

PACHULSKI STANG ZIEHL & JONES LLP
Jeffrey N. Pomerantz (CA Bar No. 143717) (*admitted pro hac vice*)
Robert J. Feinstein (NY Bar No. 1767805) (*admitted pro hac vice*)
John A. Morris (NY Bar No. 2405397) (*admitted pro hac vice*)
Gregory V. Demo (NY Bar No. 5371992) (*admitted pro hac vice*)
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HAYWARD PLLC
Melissa S. Hayward (Texas Bar No. 24044908)
Zachery Z. Annable (Texas Bar No. 24053075)
10501 N. Central Expy, Ste. 106
Dallas, TX 75231
Tel: (972) 755-7100
Fax: (972) 755-7110

Counsel for Highland Capital Management, L.P.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P., ¹	§	
	§	Case No. 19-34054-sgj11
Reorganized Debtor.	§	
UBS SECURITIES LLC AND UBS AG LONDON BRANCH,	§	
	§	Adversary Proceeding No.
Plaintiffs,	§	21-03020
	§	
vs.	§	
	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Defendant.	§	
	§	

¹ The Reorganized Debtor's last four digits of its taxpayer identification number are (8357). The headquarters and service address for the above-captioned Reorganized Debtor is 100 Crescent Court, Suite 1850, Dallas, TX 75201.



**HIGHLAND CAPITAL MANAGEMENT, L.P.’S JOINDER TO UBS’S OPPOSITION
TO FOREIGN NON-PARTY SENTINEL REINSURANCE, LTD.’S
MOTION FOR PROTECTIVE ORDER**

Highland Capital Management, L.P., the reorganized debtor and defendant in the above-captioned adversary proceeding (“Highland”), hereby submits this joinder (the “Joinder”) in support of *UBS’s Opposition to Foreign Non-Party Sentinel Reinsurance, Ltd.’s Motion for Protective Order* [Adv. Docket No. 108] (the “Opposition”) and in opposition to *Foreign Non-Party Sentinel Reinsurance, Ltd.’s Motion for Protective Order* [Adv. Docket No. 106] (the “Motion”). In support of its Joinder, Highland respectfully states as follows:

JOINDER

1. In early 2021, Highland, through the diligence of the independent directors appointed by this Court (the “Independent Directors”), discovered that certain of Highland’s former employees and management had caused Highland CDO Opportunity Master Fund, L.P. (“CDO Fund”) and Highland Special Opportunities Holding Company (“SOHC,” and together with CDO Fund, the “Funds”), among others, to transfer in excess of \$300 million in face-amount of assets and securities to Sentinel Reinsurance, Ltd. (“Sentinel”)² in August 2017 ostensibly to pay the \$25 million “premium” on a \$100 million “after-the-event” insurance policy (the “Policy”). The Policy was ostensibly designed to pay the costs of defending against the lawsuit brought by UBS Securities LLC and UBS AG London Branch (together, “UBS”) against the Funds and any judgments entered in that suit. Because of these transfers, Highland was forced to renegotiate its settlement with UBS – a settlement ultimately approved by this Court.

² Sentinel is a Cayman-domiciled entity indirectly owned and controlled by James Dondero and Scott Ellington.

2. Since March 2021, CDO Fund has made multiple demands on the Policy; engaged in a lengthy letter-writing campaign with Sentinel and its directors;³ and provided Sentinel and its directors with substantial information about the Policy and the assets transferred in August 2017.⁴ To date, Sentinel has provided no relevant information in return and provided no insight into when (or if) CDO Fund will receive payments on the Policy and/or the return of its assets. Instead, Sentinel now states it must conduct an investigation⁵ and review approximately 61,000 documents before it can begin its assessment of CDO Fund's rights under the Policy and whether to return (if possible) the assets transferred in August 2017.

3. Sentinel's delay is causing Highland and its post-effective-date management, who are caught in the middle of UBS's dispute with Sentinel, to expend time and effort and to incur costs at a time when they should be focusing on monetizing Highland's assets for the benefit of Highland's prepetition creditors.

4. After a review of the pleadings, and for the reasons set forth above, Highland joins in UBS's Opposition to the Motion and UBS's request that the subpoena be enforced. Highland also reiterates its previous request to Sentinel that Sentinel intervene in this action and/or in the action currently pending in the Supreme Court of the State of New York if Sentinel believes that its rights and property are being affected.

³ At the time of CDO Fund's initial demand, Sentinel's directors were Matthew DiOrio, Jan Neveril, and Daniel Austin (the "Former Directors"). Those directors resigned in or around May 2021 and were replaced by the current directors (the "New Directors"). Before his termination in February 2021, Mr. DiOrio was a Highland employee. Mr. DiOrio is currently employed by Skyview – the entity providing services to Mr. Dondero and his controlled entities. Mr. DiOrio and Mr. Ellington, among other former employees, were actively involved in the concealment of the August 2017 transfers and the Policy from Highland, the Independent Directors, UBS, and this Court.

⁴ Copies of all correspondence between and among Highland, CDO Fund, Mr. Seery, and Sentinel are attached hereto as Exhibits A-O. Certain of the attachments to the correspondence have been excluded for the sake of brevity.

⁵ Highland has been advised that the New Directors did not contact Mr. Dondero or Mr. Ellington as part of their investigation. We have been further advised that the New Directors also did not discuss Sentinel or its assets with the Former Directors although they attempted to contact Mr. DiOrio but were informed by Mr. DiOrio's counsel that Mr. DiOrio could not be contacted directly.

Dated: October 26, 2021

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717)

Robert J. Feinstein (NY Bar No. 1767805)

John A. Morris (NY Bar No. 266326)

Gregory V. Demo (NY Bar No. 5371992)

Hayley R. Winograd (NY Bar No. 5612569)

10100 Santa Monica Blvd., 13th Floor

Los Angeles, CA 90067

Telephone: (310) 277-6910

Facsimile: (310) 201-0760

Email: jpomerantz@pszjlaw.com

rfeinstein@pszjlaw.com

jmorris@pszjlaw.com

gdemo@pszjlaw.com

hwinograd@pszjlaw.com

-and-

HAYWARD PLLC

/s/ Zachery Z. Annable

Melissa S. Hayward (Texas Bar No. 24044908)

Zachery Z. Annable (Texas Bar No. 24053075)

10501 N. Central Expy, Ste. 106

Dallas, Texas 75231

Tel: (972) 755-7100

Fax: (972) 755-7110

Email: MHayward@HaywardFirm.com

ZAnnable@HaywardFirm.com

Counsel for Highland Capital Management, L.P.

EXHIBIT A

March 19, 2021

VIA CERTIFIED MAIL

Sentinel Reinsurance, Ltd.
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Re: Insured: Highland CDO Opportunity Master Fund, L.P.
Insurer: Sentinel Reinsurance, Ltd. ("Sentinel Reinsurance")
Policy: Legal Liability Insurance (the "Policy")
Policy Inception: August 1, 2017
Covered Action: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

To Whom It May Concern:

On behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"), I write to formally seek coverage under the Policy for the liability sustained by the Insured in connection with the lawsuit that was the subject of the Policy: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009 (the "UBS Action").

On November 14, 2019, the court in the UBS Action rendered a final Decision and Order after Trial, finding in favor of Plaintiffs UBS Securities LLC and UBS AG London Branch on their third and fourth cases of action against the Insured. The court entered the attached Judgment on February 10, 2020, granting Plaintiffs an overall judgment as of January 22, 2020 of \$1,039,957,799.44, plus interest per day thereafter of \$128,065 until entry of judgment. Of this amount, \$530,378,477.72, plus interest per day thereafter of \$65,313.08, is attributable to the Insured. The Judgment became final on October 14, 2020.

The Judgment in the UBS Action triggers coverage under Section 2.1 of the Policy. As the Insured's legal liability exceeds the limit of indemnity under the Policy, the Insured demands that Sentinel Reinsurance immediately tender the sum of \$100,000,000.00 to the Insured at the following address:

Highland CDO Opportunity Master Fund, L.P.
c/o Highland Capital Management, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: David Klos, Chief Financial Officer

Wire instructions are available upon request.

We look forward to receiving Sentinel Reinsurance's prompt acknowledgment of coverage under the Policy and timely payment.

Best regards,

A handwritten signature in black ink, appearing to read 'JPS Jr', with a stylized flourish at the end.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Attachment: February 10, 2020 Judgment

EXHIBIT B

April 28, 2021

VIA PRIORITY AND ELECTRONIC MAIL

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Damien Austin



Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Jan Neveril



Sharlee Henshaw
Carey Olsen
28 April 2021

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Matthew DiOrio



Mr. Damien Austin
c/o International Management Services
P.O. Box 61
Harbour Centre
Grand Cayman KY1-1102
Cayman Islands
daustin@ims.ky



Elzetha Ebanks
28 April 2021

Mr. Jan Neveril
c/o Compass OFM Limited
3rd Floor, 18 Forum Lane
Camana Bay
Grand Cayman
Cayman Islands
admin@compassofm.com

Keetha
Keshmere
Unwood HAD
30/4/21

Mr. Matthew DiOrio
7033 Cornelia Lane
Dallas, Texas 75214
MDiOrio@highgateconsultants.com

Beecher Carlson Cayman, Ltd.
Attn: Mr. Clayton Price
P.O. Box 10193
Helix Management Services
Anderson Square Building 5th Floor
64 Shedden Road
Grand Cayman
KY1-1002
Cayman Islands
cprice@beechercarlson.com



Risatta Hon
28 April 2021

Re: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

Dear Sirs:

I write on behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"). On or about March 24, 2021, I sent you a formal demand (the "Demand") seeking coverage under the Policy issued by Sentinel in favor of the Insured. The Demand was dated March 19, 2021.¹

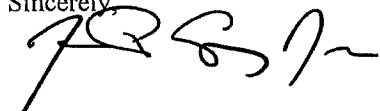
¹ A copy of the Demand is attached hereto as Appendix A. All capitalized terms used but not defined herein have the meanings given to them in the Demand.

As I have not heard from Sentinel regarding the Demand, I thought it prudent to reach out to each of you as either a director of Sentinel or a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd. Please let me know immediately the status of the Demand and the timing of Sentinel's payment to CDO Fund of the amounts due under the Policy.

