84
Unpaid Fees & Expenses	2,614,042.69	1,037,023.07	999,786.84	577,232.78
KP		349,313.69	368,330.34	269,453.10
JD		651,540.04	617,627.05	291,822.62
EPIQ		2,169.34	829.45	957.06
MoFo	to JOLs			
JOLs	to JOLs			
Campbells	to JOLs			
Contingency Fee Counsel				
Fee Cap	31,000.00	17,000.00	6,500.00	7,500.00
Expenses	31,000.00	17,000.00	6,500.00	7,500.00
Stuarts				
Allowed Claims, and Administrative Total[4]	3,008,601.01	$1,135,305.43	$1,242,939.83	$630,355.75
2. Estimated Expenses of the Estate after Addendum	**Limited Debtors**			
Jones Day Fees (7/1 - 9/30)[1]	313,715.88	195,426.23	55,201.83	63,087.81
Kinetic Partners Fees (7/1 - 9/30)[3]	116,837.66	64,260.71	24,535.91	28,041.04
EPIQ	54,834.70	26,634.00	16,450.41	11,750.29
US Trustee		29 250.00	975.00	19 500.00
Total Fees	$485,388.23	$315,570.94	$97,163.15	$122,379.14
Total of (1) and (2)		**$1,450,876.37**	**$1,340,102.98**	**$752,734.89**
3. Creditor Claims (Scheduled and Filed)[8]				
Unaffiliated				
Pinnacle	prorated	3,706.00	1,417.00	1,635.00
KPMG		7,000.00	7,000.00	7,000.00
Ritch & Connolly	to JOLs			
Fox Rothschild LLP	prorated	11,380.26	4,351.28	5,020.70
Wilmington Trust, N.A.				
HSBC Private Bank (Suisse) S.A.	Objected To			
Walkers	to JOLs			
Stuarts Walker Hersant	to JOLs			
NYC Dept of Finance			26,325.00	26,325.00
Internal Revenue Serv				
Total of (3)		**$22,086.26**	**$39,093.28**	**$39,980.70**
4. Estimated Claims from Executory Contracts	**N/A**			
5. Trustee's Commission[6]				
Amounts Disbursed to date		3,942,875.22	84,817.25	1,596,335.68
Amount of Cash as of 6/11/15 - all converted to USD as of 6/11/15		1,991,589.41	546,934.00	1,549,275.30
Interfund Settlement $1M		550,000.00	210,000.00	240,000.00
Non-cash Asset Amounts - Valued @ 100%		1,001,519.63		
Citco/Insiders				
Total		7 485 984.26	841 751.25	3 385 610.98
Total Commission	405,200.39	**$249,179.53**	**$29,852.54**	**$126,168.33**
TOTAL RESERVES	**$4,050,074.88**	**$1,722,142.16**	**$1,409,048.79**	**$918,883.93**
Redemptions Payable[4]		31,686,872.39	13,426,528.30	10,094,448.16

1 Jones Day fees were derived from their budget for the period of July 1, 2015 up to and including September 30, 2015.
2 The fees and expenses incurred from and after February 1, 2015 are not included in this budget.
3 Kinetic Partners fees were derived from their budget for the period of July 1, 2015 up to and including September 30, 2015.
4 The redemptions payable balance reflects the investigation of the Chapter 11 Trustee and her financial consultant.
5 Assumes that Smeets will be paid an aggregate of amount of $270,000 on account of its pre-December 1, 2014 fees and expenses. The Trustee has objected to paying additional Smeets fees.
6 The estimated amount of the Trustee's commission does not include the return on contingent assets, including any payment to be received by Soundview Elite Ltd. as a result of the adversary proceeding against Soundview Composite Ltd.
7 The Chapter 11 Trustee paid $1,836.86 on behalf of Soundview Elite and $801.54 on behalf of Soundview Star to Campbells for the December 2014 invoice. The Chapter 11 Trustee overpaid as these amounts should have been $1,234.82 and $538.83, respectively.
8 ALL CREDITOR CLAIMS ARE SUBJECT TO OBJECTION IN THEIR ENTIRETY.

to JOLs			
HSM Chambers - post petition agreed (Premium)		9,357.08	
Loeb - post petition agreed (Premium)		23,107.86	
JOLs - unpaid fees and expenses - 12/1/14 to 1/31/15[2]	13,082.04	16,924.47	5,708.52
JOLs - unpaid fees and expenses - Pre-Ch11 Trustee - 11/30/14		150,633.21	
MoFo - unpaid fees and expenses - 12/1/14 to 1/31/15[2]	8,251.55	10,527.44	3,600.67
MoFo - unpaid fees and expenses - Pre-Ch11 Trustee - 11/30/14		352,462.83	
Campbells - unpaid fees and expenses - 12/1/14 to 1/31/15[2 7]	4,586.80	6,868.57	2,001.52
Campbells - unpaid fees and expenses - Pre-Ch11 Trustee - 11/30/14		5,743.45	
Smeets - post petition agreed (Premium)[5]		56,700.00	
Smeets - post petition disputed	52,818.40	20,167.02	23,048.03
Ritch & Connolly - creditor claim	58,764.57	22,437.38	25,642.72
Walkers - creditor claim	6,310.51	2,409.47	2,753.68
Stuarts Walker Hersant - creditor claim	13,209.09	5,043.47	5,763.97
Total	**157,022.96**	**682,382.25**	**68,519.11**

