

## **CLAIMS PROCESS UPDATE**

July 12, 2022

Dear Potential Creditors of the Monitorship Estate

This Update is intended to provide guidance with regard to the preparation and submission of your Proof of Claim Form that was sent to you recently and based upon questions received to date.

### **Do I need to submit each and every page of my Note**

In an effort to reduce paper and the size of your Proof of Claim Form and its attachments, please attach the first page, the signature page, and the page reflecting the amount of your Note for each and every Note that you entered into and/or IRA Account that was opened. To the extent additional pages/documents are needed, we reserve the right to request same.

### **Is My Claim Secured or Unsecured**

Some of the Notes entered into state that the Note is secured – none of the Notes were properly perfected regardless of what the Note may say. As such, it does not matter whether you check Yes or No to Question #3.

However, certain trade creditors may have perfected their security interest and that trade creditor will need to properly identify whether their claim is secured or not and then complete Question #4 as to a secured claim.

### **I have multiple Notes/IRAs – Should I complete a separate Proof of Claim for each Note and/or IRA**

You can submit one Proof of Claim Form for all of your Notes/IRAs provided you include a schedule of the Notes/IRAs that breaks it down into separate Notes/IRAs. Alternatively, you can prepare and submit a distinct Proof of Claim Form for each Note/IRA as separate items. However, if the Notes/IRAs are in a different name than your Note/IRA, that Noteholder/IRA Account Holder must prepare and submit a separate and distinct Proof of Claim Form for their Notes/IRAs.

### **How should a Claimant compute interest that was not paid by the Companies as part of our Proof of Claim Form**

When completing your Proof of Claim Form and the Amount of your Claim, you can provide a total amount due to you inclusive of principal and interest but we would request that you then provide a breakdown of that amount into principal separate from interest.

If you have multiple Notes/IRAs and are completing one Proof of Claim Form and will be submitting one amount due, it will be necessary for you to provide a breakdown of that amount by Note/IRA and then further break it down into principal and interest components.

### **What name should be used as the Claimant when completing the Proof of Claim Form**

The name of the Claimant would be the name that appears on the Note/IRA Account. If you have more than one investment and the investments are in different names, you need to prepare and

complete and submit a different Proof of Claim for each Claimant and those Notes/IRA Accounts that relate to that Claimant.

**Question 2 asks for the “basis” of the Proof of Claim – what does that mean**

The basis of a Proof of Claim could be that you entered into a Promissory Note with one or more of the Consenting Corporate Defendants, which would be the same as Money Lent to one or more of the Consenting Corporate Defendants.

Trade creditors would have to provide the basis for their claim which may be and could be different from Noteholders/IRA Account holders.

**Question 5 asks about having received funds from any of the Corporate Defendants – what is this referring to**

This is asking if you received either a redemption or periodic interest payments on your Note and/or IRA Account and requests that you provide the amount that you received from one or more of the Consenting Corporate Defendants. Please provide detail of the payments received, whether redemption and/or period interest payments, and you can provide a schedule of the periodic payments received.

**How much money will each Claimant receive**

At this time, any future pro rata distribution to Claimants is undetermined as we continue our efforts to maximize recoveries that would form the basis of a proposed future distribution that would need to be presented to and approved by the Monitorship Court.

**Do I need an attorney to complete the Proof of Claim Form**

While the Corporate Monitor cannot provide you with legal advice, you should feel free to consult with your attorney regarding preparation and submission of your Proof of Claim Form. The Corporate Monitor will continue to answer questions from Noteholders and their representatives so that a Noteholder can properly complete and submit their Proof of Claim Form. The information in this Q&A is not intended to be legal advice and all rights are reserved.

The Corporate Monitor does not intend to disallow a Proof of Claim Form should a question not be answered correctly and may follow up with a Noteholder in the future regarding any question answered on the Proof of Claim Form.

**Do I need to prepare and file a Proof of Claim Form even if you know that a Noteholder is involved in the matter and have communicated with the Noteholder in the past**

Yes, any potential creditor of the Monitorship Estate must prepare and file a Proof of Claim to be included in any future pro rata distribution to be proposed by the Corporate Monitor as required by the Court in various Orders, including the September 14, 2021 Agreed Consent Order and the June 27, 2022 Agreed Corporate Monitor’s Unopposed Motion to Approve the Proposed Noticing and Claims Process as amended on June 29, 2022. The Monitorship Estate is separate and distinct from the Consenting Corporate Defendants such that all creditors, including Noteholders, must file a Proof of Claim Form by August 31, 2022 or be forever barred from recovering against any of the Consenting Corporate Defendants.

**NOTHING CONTAINED HEREIN SHOULD BE DEEMED LEGAL ADVICE OR ACKNOWLEDGEMENT OR ALLOWANCE OF ANY CLAIMS. WHILE THE CORPORATE MONITOR IS WORKING TO BE RESPONSIVE AND ANSWER QUESTIONS, IF YOU HAVE SPECIFIC QUESTIONS YOU SHOULD CONSULT WITH YOUR INDIVIDUAL ATTORNEY**

Very truly yours

*Daniel J. Stermer*

Daniel J. Stermer  
Corporate Monitor