Also, I am not aware of a claims schedule to the Policy or an appointed third party agent. Please confirm there is no claims schedule to the Policy or appointed third party agent.

I can be contacted at jpseeryjr@gmail.com or via telephone at (631) 804-2049. I am available at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'JP Seery Jr.', written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Appendix A

March 19, 2021

VIA CERTIFIED MAIL

Sentinel Reinsurance, Ltd.
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Re: Insured: Highland CDO Opportunity Master Fund, L.P.
Insurer: Sentinel Reinsurance, Ltd. ("Sentinel Reinsurance")
Policy: Legal Liability Insurance (the "Policy")
Policy Inception: August 1, 2017
Covered Action: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

To Whom It May Concern:

On behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"), I write to formally seek coverage under the Policy for the liability sustained by the Insured in connection with the lawsuit that was the subject of the Policy: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009 (the "UBS Action").

On November 14, 2019, the court in the UBS Action rendered a final Decision and Order after Trial, finding in favor of Plaintiffs UBS Securities LLC and UBS AG London Branch on their third and fourth cases of action against the Insured. The court entered the attached Judgment on February 10, 2020, granting Plaintiffs an overall judgment as of January 22, 2020 of \$1,039,957,799.44, plus interest per day thereafter of \$128,065 until entry of judgment. Of this amount, \$530,378,477.72, plus interest per day thereafter of \$65,313.08, is attributable to the Insured. The Judgment became final on October 14, 2020.

The Judgment in the UBS Action triggers coverage under Section 2.1 of the Policy. As the Insured's legal liability exceeds the limit of indemnity under the Policy, the Insured demands that Sentinel Reinsurance immediately tender the sum of \$100,000,000.00 to the Insured at the following address:

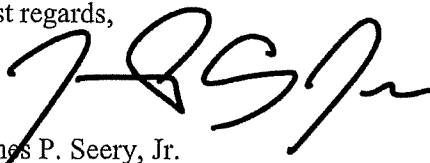
Highland CDO Opportunity Master Fund, L.P.
c/o Highland Capital Management, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: David Klos, Chief Financial Officer

March 19, 2021
Page 2

Wire instructions are available upon request.

We look forward to receiving Sentinel Reinsurance's prompt acknowledgment of coverage under the Policy and timely payment.

Best regards,

A handwritten signature in black ink, appearing to read 'JPS Jr', written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Attachment: February 10, 2020 Judgment

FILED: NEW YORK COUNTY CLERK 02/10/2020 10:21 AM

NYSCEF DOC. NO. 646

INDEX NO. 650097/2009

RECEIVED NYSCEF: 02/10/2020

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

UBS SECURITIES LLC and
UBS AG, LONDON BRANCH,

Plaintiffs;

- against -

HIGHLAND CAPITAL MANAGEMENT, L.P.,
HIGHLAND CDO OPPORTUNITY MASTER
FUND, L.P., HIGHLAND SPECIAL
OPPORTUNITIES HOLDING COMPANY,
HIGHLAND FINANCIAL PARTNERS, L.P.,
HIGHLAND CREDIT STRATEGIES MASTER
FUND, L.P., HIGHLAND CRUSADER
OFFSHORE PARTNERS, L.P., HIGHLAND
CREDIT OPPORTUNITIES CDO, L.P., and
STRAND ADVISORS, INC.,

Defendants.

Index No.: 650097/2009

FILED

Hon. Marcy S. Friedman
IAS Part 60

FEB 10 2020

COUNTY CLERK'S OFFICE
NEW YORK

~~RECEIVED~~ JUDGMENT

Plaintiffs UBS Securities LLC and UBS AG, London Branch, having filed a Complaint against Defendants Highland Capital Management, L.P., Highland CDO Opportunity Master Fund, L.P., Highland Special Opportunities Holding Company on February 24, 2009;

NOW, Plaintiffs UBS Securities LLC and UBS AG, London Branch having filed their Second Amended Complaint against Defendants Highland Special Opportunities Holding Company ("SOHC"), Highland CDO Opportunity Master Fund, L.P. ("CDO Fund," and together with SOHC, the "Fund Counterparties"), Highland Financial Partners, L.P., Highland Credit Strategies Master Fund, L.P., Highland Crusader Offshore Partners, L.P., Highland Credit Opportunities CDO, L.P., and Strand Advisors, Inc., which was consolidated with the claims set forth in Plaintiffs' June 28, 2010 Complaint against Defendant Highland Capital Management, L.P. (Index. No. 650752/2010);

FILED: NEW YORK COUNTY CLERK 02/10/2020 10:21 AM

INDEX NO. 650097/2009

NYSCEF DOC. NO. 646

RECEIVED NYSCEF: 02/10/2020

NOW, the Court having held trial from July 9, 2018 through July 27, 2018, on (1) Plaintiffs' third and fourth causes of action against the Fund Counterparties, and (2) Defendant Highland Capital Management, L.P.'s counterclaims against Plaintiffs;

AND the Court having rendered a final Decision and Order after Trial on November 14, 2019, in which it found in favor of Plaintiffs UBS Securities LLC and UBS AG, London Branch on their third and fourth causes of action against the Fund Counterparties, and dismissed Defendant Highland Capital Management, L.P.'s counterclaims with prejudice;

IT IS NOW HEREBY ORDERED AND ADJUDGED that Plaintiffs UBS Securities LLC with an address of 677 Washington Blvd, Stamford, Connecticut, and 299 Park Avenue, New York, New York and UBS AG, London Branch with an address of Finsbury Avenue, London United Kingdom are granted a judgment of \$519,374,149 and entitled to prejudgment interest in the amount of 9% simple interest per year from the date of the breach, which the Court has determined is December 5, 2008, for an overall judgment as of January 22, 2020 of \$1,039,957,799.44, with additional interest per day thereafter of \$128,065 until entry of judgment, to be apportioned among Defendants as follows:

- (i) \$264,880,815.99 against Defendant Highland CDO Opportunity Master Fund, L.P. with an address of 52 Reid Street, Hamilton, Bermuda, plus \$265,497,661.73 in prejudgment interest, for a total judgment against Defendant Highland CDO Opportunity Master Fund, L.P. as of January 22, 2020 of \$530,378,477.72 with additional prejudgment interest per day thereafter of \$65,313.08 until entry of judgment in the total amount, ^{the sum of \$1,240,948.52, for} and it is ordered that Plaintiffs shall have execution ^{of \$531,619,426.24} thereof, ~~provided that~~ enforcement shall be stayed as to \$35,955,000 (51% of \$70.5 million); and

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NYSCEF DOC. NO. 646

INDEX NO. 650097/2009

RECEIVED NYSCEF: 02/10/2020

(ii) \$254,493,333.01 against Defendant Highland Special Opportunities Holding Company with an address of Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands, plus \$255,085,988.72 in prejudgment interest, for a total judgment against Defendant Highland Special Opportunities Holding Company as of January 22, 2020 of \$509,579,321.73 with additional prejudgment interest per day thereafter of \$62,751.78 until entry of judgment in the total amount, and it is ordered that Plaintiffs shall have execution thereof, provided that enforcement shall be stayed as to \$34,545,000 (49% of \$70.5 million).

*the sum of \$1,192,265.62, for
of \$510,771,605.55 X*

Dated: New York, New York
January 22, 2020

ENTER:

Marcy S. Friedman

 HON. MARCY S. FRIEDMAN, J.S.C.

FILED

FEB 10 2020

Milton A. Taylor

 CLERK

**COUNTY CLERK'S OFFICE
NEW YORK**

FILED: NEW YORK COUNTY CLERK 02/10/2020 10:21 AM

NYSCEF DOC. NO. 646

INDEX NO. 650097/2009

RECEIVED NYSCEF: 02/10/2020

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

INDEX # 650097/2009

UBS Securities LLC, UBS AG, London Branch

Plaintiff(s)/Petitioner(s)

Against

*Highland Capital Management, L.P., Highland CDO
Opportunity Master Fund, L.P., Highland Special
Opportunities Holding Company, Highland Financial
Partners, L.P., Highland Credit Strategies Fund,
Highland Crusader Offshore Partners, L.P., Highland
Credit Opportunities CDO, L.P., Strand Advisors Inc.*

Defendant(s)/Respondent(s)

JUDGMENT

Attorney for the Prevailing Party

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
(212) 906-1200

Kirkland & Ellis LLP
601 Lexington Ave
New York, NY 10022
(212) 446-4800

2-2
**FILED AND
DOCKETED**

FEB 10 2020

AT 10:20 AM
N.Y., CO. CLK'S OFFICE

EXHIBIT C



BY HAND

24 May 2021

Our Ref: CW/HTB/bt/ H3771.171091

Sentinel Reinsurance, Ltd
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands

Dear Sirs

UBS SECURITIES LLC AND UBS AG LONDON BRANCH V HIGHLAND CAPITAL MANAGEMENT ET AL., SUPREME COURT OF THE STATE OF NEW YORK, CAUSE NO. 650097/2009 (THE "UBS ACTION")

We are instructed on behalf of Highland CDO Opportunity Master Fund, LP (the "**Insured**") and refer to the demand dated 19 March 2021 (the "**Demand**") made by our client under its Legal Liability Insurance policy (the "**Policy**") with Sentinel Reinsurance, Ltd. ("**Sentinel**") in relation to the UBS Action.

We further refer to the letter dated 28 April 2021 sent to (i) Mr Jan Neveril, Mr Damien Austin and Mr Mathew DiOrio in their capacities as directors of Sentinel and (ii) Mr Clayton Price as a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd (the "**Follow Up Demand**"). Copies of the correspondence are enclosed for your reference.

To date there has been no response to either the Demand or the Follow Up Demand. This is deeply unsatisfactory. Within five working days of this letter please provide

- (i) acknowledgment of this letter;
- (ii) acknowledgment of the Demand;
- (iii) acknowledgment of the Follow Up Demand;
- (iv) acknowledgment of coverage;
- (v) confirmation that there is no claims schedule to the Policy or appointed third party agent, as previously requested; and
- (vi) confirmation of any procedural requirements, if any, to be met by the Insured.