EXHIBIT E

KP Budget to Actual - July 1 to 30 Sept
All amounts in USD

Limited % 0.62
Designated % 0.38

Task	Budget Amounts			July Invoice			August Invoice			September Invoice				
	Total Budget	Limited Debtors Budget	Designated Debtors Budget	Total Amount	Limited Debtors Amount	Designated Debtors Amount	Total Amount	Limited Debtors Amount	Designated Debtors Amount	Total Amount	Limited Debtors Amount	Designated Debtors Amount	Total Actual per Quarter	Overage/Underage Amount
I. INVESTIGATION														
(a) Intermediary Bank Productions														
ii. HSBC	4,492.54	1,500.04	2,992.50										-	4,492.54
iii. JPMorgan Chase	6,342.45	1,227.67	5,114.78										-	6,342.45
(b) Depositions/Interviews (Assumes No Objections from Parties to be Deposed/Interviewed)														
i. Kiely	1,407.77	704.77	703.00										-	1,407.77
ii. Michael Meade (Florida)	1,878.49	890.49	988.00										-	1,878.49
iii. Alphonse Fletcher	1,549.21	276.21	1,273.00										-	1,549.21
(c) Evaluation of claims re Citco (as investor)	9,125.00		9,125.00										-	9,125.00
(d) Ad Hoc Requests (including report writing)	8,427.09		8,427.09				1,645.65	1,020.30	625.35	2,984.85	1,850.61	1,134.24	4,630.50	3,796.59
Total for (I)	33,222.55	4,599.18	28,623.37				1,645.65	1,020.30	625.35	2,984.85	1,850.61	1,134.24	4,630.50	28,592.05
II. INTER-FUND SETTLEMENT														
(a) Inter-Fund Settlement	1,500.00	1,500.00	-										-	1,500.00
Total for (II)	1,500.00	1,500.00	-										-	1,500.00
IV. LITIGATION														
(a) Citco and Insiders	78,466.50	48,269.23	30,197.27	6,295.95	3,903.49	2,392.46	2,173.50	1,347.57	825.93	4,315.50	2,675.61	1,639.89	12,784.95	65,681.55
(b) Fraudulent Conveyance Litigation*														
Brown Rudnick LLP	60,000.00	37,200.00	22,800.00	1,790.55	1,110.14	680.41	25,364.70	15,726.11	9,638.59	22,662.45	14,050.72	8,611.73	49,817.70	10,182.30
Cohen & Gresser LLP														
De Feis O'Connell & Rose, PC														
DMS Corporate Services Ltd.														
Empire Valuation														
Forbes Hare														
James Crosson, Jr.														
James Mintz Group														
Kirkland & Ellis LLP														
Patterson Belknap														
Petrillo Klein & Boxer														
Quantal														
Richcourt USA														
Ritch & Conolly														
Skadden														
Solon Group Inc.														
Tower Legal Solutions														
Transperfect														
Walkers														
Weil, Gotshal & Manges LLP														
Total for (IV)	138,466.50	85,469.23	52,997.27	8,086.50	5,013.63	3,072.87	27,538.20	17,073.68	10,464.52	26,977.95	16,726.33	10,251.62	62,602.65	75,863.85
V. OTHER														
1. Realization of Non-Cash Assets	19,685.55	-	19,685.55	1,968.75	1,220.63	748.13	2,848.50	1,766.07	1,082.43	3,587.85	2,224.47	1,363.38	8,405.10	11,280.45
2. Transfer of Non-Cash Assets	4,250.00	4,250.00	-										-	4,250.00
3. Proofs of Claim	101.70	63.05	38.65	8,592.75	5,327.51	3,265.25				3,579.75	2,219.45	1,360.31	12,172.50	(12,070.80)
4. Fee Applications	2,223.25	1,378.42	844.84	6,920.10	4,290.46	2,629.64	4,982.85	3,089.37	1,893.48	7,473.60	4,633.63	2,839.97	19,376.55	(17,153.30)
5. MORs	30,194.45	12,077.78	18,116.67	9,089.55	5,635.52	3,454.03	8,815.50	5,465.61	3,349.89	7,823.25	4,850.42	2,972.84	25,728.30	4,466.15
6. Investor Correspondence	10,625.00	-	10,625.00	3,582.90	2,221.40	1,361.50	8,265.15	5,124.39	3,140.76	2,257.20	1,399.46	857.74	14,105.25	(3,480.25)
7. FATCA/Designated Only Fees	12,000.00	-	12,000.00	5,458.50	-	5,458.50	12,646.35	-	12,646.35	-			18,104.85	(6,104.85)
8. Protocol/Limited Only Fees	7,500.00	7,500.00	-	10,085.40	10,085.40	-	649.35	649.35	-	5,765.85	5,765.85		16,500.60	(9,000.60)
Total for (V)	86,579.95	25,269.25	61,310.70	45,697.95	28,780.91	16,917.04	38,207.70	16,094.79	22,112.91	30,487.50	21,093.27	9,394.23	114,393.15	(27,813.20)
GRAND TOTAL - Kinetic Partners Budget and Actual	259,769.00	116,837.66	142,931.34	53,784.45	33,794.54	19,989.91	67,391.55	34,188.78	33,202.77	60,450.30	39,670.21	20,780.09	181,626.30	78,142.70 Under Bud
Total Budget to Actual Remaining Balance				205,984.55	83,043.12	122,941.44	138,593.00	48,854.34	89,738.66	78,142.70	9,184.13	68,958.57	Under Budget	