Please be advised that all rights are reserved including, but not limited to, engaging with the Cayman Islands Monetary Authority if correspondence continues to be ignored.

Yours faithfully


WALKERS

Direct Tel: +1 345 914 4215
Email: colette.wilkins@walkersglobal.com

CC Damien Austin
Jan Neveril
Beecher Carlson Cayman, Ltd

RECEIVED FROM WALKERS

Name: Dylan Wittermuth

Company: Lorey Olsen

Date: 24 May 2021

Time: 16:45

Signature: 

April 28, 2021

VIA PRIORITY AND ELECTRONIC MAIL

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Damien Austin

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Jan Neveril

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Matthew DiOrio

Mr. Damien Austin
c/o International Management Services
P.O. Box 61
Harbour Centre
Grand Cayman KY1-1102
Cayman Islands
daustin@ims.ky

Mr. Jan Neveril
c/o Compass OFM Limited
3rd Floor, 18 Forum Lane
Camana Bay
Grand Cayman
Cayman Islands
admin@compassofm.com

Mr. Matthew DiOrio
7033 Cornelia Lane
Dallas, Texas 75214
MDiOrio@highgateconsultants.com

Beecher Carlson Cayman, Ltd.
Attn: Mr. Clayton Price
P.O. Box 10193
Helix Management Services
Anderson Square Building 5th Floor
64 Shedden Road
Grand Cayman
KY1-1002
Cayman Islands
cprice@beechercarlson.com

Re: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

Dear Sirs:

I write on behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"). On or about March 24, 2021, I sent you a formal demand (the "Demand") seeking coverage under the Policy issued by Sentinel in favor of the Insured. The Demand was dated March 19, 2021.¹

¹ A copy of the Demand is attached hereto as Appendix A. All capitalized terms used but not defined herein have the meanings given to them in the Demand.

As I have not heard from Sentinel regarding the Demand, I thought it prudent to reach out to each of you as either a director of Sentinel or a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd. Please let me know immediately the status of the Demand and the timing of Sentinel's payment to CDO Fund of the amounts due under the Policy.

Also, I am not aware of a claims schedule to the Policy or an appointed third party agent. Please confirm there is no claims schedule to the Policy or appointed third party agent.

I can be contacted at jpseeryjr@gmail.com or via telephone at (631) 804-2049. I am available at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "JP Seery Jr.", written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Appendix A

March 19, 2021

VIA CERTIFIED MAIL

Sentinel Reinsurance, Ltd.
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Re: Insured: Highland CDO Opportunity Master Fund, L.P.
Insurer: Sentinel Reinsurance, Ltd. ("Sentinel Reinsurance")
Policy: Legal Liability Insurance (the "Policy")
Policy Inception: August 1, 2017
Covered Action: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

To Whom It May Concern:

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On November 14, 2019, the court in the UBS Action rendered a final Decision and Order after Trial, finding in favor of Plaintiffs UBS Securities LLC and UBS AG London Branch on their third and fourth cases of action against the Insured. The court entered the attached Judgment on February 10, 2020, granting Plaintiffs an overall judgment as of January 22, 2020 of \$1,039,957,799.44, plus interest per day thereafter of \$128,065 until entry of judgment. Of this amount, \$530,378,477.72, plus interest per day thereafter of \$65,313.08, is attributable to the Insured. The Judgment became final on October 14, 2020.

The Judgment in the UBS Action triggers coverage under Section 2.1 of the Policy. As the Insured's legal liability exceeds the limit of indemnity under the Policy, the Insured demands that Sentinel Reinsurance immediately tender the sum of \$100,000,000.00 to the Insured at the following address:

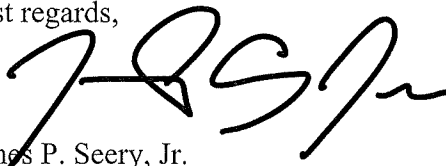
Highland CDO Opportunity Master Fund, L.P.
c/o Highland Capital Management, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: David Klos, Chief Financial Officer

March 19, 2021
Page 2

Wire instructions are available upon request.

We look forward to receiving Sentinel Reinsurance's prompt acknowledgment of coverage under the Policy and timely payment.

Best regards,

A handwritten signature in black ink, appearing to read 'JPS Jr', written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Attachment: February 10, 2020 Judgment

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

UBS SECURITIES LLC and
UBS AG, LONDON BRANCH,

Plaintiffs;

- against -

HIGHLAND CAPITAL MANAGEMENT, L.P.,
HIGHLAND CDO OPPORTUNITY MASTER
FUND, L.P., HIGHLAND SPECIAL
OPPORTUNITIES HOLDING COMPANY,
HIGHLAND FINANCIAL PARTNERS, L.P.,
HIGHLAND CREDIT STRATEGIES MASTER
FUND, L.P., HIGHLAND CRUSADER
OFFSHORE PARTNERS, L.P., HIGHLAND
CREDIT OPPORTUNITIES CDO, L.P., and
STRAND ADVISORS, INC.,

Defendants.

Index No.: 650097/2009

FILED

Hon. Marcy S. Friedman
IAS Part 60

FEB 10 2020

COUNTY CLERK'S OFFICE
NEW YORK

~~RECEIVED~~ JUDGMENT

Plaintiffs UBS Securities LLC and UBS AG, London Branch, having filed a Complaint against Defendants Highland Capital Management, L.P., Highland CDO Opportunity Master Fund, L.P., Highland Special Opportunities Holding Company on February 24, 2009;

NOW, Plaintiffs UBS Securities LLC and UBS AG, London Branch having filed their Second Amended Complaint against Defendants Highland Special Opportunities Holding Company ("SOHC"), Highland CDO Opportunity Master Fund, L.P. ("CDO Fund," and together with SOHC, the "Fund Counterparties"), Highland Financial Partners, L.P., Highland Credit Strategies Master Fund, L.P., Highland Crusader Offshore Partners, L.P., Highland Credit Opportunities CDO, L.P., and Strand Advisors, Inc., which was consolidated with the claims set forth in Plaintiffs' June 28, 2010 Complaint against Defendant Highland Capital Management, L.P. (Index. No. 650752/2010);

NOW, the Court having held trial from July 9, 2018 through July 27, 2018, on (1) Plaintiffs' third and fourth causes of action against the Fund Counterparties, and (2) Defendant Highland Capital Management, L.P.'s counterclaims against Plaintiffs;

AND the Court having rendered a final Decision and Order after Trial on November 14, 2019, in which it found in favor of Plaintiffs UBS Securities LLC and UBS AG, London Branch on their third and fourth causes of action against the Fund Counterparties, and dismissed Defendant Highland Capital Management, L.P.'s counterclaims with prejudice;

IT IS NOW HEREBY ORDERED AND ADJUDGED that Plaintiffs UBS Securities LLC with an address of 677 Washington Blvd, Stamford, Connecticut, and 299 Park Avenue, New York, New York and UBS AG, London Branch with an address of Finsbury Avenue, London United Kingdom are granted a judgment of \$519,374,149 and entitled to prejudgment interest in the amount of 9% simple interest per year from the date of the breach, which the Court has determined is December 5, 2008, for an overall judgment as of January 22, 2020 of \$1,039,957,799.44, with additional interest per day thereafter of \$128,065 until entry of judgment, to be apportioned among Defendants as follows:

- (i) \$264,880,815.99 against Defendant Highland CDO Opportunity Master Fund, L.P. with an address of 52 Reid Street, Hamilton, Bermuda, plus \$265,497,661.73 in prejudgment interest, for a total judgment against Defendant Highland CDO Opportunity Master Fund, L.P. as of January 22, 2020 of \$530,378,477.72 with additional prejudgment interest per day thereafter of \$65,313.08 until entry of judgment in the total amount, ^{the sum of \$1,240,948.52, for} and it is ordered that Plaintiffs shall have execution ^{of \$531,169,426.24 x} thereof, provided that enforcement shall be stayed as to \$35,955,000 (51% of \$70.5 million); and

(ii) \$254,493,333.01 against Defendant Highland Special Opportunities Holding Company with an address of Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands, plus \$255,085,988.72 in prejudgment interest, for a total judgment against Defendant Highland Special Opportunities Holding Company as of January 22, 2020 of \$509,579,321.73 with additional prejudgment interest per ^{the sum of \$1,192,285.62, for} day thereafter of \$62,751.78 until entry of judgment in the total amount, and it is ^{of \$510,771,605.55} ordered that Plaintiffs shall have execution thereof, provided that enforcement shall be stayed as to \$34,545,000 (49% of \$70.5 million).

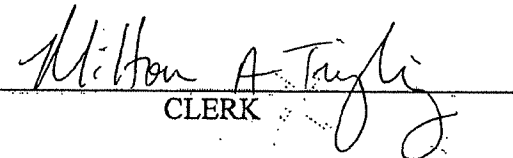
Dated: New York, New York
January 22, 2020

ENTER:


HON. MARCY S. FRIEDMAN, J.S.C.

FILED

FEB 10 2020


CLERK

COUNTY CLERK'S OFFICE
NEW YORK

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

INDEX # 650097/2009

UBS Securities LLC, UBS AG, London Branch

Plaintiff(s)/Petitioner(s)

Against

*Highland Capital Management, L.P., Highland CDO
Opportunity Master Fund, L.P., Highland Special
Opportunities Holding Company, Highland Financial
Partners, L.P., Highland Credit Strategies Fund,
Highland Crusader Offshore Partners, L.P., Highland
Credit Opportunities CDO, L.P., Strand Advisors Inc.*

Defendant(s)/Respondent(s)

JUDGMENT

Attorney for the Prevailing Party

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
(212) 906-1200

Kirkland & Ellis LLP
601 Lexington Ave
New York, NY 10022
(212) 446-4800

2-2
**FILED AND
DOCKETED**

FEB 10 2020

AT 10:20 AM
N.Y., CO. CLK'S OFFICE

EXHIBIT D



COPY

BY HAND

24 May 2021

Our Ref: CW/HTB/bt/ H3771.171091

Sentinel Reinsurance, Ltd
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands

Dear Sirs

UBS SECURITIES LLC AND UBS AG LONDON BRANCH V HIGHLAND CAPITAL MANAGEMENT ET AL., SUPREME COURT OF THE STATE OF NEW YORK, CAUSE NO. 650097/2009 (THE "UBS ACTION")

We are instructed on behalf of Highland CDO Opportunity Master Fund, LP (the "**Insured**") and refer to the demand dated 19 March 2021 (the "**Demand**") made by our client under its Legal Liability Insurance policy (the "**Policy**") with Sentinel Reinsurance, Ltd. ("**Sentinel**") in relation to the UBS Action.

We further refer to the letter dated 28 April 2021 sent to (i) Mr Jan Neveril, Mr Damien Austin and Mr Mathew DiOrio in their capacities as directors of Sentinel and (ii) Mr Clayton Price as a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd (the "**Follow Up Demand**"). Copies of the correspondence are enclosed for your reference.

To date there has been no response to either the Demand or the Follow Up Demand. This is deeply unsatisfactory. Within five working days of this letter please provide

- (i) acknowledgment of this letter;
- (ii) acknowledgment of the Demand;
- (iii) acknowledgment of the Follow Up Demand;
- (iv) acknowledgment of coverage;
- (v) confirmation that there is no claims schedule to the Policy or appointed third party agent, as previously requested; and
- (vi) confirmation of any procedural requirements, if any, to be met by the Insured.

Please be advised that all rights are reserved including, but not limited to, engaging with the Cayman Islands Monetary Authority if correspondence continues to be ignored.


Yours faithfully


WALKERS

Direct Tel: +1 345 914 4215
Email: colette.wilkins@walkersglobal.com

CC Damien Austin
Jan Neveril
Beecher Carlson Cayman, Ltd

RECEIVED FROM WALKERS

Name: Dylan Wilfermith
Company: Corey Olsen
Date: 24 May 2021
Time: 16:45
Signature: 

April 28, 2021

VIA PRIORITY AND ELECTRONIC MAIL

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Damien Austin

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Jan Neveril

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Matthew DiOrio

Mr. Damien Austin
c/o International Management Services
P.O. Box 61
Harbour Centre
Grand Cayman KY1-1102
Cayman Islands
daustin@ims.ky

Mr. Jan Neveril
c/o Compass OFM Limited
3rd Floor, 18 Forum Lane
Camana Bay
Grand Cayman
Cayman Islands
admin@compassofm.com

Mr. Matthew DiOrio
7033 Cornelia Lane
Dallas, Texas 75214
MDiOrio@highgateconsultants.com

Beecher Carlson Cayman, Ltd.
Attn: Mr. Clayton Price
P.O. Box 10193
Helix Management Services
Anderson Square Building 5th Floor
64 Shedden Road
Grand Cayman
KY1-1002
Cayman Islands
cprice@beechercarlson.com

Re: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

Dear Sirs:

I write on behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"). On or about March 24, 2021, I sent you a formal demand (the "Demand") seeking coverage under the Policy issued by Sentinel in favor of the Insured. The Demand was dated March 19, 2021.¹

¹ A copy of the Demand is attached hereto as Appendix A. All capitalized terms used but not defined herein have the meanings given to them in the Demand.

As I have not heard from Sentinel regarding the Demand, I thought it prudent to reach out to each of you as either a director of Sentinel or a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd. Please let me know immediately the status of the Demand and the timing of Sentinel's payment to CDO Fund of the amounts due under the Policy.

Also, I am not aware of a claims schedule to the Policy or an appointed third party agent. Please confirm there is no claims schedule to the Policy or appointed third party agent.

I can be contacted at jpseeryjr@gmail.com or via telephone at (631) 804-2049. I am available at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "JP Seery Jr.", written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Appendix A

March 19, 2021

VIA CERTIFIED MAIL

Sentinel Reinsurance, Ltd.
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Re: Insured: Highland CDO Opportunity Master Fund, L.P.
Insurer: Sentinel Reinsurance, Ltd. ("Sentinel Reinsurance")
Policy: Legal Liability Insurance (the "Policy")
Policy Inception: August 1, 2017
Covered Action: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

To Whom It May Concern:

On behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"), I write to formally seek coverage under the Policy for the liability sustained by the Insured in connection with the lawsuit that was the subject of the Policy: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009 (the "UBS Action").

On November 14, 2019, the court in the UBS Action rendered a final Decision and Order after Trial, finding in favor of Plaintiffs UBS Securities LLC and UBS AG London Branch on their third and fourth cases of action against the Insured. The court entered the attached Judgment on February 10, 2020, granting Plaintiffs an overall judgment as of January 22, 2020 of \$1,039,957,799.44, plus interest per day thereafter of \$128,065 until entry of judgment. Of this amount, \$530,378,477.72, plus interest per day thereafter of \$65,313.08, is attributable to the Insured. The Judgment became final on October 14, 2020.

The Judgment in the UBS Action triggers coverage under Section 2.1 of the Policy. As the Insured's legal liability exceeds the limit of indemnity under the Policy, the Insured demands that Sentinel Reinsurance immediately tender the sum of \$100,000,000.00 to the Insured at the following address:

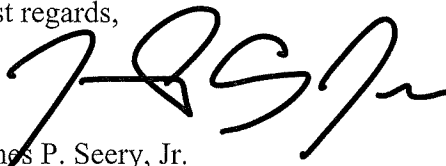
Highland CDO Opportunity Master Fund, L.P.
c/o Highland Capital Management, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: David Klos, Chief Financial Officer

March 19, 2021
Page 2

Wire instructions are available upon request.

We look forward to receiving Sentinel Reinsurance's prompt acknowledgment of coverage under the Policy and timely payment.

Best regards,

A handwritten signature in black ink, appearing to read 'JPS Jr', written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Attachment: February 10, 2020 Judgment

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

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UBS AG, LONDON BRANCH,

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- against -

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HIGHLAND FINANCIAL PARTNERS, L.P.,
HIGHLAND CREDIT STRATEGIES MASTER
FUND, L.P., HIGHLAND CRUSADER
OFFSHORE PARTNERS, L.P., HIGHLAND
CREDIT OPPORTUNITIES CDO, L.P., and
STRAND ADVISORS, INC.,

Defendants.

Index No.: 650097/2009

FILED

Hon. Marcy S. Friedman
IAS Part 60

FEB 10 2020

COUNTY CLERK'S OFFICE
NEW YORK

~~RECEIVED~~ JUDGMENT

Plaintiffs UBS Securities LLC and UBS AG, London Branch, having filed a Complaint against Defendants Highland Capital Management, L.P., Highland CDO Opportunity Master Fund, L.P., Highland Special Opportunities Holding Company on February 24, 2009;

NOW, Plaintiffs UBS Securities LLC and UBS AG, London Branch having filed their Second Amended Complaint against Defendants Highland Special Opportunities Holding Company ("SOHC"), Highland CDO Opportunity Master Fund, L.P. ("CDO Fund," and together with SOHC, the "Fund Counterparties"), Highland Financial Partners, L.P., Highland Credit Strategies Master Fund, L.P., Highland Crusader Offshore Partners, L.P., Highland Credit Opportunities CDO, L.P., and Strand Advisors, Inc., which was consolidated with the claims set forth in Plaintiffs' June 28, 2010 Complaint against Defendant Highland Capital Management, L.P. (Index. No. 650752/2010);

NOW, the Court having held trial from July 9, 2018 through July 27, 2018, on (1) Plaintiffs' third and fourth causes of action against the Fund Counterparties, and (2) Defendant Highland Capital Management, L.P.'s counterclaims against Plaintiffs;

AND the Court having rendered a final Decision and Order after Trial on November 14, 2019, in which it found in favor of Plaintiffs UBS Securities LLC and UBS AG, London Branch on their third and fourth causes of action against the Fund Counterparties, and dismissed Defendant Highland Capital Management, L.P.'s counterclaims with prejudice;

IT IS NOW HEREBY ORDERED AND ADJUDGED that Plaintiffs UBS Securities LLC with an address of 677 Washington Blvd, Stamford, Connecticut, and 299 Park Avenue, New York, New York and UBS AG, London Branch with an address of Finsbury Avenue, London United Kingdom are granted a judgment of \$519,374,149 and entitled to prejudgment interest in the amount of 9% simple interest per year from the date of the breach, which the Court has determined is December 5, 2008, for an overall judgment as of January 22, 2020 of \$1,039,957,799.44, with additional interest per day thereafter of \$128,065 until entry of judgment, to be apportioned among Defendants as follows:

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Dated: New York, New York
January 22, 2020

ENTER:

Marcy S. Friedman
HON. MARCY S. FRIEDMAN, J.S.C.

FILED

FEB 10 2020

Milton A. Taylor
CLERK

COUNTY CLERK'S OFFICE
NEW YORK

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

INDEX # 650097/2009

UBS Securities LLC, UBS AG, London Branch

Plaintiff(s)/Petitioner(s)

Against

*Highland Capital Management, L.P., Highland CDO
Opportunity Master Fund, L.P., Highland Special
Opportunities Holding Company, Highland Financial
Partners, L.P., Highland Credit Strategies Fund,
Highland Crusader Offshore Partners, L.P., Highland
Credit Opportunities CDO, L.P., Strand Advisors Inc.*

Defendant(s)/Respondent(s)

JUDGMENT

Attorney for the Prevailing Party

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
(212) 906-1200

Kirkland & Ellis LLP
601 Lexington Ave
New York, NY 10022
(212) 446-4800

2-2
**FILED AND
DOCKETED**

FEB 10 2020

AT 10:20 AM
N.Y., CO. CLK'S OFFICE

EXHIBIT E



COPY

BY HAND

24 May 2021

Our Ref: CW/HTB/bt/ H3771.171091

Sentinel Reinsurance, Ltd
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands

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Yours faithfully


WALKERS

Direct Tel: +1 345 914 4215
Email: colette.wilkins@walkersglobal.com

CC Damien Austin
Jan Neveril
Beecher Carlson Cayman, Ltd

RECEIVED FROM WALKERS

Name: Dylan Walker with

Company: Conroy Olsen

Date: 24 May 2021

Time: 16:45

Signature: 

April 28, 2021

VIA PRIORITY AND ELECTRONIC MAIL

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Damien Austin

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Jan Neveril

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Matthew DiOrio

Mr. Damien Austin
c/o International Management Services
P.O. Box 61
Harbour Centre
Grand Cayman KY1-1102
Cayman Islands
daustin@ims.ky

Mr. Jan Neveril
c/o Compass OFM Limited
3rd Floor, 18 Forum Lane
Camana Bay
Grand Cayman
Cayman Islands
admin@compassofm.com

Mr. Matthew DiOrio
7033 Cornelia Lane
Dallas, Texas 75214
MDiOrio@highgateconsultants.com

Beecher Carlson Cayman, Ltd.
Attn: Mr. Clayton Price
P.O. Box 10193
Helix Management Services
Anderson Square Building 5th Floor
64 Shedden Road
Grand Cayman
KY1-1002
Cayman Islands
cprice@beechercarlson.com

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I can be contacted at jpseeryjr@gmail.com or via telephone at (631) 804-2049. I am available at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "JP Seery Jr.", written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Appendix A

March 19, 2021

VIA CERTIFIED MAIL

Sentinel Reinsurance, Ltd.
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

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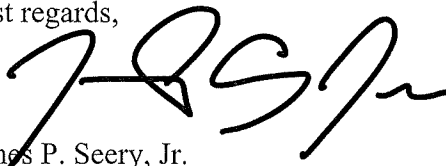
Highland CDO Opportunity Master Fund, L.P.
c/o Highland Capital Management, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: David Klos, Chief Financial Officer

March 19, 2021
Page 2

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Best regards,

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James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

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- against -

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HIGHLAND FINANCIAL PARTNERS, L.P.,
HIGHLAND CREDIT STRATEGIES MASTER
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OFFSHORE PARTNERS, L.P., HIGHLAND
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STRAND ADVISORS, INC.,

Defendants.

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AND the Court having rendered a final Decision and Order after Trial on November 14, 2019, in which it found in favor of Plaintiffs UBS Securities LLC and UBS AG, London Branch on their third and fourth causes of action against the Fund Counterparties, and dismissed Defendant Highland Capital Management, L.P.'s counterclaims with prejudice;

IT IS NOW HEREBY ORDERED AND ADJUDGED that Plaintiffs UBS Securities LLC with an address of 677 Washington Blvd, Stamford, Connecticut, and 299 Park Avenue, New York, New York and UBS AG, London Branch with an address of Finsbury Avenue, London United Kingdom are granted a judgment of \$519,374,149 and entitled to prejudgment interest in the amount of 9% simple interest per year from the date of the breach, which the Court has determined is December 5, 2008, for an overall judgment as of January 22, 2020 of \$1,039,957,799.44, with additional interest per day thereafter of \$128,065 until entry of judgment, to be apportioned among Defendants as follows:

- (i) \$264,880,815.99 against Defendant Highland CDO Opportunity Master Fund, L.P. with an address of 52 Reid Street, Hamilton, Bermuda, plus \$265,497,661.73 in prejudgment interest, for a total judgment against Defendant Highland CDO Opportunity Master Fund, L.P. as of January 22, 2020 of \$530,378,477.72 with additional prejudgment interest per day thereafter of \$65,313.08 until entry of judgment in the total amount, ^{the sum of \$1,240,948.52, for} and it is ordered that Plaintiffs shall have execution ^{of \$531,169,426.24 x} thereof, provided that enforcement shall be stayed as to \$35,955,000 (51% of \$70.5 million); and

(ii) \$254,493,333.01 against Defendant Highland Special Opportunities Holding Company with an address of Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands, plus \$255,085,988.72 in prejudgment interest, for a total judgment against Defendant Highland Special Opportunities Holding Company as of January 22, 2020 of \$509,579,321.73 with additional prejudgment interest per ^{the sum of \$1,192,285.62, for} day thereafter of \$62,751.78 until entry of judgment in the total amount, and it is ^{of \$510,771,605.55} ordered that Plaintiffs shall have execution thereof, provided that enforcement shall be stayed as to \$34,545,000 (49% of \$70.5 million).

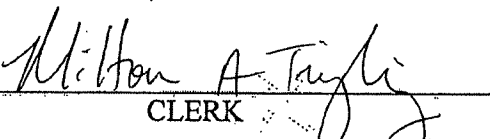
Dated: New York, New York
January 22, 2020

ENTER:


HON. MARCY S. FRIEDMAN, J.S.C.

FILED

FEB 10 2020


CLERK

COUNTY CLERK'S OFFICE
NEW YORK

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

INDEX # 650097/2009

UBS Securities LLC, UBS AG, London Branch

Plaintiff(s)/Petitioner(s)

Against

*Highland Capital Management, L.P., Highland CDO
Opportunity Master Fund, L.P., Highland Special
Opportunities Holding Company, Highland Financial
Partners, L.P., Highland Credit Strategies Fund,
Highland Crusader Offshore Partners, L.P., Highland
Credit Opportunities CDO, L.P., Strand Advisors Inc.*

Defendant(s)/Respondent(s)

JUDGMENT

Attorney for the Prevailing Party

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
(212) 906-1200

Kirkland & Ellis LLP
601 Lexington Ave
New York, NY 10022
(212) 446-4800

2-2
**FILED AND
DOCKETED**

FEB 10 2020

AT 10:20 AM
N.Y., CO. CLK'S OFFICE

EXHIBIT F



BY HAND

25 May 2021

Our Ref: CW/HTB/bt/ H3771.171091

International Management Services
Harbour Centre
P.O. Box 61
Grand Cayman KY1-1002
Cayman Islands

Dear Sirs

UBS SECURITIES LLC AND UBS AG LONDON BRANCH V HIGHLAND CAPITAL MANAGEMENT ET AL., SUPREME COURT OF THE STATE OF NEW YORK, CAUSE NO. 650097/2009 (THE "UBS ACTION")

We are instructed on behalf of Highland CDO Opportunity Master Fund, LP (the "**Insured**") and refer to the demand dated 19 March 2021 (the "**Demand**") made by our client under its Legal Liability Insurance policy (the "**Policy**") with Sentinel Reinsurance, Ltd. ("**Sentinel**") in relation to the UBS Action.

We further refer to the letter dated 28 April 2021 sent to (i) Mr Jan Neveril, Mr Damien Austin and Mr Mathew DiOrio in their capacities as directors of Sentinel and (ii) Mr Clayton Price as a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd (the "**Follow Up Demand**"). Copies of the correspondence are enclosed for your reference.

To date there has been no response to either the Demand or the Follow Up Demand. This is deeply unsatisfactory. Within five working days of this letter please provide

- (i) acknowledgment of this letter;
- (ii) acknowledgment of the Demand;
- (iii) acknowledgment of the Follow Up Demand;
- (iv) acknowledgment of coverage;
- (v) confirmation that there is no claims schedule to the Policy or appointed third party agent, as previously requested; and
- (vi) confirmation of any procedural requirements, if any, to be met by the Insured.

Please be advised that all rights are reserved including, but not limited to, engaging with the Cayman Islands Monetary Authority if correspondence continues to be ignored.

Yours faithfully


WALKERS

Direct Tel: +1 345 914 4215
Email: colette.wilkins@walkersglobal.com

CC Matthew DiOrio
Jan Neveril
Beecher Carlson Cayman, Ltd

ACKNOWLEDGEMENT OF RECEIPT

Name ELRETHA EBANKS

Signature 

Date May 25th 2021

April 28, 2021

VIA PRIORITY AND ELECTRONIC MAIL

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Damien Austin

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Jan Neveril

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Matthew DiOrio

Mr. Damien Austin
c/o International Management Services
P.O. Box 61
Harbour Centre
Grand Cayman KY1-1102
Cayman Islands
daustin@ims.ky

Mr. Jan Neveril
c/o Compass OFM Limited
3rd Floor, 18 Forum Lane
Camana Bay
Grand Cayman
Cayman Islands
admin@compassofm.com

Mr. Matthew DiOrio
7033 Cornelia Lane
Dallas, Texas 75214
MDiOrio@highgateconsultants.com

Beecher Carlson Cayman, Ltd.
Attn: Mr. Clayton Price
P.O. Box 10193
Helix Management Services
Anderson Square Building 5th Floor
64 Shedden Road
Grand Cayman
KY1-1002
Cayman Islands
cprice@beechercarlson.com

Re: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

Dear Sirs:

I write on behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"). On or about March 24, 2021, I sent you a formal demand (the "Demand") seeking coverage under the Policy issued by Sentinel in favor of the Insured. The Demand was dated March 19, 2021.¹

¹ A copy of the Demand is attached hereto as Appendix A. All capitalized terms used but not defined herein have the meanings given to them in the Demand.

As I have not heard from Sentinel regarding the Demand, I thought it prudent to reach out to each of you as either a director of Sentinel or a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd. Please let me know immediately the status of the Demand and the timing of Sentinel's payment to CDO Fund of the amounts due under the Policy.

Also, I am not aware of a claims schedule to the Policy or an appointed third party agent. Please confirm there is no claims schedule to the Policy or appointed third party agent.

I can be contacted at jpseeryjr@gmail.com or via telephone at (631) 804-2049. I am available at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "JP Seery Jr.", written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Appendix A

March 19, 2021

VIA CERTIFIED MAIL

Sentinel Reinsurance, Ltd.
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Re: Insured: Highland CDO Opportunity Master Fund, L.P.
Insurer: Sentinel Reinsurance, Ltd. ("Sentinel Reinsurance")
Policy: Legal Liability Insurance (the "Policy")
Policy Inception: August 1, 2017
Covered Action: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

To Whom It May Concern:

On behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"), I write to formally seek coverage under the Policy for the liability sustained by the Insured in connection with the lawsuit that was the subject of the Policy: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009 (the "UBS Action").

On November 14, 2019, the court in the UBS Action rendered a final Decision and Order after Trial, finding in favor of Plaintiffs UBS Securities LLC and UBS AG London Branch on their third and fourth cases of action against the Insured. The court entered the attached Judgment on February 10, 2020, granting Plaintiffs an overall judgment as of January 22, 2020 of \$1,039,957,799.44, plus interest per day thereafter of \$128,065 until entry of judgment. Of this amount, \$530,378,477.72, plus interest per day thereafter of \$65,313.08, is attributable to the Insured. The Judgment became final on October 14, 2020.

The Judgment in the UBS Action triggers coverage under Section 2.1 of the Policy. As the Insured's legal liability exceeds the limit of indemnity under the Policy, the Insured demands that Sentinel Reinsurance immediately tender the sum of \$100,000,000.00 to the Insured at the following address:

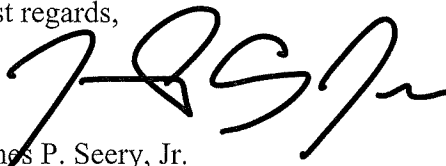
Highland CDO Opportunity Master Fund, L.P.
c/o Highland Capital Management, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: David Klos, Chief Financial Officer

March 19, 2021
Page 2

Wire instructions are available upon request.

We look forward to receiving Sentinel Reinsurance's prompt acknowledgment of coverage under the Policy and timely payment.

Best regards,

A handwritten signature in black ink, appearing to read 'JPS Jr', written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Attachment: February 10, 2020 Judgment

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

UBS SECURITIES LLC and
UBS AG, LONDON BRANCH,

Plaintiffs;

- against -

HIGHLAND CAPITAL MANAGEMENT, L.P.,
HIGHLAND CDO OPPORTUNITY MASTER
FUND, L.P., HIGHLAND SPECIAL
OPPORTUNITIES HOLDING COMPANY,
HIGHLAND FINANCIAL PARTNERS, L.P.,
HIGHLAND CREDIT STRATEGIES MASTER
FUND, L.P., HIGHLAND CRUSADER
OFFSHORE PARTNERS, L.P., HIGHLAND
CREDIT OPPORTUNITIES CDO, L.P., and
STRAND ADVISORS, INC.,

Defendants.

Index No.: 650097/2009

FILED

Hon. Marcy S. Friedman
IAS Part 60

FEB 10 2020

COUNTY CLERK'S OFFICE
NEW YORK

~~RECEIVED~~ JUDGMENT

Plaintiffs UBS Securities LLC and UBS AG, London Branch, having filed a Complaint against Defendants Highland Capital Management, L.P., Highland CDO Opportunity Master Fund, L.P., Highland Special Opportunities Holding Company on February 24, 2009;

NOW, Plaintiffs UBS Securities LLC and UBS AG, London Branch having filed their Second Amended Complaint against Defendants Highland Special Opportunities Holding Company ("SOHC"), Highland CDO Opportunity Master Fund, L.P. ("CDO Fund," and together with SOHC, the "Fund Counterparties"), Highland Financial Partners, L.P., Highland Credit Strategies Master Fund, L.P., Highland Crusader Offshore Partners, L.P., Highland Credit Opportunities CDO, L.P., and Strand Advisors, Inc., which was consolidated with the claims set forth in Plaintiffs' June 28, 2010 Complaint against Defendant Highland Capital Management, L.P. (Index. No. 650752/2010);

NOW, the Court having held trial from July 9, 2018 through July 27, 2018, on (1) Plaintiffs' third and fourth causes of action against the Fund Counterparties, and (2) Defendant Highland Capital Management, L.P.'s counterclaims against Plaintiffs;

AND the Court having rendered a final Decision and Order after Trial on November 14, 2019, in which it found in favor of Plaintiffs UBS Securities LLC and UBS AG, London Branch on their third and fourth causes of action against the Fund Counterparties, and dismissed Defendant Highland Capital Management, L.P.'s counterclaims with prejudice;

IT IS NOW HEREBY ORDERED AND ADJUDGED that Plaintiffs UBS Securities LLC with an address of 677 Washington Blvd, Stamford, Connecticut, and 299 Park Avenue, New York, New York and UBS AG, London Branch with an address of Finsbury Avenue, London United Kingdom are granted a judgment of \$519,374,149 and entitled to prejudgment interest in the amount of 9% simple interest per year from the date of the breach, which the Court has determined is December 5, 2008, for an overall judgment as of January 22, 2020 of \$1,039,957,799.44, with additional interest per day thereafter of \$128,065 until entry of judgment, to be apportioned among Defendants as follows:

- (i) \$264,880,815.99 against Defendant Highland CDO Opportunity Master Fund, L.P. with an address of 52 Reid Street, Hamilton, Bermuda, plus \$265,497,661.73 in prejudgment interest, for a total judgment against Defendant Highland CDO Opportunity Master Fund, L.P. as of January 22, 2020 of \$530,378,477.72 with additional prejudgment interest per day thereafter of \$65,313.08 until entry of judgment in the total amount, ^{the sum of \$1,240,948.52, for} and it is ordered that Plaintiffs shall have execution ^{of \$531,169,426.24 x} thereof, provided that enforcement shall be stayed as to \$35,955,000 (51% of \$70.5 million); and

(ii) \$254,493,333.01 against Defendant Highland Special Opportunities Holding Company with an address of Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands, plus \$255,085,988.72 in prejudgment interest, for a total judgment against Defendant Highland Special Opportunities Holding Company as of January 22, 2020 of \$509,579,321.73 with additional prejudgment interest per day thereafter of \$62,751.78 until entry of judgment in the total amount, and it is ordered that Plaintiffs shall have execution thereof, provided that enforcement shall be stayed as to \$34,545,000 (49% of \$70.5 million).

*The sum of \$1,192,285.62, for
of \$510,771,605.55 X*

Dated: New York, New York
January 22, 2020

ENTER:

Marcy S. Friedman
HON. MARCY S. FRIEDMAN, J.S.C.

FILED

FEB 10 2020

Milton A. Taylor
CLERK

COUNTY CLERK'S OFFICE
NEW YORK

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

INDEX # 650097/2009

UBS Securities LLC, UBS AG, London Branch

Plaintiff(s)/Petitioner(s)

Against

*Highland Capital Management, L.P., Highland CDO
Opportunity Master Fund, L.P., Highland Special
Opportunities Holding Company, Highland Financial
Partners, L.P., Highland Credit Strategies Fund,
Highland Crusader Offshore Partners, L.P., Highland
Credit Opportunities CDO, L.P., Strand Advisors Inc.*

Defendant(s)/Respondent(s)

JUDGMENT

Attorney for the Prevailing Party

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
(212) 906-1200

Kirkland & Ellis LLP
601 Lexington Ave
New York, NY 10022
(212) 446-4800

2-2
**FILED AND
DOCKETED**

FEB 10 2020

AT 10:20 AM
N.Y., CO. CLK'S OFFICE

EXHIBIT G



Recd
[Signature]
20/5/2021

BY HAND

25 May 2021

Our Ref: CW/HTB/bt/ H3771.171091

Compass OFM Limited
Landmark Square 3rd Floor
64 Earth Close
P.O. Box 707
Grand Cayman KY1-9006
Cayman Islands

Dear Sirs

UBS SECURITIES LLC AND UBS AG LONDON BRANCH V HIGHLAND CAPITAL MANAGEMENT ET AL., SUPREME COURT OF THE STATE OF NEW YORK, CAUSE NO. 650097/2009 (THE "UBS ACTION")

We are instructed on behalf of Highland CDO Opportunity Master Fund, LP (the "**Insured**") and refer to the demand dated 19 March 2021 (the "**Demand**") made by our client under its Legal Liability Insurance policy (the "**Policy**") with Sentinel Reinsurance, Ltd. ("**Sentinel**") in relation to the UBS Action.

We further refer to the letter dated 28 April 2021 sent to (i) Mr Jan Neveril, Mr Damien Austin and Mr Mathew DiOrio in their capacities as directors of Sentinel and (ii) Mr Clayton Price as a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd (the "**Follow Up Demand**"). Copies of the correspondence are enclosed for your reference.

To date there has been no response to either the Demand or the Follow Up Demand. This is deeply unsatisfactory. Within five working days of this letter please provide

- (i) acknowledgment of this letter;
- (ii) acknowledgment of the Demand;
- (iii) acknowledgment of the Follow Up Demand;
- (iv) acknowledgment of coverage;
- (v) confirmation that there is no claims schedule to the Policy or appointed third party agent, as previously requested; and
- (vi) confirmation of any procedural requirements, if any, to be met by the Insured.

Please be advised that all rights are reserved including, but not limited to, engaging with the Cayman Islands Monetary Authority if correspondence continues to be ignored.

Yours faithfully


WALKERS

Direct Tel: +1 345 914 4215
Email: colette.wilkins@walkersglobal.com

CC Damien Austin
Matthew DiOrio
Beecher Carlson Cayman, Ltd

April 28, 2021

VIA PRIORITY AND ELECTRONIC MAIL

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Damien Austin

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Jan Neveril

Sentinel Reinsurance, Ltd.
P.O. Box 10008
Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
Attn: Mr. Matthew DiOrio

Mr. Damien Austin
c/o International Management Services
P.O. Box 61
Harbour Centre
Grand Cayman KY1-1102
Cayman Islands
daustin@ims.ky

Mr. Jan Neveril
c/o Compass OFM Limited
3rd Floor, 18 Forum Lane
Camana Bay
Grand Cayman
Cayman Islands
admin@compassofm.com

Mr. Matthew DiOrio
7033 Cornelia Lane
Dallas, Texas 75214
MDiOrio@highgateconsultants.com

Beecher Carlson Cayman, Ltd.
Attn: Mr. Clayton Price
P.O. Box 10193
Helix Management Services
Anderson Square Building 5th Floor
64 Shedden Road
Grand Cayman
KY1-1002
Cayman Islands
cprice@beechercarlson.com

Re: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

Dear Sirs:

I write on behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"). On or about March 24, 2021, I sent you a formal demand (the "Demand") seeking coverage under the Policy issued by Sentinel in favor of the Insured. The Demand was dated March 19, 2021.¹

¹ A copy of the Demand is attached hereto as Appendix A. All capitalized terms used but not defined herein have the meanings given to them in the Demand.

As I have not heard from Sentinel regarding the Demand, I thought it prudent to reach out to each of you as either a director of Sentinel or a representative of Sentinel's insurance manager, Beecher Carlson Cayman, Ltd. Please let me know immediately the status of the Demand and the timing of Sentinel's payment to CDO Fund of the amounts due under the Policy.

Also, I am not aware of a claims schedule to the Policy or an appointed third party agent. Please confirm there is no claims schedule to the Policy or appointed third party agent.

I can be contacted at jpseeryjr@gmail.com or via telephone at (631) 804-2049. I am available at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "JP Seery Jr.", written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Appendix A

March 19, 2021

VIA CERTIFIED MAIL

Sentinel Reinsurance, Ltd.
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Re: Insured: Highland CDO Opportunity Master Fund, L.P.
Insurer: Sentinel Reinsurance, Ltd. ("Sentinel Reinsurance")
Policy: Legal Liability Insurance (the "Policy")
Policy Inception: August 1, 2017
Covered Action: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009

To Whom It May Concern:

On behalf of Highland CDO Opportunity Master Fund, L.P. (the "Insured"), I write to formally seek coverage under the Policy for the liability sustained by the Insured in connection with the lawsuit that was the subject of the Policy: *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management, L.P., et al.*, Supreme Court of the State of New York, Cause No. 650097/2009 (the "UBS Action").

On November 14, 2019, the court in the UBS Action rendered a final Decision and Order after Trial, finding in favor of Plaintiffs UBS Securities LLC and UBS AG London Branch on their third and fourth cases of action against the Insured. The court entered the attached Judgment on February 10, 2020, granting Plaintiffs an overall judgment as of January 22, 2020 of \$1,039,957,799.44, plus interest per day thereafter of \$128,065 until entry of judgment. Of this amount, \$530,378,477.72, plus interest per day thereafter of \$65,313.08, is attributable to the Insured. The Judgment became final on October 14, 2020.

The Judgment in the UBS Action triggers coverage under Section 2.1 of the Policy. As the Insured's legal liability exceeds the limit of indemnity under the Policy, the Insured demands that Sentinel Reinsurance immediately tender the sum of \$100,000,000.00 to the Insured at the following address:

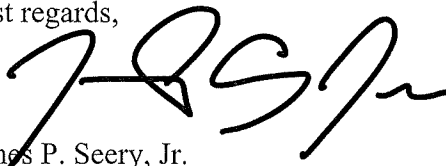
Highland CDO Opportunity Master Fund, L.P.
c/o Highland Capital Management, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: David Klos, Chief Financial Officer

March 19, 2021
Page 2

Wire instructions are available upon request.

We look forward to receiving Sentinel Reinsurance's prompt acknowledgment of coverage under the Policy and timely payment.

Best regards,

A handwritten signature in black ink, appearing to read 'JPS Jr', written in a cursive style.

James P. Seery, Jr.
Highland CDO Opportunity Master Fund, L.P.
Authorized Signatory

Attachment: February 10, 2020 Judgment

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

UBS SECURITIES LLC and
UBS AG, LONDON BRANCH,

Plaintiffs;

- against -

HIGHLAND CAPITAL MANAGEMENT, L.P.,
HIGHLAND CDO OPPORTUNITY MASTER
FUND, L.P., HIGHLAND SPECIAL
OPPORTUNITIES HOLDING COMPANY,
HIGHLAND FINANCIAL PARTNERS, L.P.,
HIGHLAND CREDIT STRATEGIES MASTER
FUND, L.P., HIGHLAND CRUSADER
OFFSHORE PARTNERS, L.P., HIGHLAND
CREDIT OPPORTUNITIES CDO, L.P., and
STRAND ADVISORS, INC.,

Defendants.

Index No.: 650097/2009

FILED

Hon. Marcy S. Friedman
IAS Part 60

FEB 10 2020

COUNTY CLERK'S OFFICE
NEW YORK

~~RECEIVED~~ JUDGMENT

Plaintiffs UBS Securities LLC and UBS AG, London Branch, having filed a Complaint against Defendants Highland Capital Management, L.P., Highland CDO Opportunity Master Fund, L.P., Highland Special Opportunities Holding Company on February 24, 2009;

NOW, Plaintiffs UBS Securities LLC and UBS AG, London Branch having filed their Second Amended Complaint against Defendants Highland Special Opportunities Holding Company ("SOHC"), Highland CDO Opportunity Master Fund, L.P. ("CDO Fund," and together with SOHC, the "Fund Counterparties"), Highland Financial Partners, L.P., Highland Credit Strategies Master Fund, L.P., Highland Crusader Offshore Partners, L.P., Highland Credit Opportunities CDO, L.P., and Strand Advisors, Inc., which was consolidated with the claims set forth in Plaintiffs' June 28, 2010 Complaint against Defendant Highland Capital Management, L.P. (Index. No. 650752/2010);

NOW, the Court having held trial from July 9, 2018 through July 27, 2018, on (1) Plaintiffs' third and fourth causes of action against the Fund Counterparties, and (2) Defendant Highland Capital Management, L.P.'s counterclaims against Plaintiffs;

AND the Court having rendered a final Decision and Order after Trial on November 14, 2019, in which it found in favor of Plaintiffs UBS Securities LLC and UBS AG, London Branch on their third and fourth causes of action against the Fund Counterparties, and dismissed Defendant Highland Capital Management, L.P.'s counterclaims with prejudice;

IT IS NOW HEREBY ORDERED AND ADJUDGED that Plaintiffs UBS Securities LLC with an address of 677 Washington Blvd, Stamford, Connecticut, and 299 Park Avenue, New York, New York and UBS AG, London Branch with an address of Finsbury Avenue, London United Kingdom are granted a judgment of \$519,374,149 and entitled to prejudgment interest in the amount of 9% simple interest per year from the date of the breach, which the Court has determined is December 5, 2008, for an overall judgment as of January 22, 2020 of \$1,039,957,799.44, with additional interest per day thereafter of \$128,065 until entry of judgment, to be apportioned among Defendants as follows:

- (i) \$264,880,815.99 against Defendant Highland CDO Opportunity Master Fund, L.P. with an address of 52 Reid Street, Hamilton, Bermuda, plus \$265,497,661.73 in prejudgment interest, for a total judgment against Defendant Highland CDO Opportunity Master Fund, L.P. as of January 22, 2020 of \$530,378,477.72 with additional prejudgment interest per day thereafter of \$65,313.08 until entry of judgment in the total amount, ^{the sum of \$1,240,948.52, for} and it is ordered that Plaintiffs shall have execution ^{of \$531,169,426.24 x} thereof, provided that enforcement shall be stayed as to \$35,955,000 (51% of \$70.5 million); and

(ii) \$254,493,333.01 against Defendant Highland Special Opportunities Holding Company with an address of Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands, plus \$255,085,988.72 in prejudgment interest, for a total judgment against Defendant Highland Special Opportunities Holding Company as of January 22, 2020 of \$509,579,321.73 with additional prejudgment interest per day thereafter of \$62,751.78 until entry of judgment in the total amount, and it is ordered that Plaintiffs shall have execution thereof, provided that enforcement shall be stayed as to \$34,545,000 (49% of \$70.5 million).

*The sum of \$1,192,285.62, for
of \$510,771,605.55 X*

Dated: New York, New York
January 22, 2020

ENTER:

Marcy Friedman
HON. MARCY S. FRIEDMAN, J.S.C.

FILED

FEB 10 2020

Milton A. Taylor
CLERK

**COUNTY CLERK'S OFFICE
NEW YORK**

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

INDEX # 650097/2009

UBS Securities LLC, UBS AG, London Branch

Plaintiff(s)/Petitioner(s)

Against

*Highland Capital Management, L.P., Highland CDO
Opportunity Master Fund, L.P., Highland Special
Opportunities Holding Company, Highland Financial
Partners, L.P., Highland Credit Strategies Fund,
Highland Crusader Offshore Partners, L.P., Highland
Credit Opportunities CDO, L.P., Strand Advisors Inc.*

Defendant(s)/Respondent(s)

JUDGMENT

Attorney for the Prevailing Party

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
(212) 906-1200

Kirkland & Ellis LLP
601 Lexington Ave
New York, NY 10022
(212) 446-4800

2-2
**FILED AND
DOCKETED**

FEB 10 2020

AT 10:20 AM
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EXHIBIT H



COPY

BY EMAIL AND BY HAND

08 June 2021

Our Ref: CW/HTB/bt/ H3771.171091

Collas Crill
P.O. Box 709
Willow House, 2 Floor
Cricket Square
Grand Cayman KY1-1007
Cayman Islands

Attn: Stephen Leontsinis

Dear Sirs

**SENTINEL REINSURANCE, LTD
UBS SECURITIES LLC AND UBS AG LONDON BRANCH V HIGHLAND CAPITAL
MANAGEMENT ET AL., SUPREME COURT OF THE STATE OF NEW YORK, CAUSE NO.
650097/2009 (THE "UBS ACTION")**

Please find **enclosed** the legal liability insurance policy.

Kindly acknowledge receipt by endorsing the enclosed duplicate copy of this letter.

Yours faithfully


WALKERS

Direct Tel: +1 345 914 4215
Email: colette.wilkins@walkersglobal.com

RECEIVED FROM WALKERS

Name: Anika von Gerhardt
Company: Collas Crill
Date: 8 June 2021
Time: 12:13
Signature: AVG

24799567.1 H3771.171091

Walkers

190 Elgin Avenue, George Town
Grand Cayman KY1-9001, Cayman Islands

T +1 345 949 0100 F +1 345 949 7886 www.walkersglobal.com

Legal Liability Insurance Policy

1. Our agreement in general

1.1 Parties to this agreement

This **policy** is between the **insured** and the **insurer** as declared in the **schedule**. This document, together with its **schedule** and any attached endorsements is the **policy** which sets out this insurance. It is a legal contract so please read all of it carefully.

1.2 Words in bold

Words in bold typeface used in this **policy** document, other than in the headings, have specific meanings attached to them as set out in the General definitions and interpretation.

1.3 Policy Structure

1.3.1 Each **insured section** sets out the scope of the main coverage and the circumstances in which the **insurer's** liability to the **insured** is limited or may be excluded. Further, each **insured section** sets out other terms and conditions relevant to that **insured section**. The cover provided by each **insured section** is only operative if a **limit of indemnity** is shown in the **schedule**. Where the **limit of indemnity** in respect of any item in the **schedule** is shown as 'n/a', 'not applicable' or 'not insured' then no cover applies for that item. Where the **insured** comprises more than one person, the **limit of indemnity** for all **claims** made by all persons comprising the **insured** shall apply but as there is no sub-limit of indemnity in relation to each individual person, one or more of those persons will not receive payment of a **claim** if the limit of indemnity has already been met as a result of the payment of other **claims**.

1.3.2 Additional clauses set out terms, exclusions or limitations that may apply to more than one **insured section**.

1.3.3 The following general terms apply to each **insured section**, clauses and endorsements:

- a) General exclusions and limitations
- b) Duties in the event of a claim or potential claim;
- c) General terms and conditions; and
- d) General definitions and interpretation.

1.4 Policy period and premium

1.4.1 This **policy** will provide insurance as described herein for the **period of insurance** provided the **premium** (and **deposit premium** if applicable) and other charges are paid to and accepted by the **insurer** on or before the payment date shown in the **schedule**. Taxes, levies and other relevant fiscal charges are payable in addition to the **premium**. The **premium** is deemed paid and accepted by the **insurer** on receipt by the **insurer** or the intermediary appointed to place this insurance with the **insurer**.

1.4.2 If any **premium** (or **deposit premium** if applicable) is not paid and accepted by the **insurer** on or before its payment date as set out in this **policy** then the **insurer** may, in its sole discretion, give written notice to the **insured** at its address shown in the **schedule** cancelling this **policy** from seven (7) days after the date of service of the notice of cancellation. Cancellation will be prevented from taking effect and the **policy** will continue

in force if the outstanding **premium** (or **deposit premium** if applicable) is paid and accepted before cancellation takes effect. Without prejudice to other forms of service, notice of cancellation is deemed served on the fifth (5th) day after being posted if sent by pre-paid airmail letter properly addressed.

- 1.4.3 In consideration of the payment of the **premium** (and **deposit premium** if applicable) by the **insured** to the **insurer** the **insurer** agrees to provide the insurance as described in 'Legal liability' **insured section**.

2. Insured section – Legal liability

2.1 Legal liability cover

The **insurer** agrees to indemnify the **insured** in respect of any **legal liability** occurring during the **period of insurance** up to and including but not exceeding the **limit of indemnity** provided that either:

- 2.1.1 the **court** (or any appellate court to which the **court's** judgment in the **legal action** is **appealed**) makes an order of liability relating to the **legal action** against the **insured**; or
- 2.1.2 the **legal action** is (with the prior written agreement of the **insured**, the **appointed representative** and the **insurer**) settled on terms that provide for payment by the **insured** to the **opponent**.

3. General exclusions and limitations

This **policy** excludes and the **insurer** shall not be liable to indemnify the **insured** in any of the following circumstances:

3.1 Absence of the insurer's prior consent

where the **insurer's** written consent has not been obtained pursuant to the 'Written consent' clause below;

3.2 Failure to notify

where the **insured** has failed to notify the **insurer** pursuant to the 'Claim notification' clause below;

3.3 Insured's conduct

- 3.3.1 where the **legal action** is settled or the court makes an order of liability relating to the legal action against the **insured** as a result of the dishonesty of the **insured**; or
- 3.3.2 where the **insured** fails to act in accordance with the advice of the **appointed representative** or to provide full instructions promptly to the **appointed representative** or to co-operate with the **appointed representative** or to comply with any order made by the **court** or any **court** rule;

3.4 Failure to mitigate

where **legal liability** is incurred or increased as a result of a failure on part of the **insured** or the **appointed representative** to mitigate such a liability;

3.5 Non-disclosure

where the **insured** or the **appointed representative** has failed to disclose material facts;

3.6 Unnecessary costs because of delay etc.

where the **opponent's costs** arise from

3.6.1 any unreasonable delay or negligence or wilful act or omission by the **insured** or the **appointed representative**;

3.6.2 any unreasonable failure on part of the **insured** or the **appointed representative** to attend a hearing or other appointment;

3.7 Amended pleadings

Where **legal liability** is incurred or increased as a result of any unreasonable amendment to the **insured's** pleadings or any failure to comply with any court directions, pre-action protocols or any other rule, regulation or statutory provision;

3.8 Fraud

where the **insured** or the **appointed representative** has made any fraudulent, false or misleading representation;

3.9 Legal action outside the territorial limits

where **legal liability** is incurred or increased as a result of the **legal action** being pursued, issued, brought or transferred outside the **territorial limits**;

3.10 Non-contribution

where but for the existence of this **policy** the **insured** would be entitled to indemnity under another insurance policy;

3.11 Quote disclosed prior to inception of the policy

where the existence of any offer of insurance made by the **insurer** to the **insured** in respect of the **legal action** was disclosed to any third party other than those third parties to whom the **insurer** has offered its consent for such quote to be disclosed;

3.12 Sums due under other policies of insurance

where any premium has fallen due to be paid by the **insured** to the **insurer** pursuant to the terms of any other policy of insurance issued by the **insurer** to the **insured** but remains unpaid (whether in full or in part) at the date of a **claim** under this **policy**.

4. Other terms and conditions relating to cover

4.1 Set-off

In the event that a **claim** is made under this **policy** and the **insured** has obtained a **recovery** in the **legal action** then the **insurer** shall only be liable to indemnify the **insured** for the net sum (if any) after deduction of the amount of the **recovery**. This is irrespective of whether or not payment is actually made to the **insured**.

4.2 Appeal

- 4.2.1 In the event that the **legal action** is subject to **appeal** then at the end of the appeal's process this **policy** will be construed as if the **court** had reached the same decision as the appellate court.
- 4.2.2 In the event that any sums of money are paid by the **insurer** pursuant to the terms of this **policy** and the judgment of the **court** is amended following an **appeal** (such that the **insurer** would not have made the payment had the amended judgment been the judgment of the **court**) then the **insured** shall reimburse the **insurer** for any such sums of money already paid together with interest at 2% above the United States Dollar prime lending rate in the Cayman Islands from time to time.

5. Conduct of the legal action

5.1 Written consent

The **insured** must obtain, and irrevocably instructs the **appointed representative** to obtain, written consent from the **insurer** prior to:

- 5.1.1 the settlement of the **legal action** in the **opponent's** favour;
- 5.1.2 the rejection (whether explicitly or by conduct) of an **opponent's** offer to settle the **legal action**;
- 5.1.3 the rejection of any offer of alternative dispute resolution (including mediation) from the **opponent**;
- 5.1.4 any change of the **appointed representative**.

The **insurer** will not unreasonably withhold consent to the **insured** taking any of the steps referred to in this clause and will, in making a decision as to whether to provide consent pursuant to this clause, consider whether a reasonably prudent uninsured litigant would pursue the course of action for which the **insurer's** consent is sought.

5.2 Notification

The **insured** must notify, and irrevocably instructs the **appointed representative** to notify, the **insurer** immediately:

- 5.2.1 on receipt of any offer of settlement of the **legal action**;
- 5.2.2 on receipt of any offer of alternative dispute resolution (including mediation) from the **opponent**;
- 5.2.3 in the event of any development in the **legal action** material to the prospects of succeeding in the **legal action**;
- 5.2.4 if the **insured** is no longer more likely than not to succeed in the **legal action**, assuming that it is determined at trial; and
- 5.2.5 after any period of 6 months during which there has been no requirement to request the **insurer's** consent or notify the **insurer** in order to confirm the current status of the **legal action**.

5.3 Monies to be held on account

The **insured** irrevocably instructs the **appointed representative** to hold any monies (whether costs, interest or damages) received from the **opponent** until the **premium** is paid in full, any **claim** under this **policy** has been submitted and all terms and conditions of this **policy** have been fully complied with.

5.4 Co-operation by the insured and appointed representative

The **insured** must:

- 5.4.1 provide, and instruct the **appointed representative** to provide, the **insurer** with full and prompt co-operation to include providing such **information** as is requested by the **insurer** from time to time; and
- 5.4.2 co-operate, and instruct the **appointed representative** to co-operate, with any request by the **insurer** to audit **information** pursuant to the 'Audit' clause.

5.5 Prosecution of the legal action

The **insured** agrees to:

- 5.5.1 prosecute the **legal action** promptly;
- 5.5.2 provide any instructions to the **appointed representative** as are necessary or desirable in order to prosecute the **legal action** in the best manner;
- 5.5.3 act as a reasonably prudent uninsured litigant with the objective of achieving the best outcome in the **legal action** (and any subsequent costs assessment proceedings); and
- 5.5.4 comply with any order of the **court** and any **court** rules and in all respects conduct the **legal action** in a reasonable manner in order to minimise costs.

5.6 Territorial limits

The **insured** agrees to prosecute the **legal action** in the **court** within the **territorial limits** and warrants that the **legal action** will be governed by the laws of the **territorial limits**.

6. Bond

6.1 Payment under bond forms part of indemnity

In the event that the **insurer** is obliged to make any payment pursuant to the terms of a **bond** issued in conjunction with this **policy** then such payment shall contribute to and form part of the indemnity provided by this **policy** and shall erode both the **limit of indemnity** stated in the **schedule**.

6.2 Recovery of sums paid pursuant to bond

In the event that the **insurer** makes any payment whatsoever pursuant to the terms of a **bond** in circumstances in which the **insurer** would not have been obliged to make such payment pursuant to the terms of this **policy** then the **insured** shall indemnify the **insurer** in respect of such payment and the **insurer** shall be entitled to recover such payment from the **insured**.

7. Duties in the event of a claim or potential claim

The due observance and fulfilment of the provisions of 'Claim notification' and 'Insured's duties and insurer's rights' are condition precedents to the **insurer's** liability for any **claim**

under this **policy**. The 'Termination by the insurer' clause sets out the consequences of a failure to comply with conditions precedent or **policy** provisions.

7.1 Claim notification

- 7.1.1 The **insured** shall give the **insurer** written notice as soon as practicable of any **claim** or any circumstance which might reasonably be expected to give rise to a **claim**.
- 7.1.2 Notice to the **insurer** of a **claim** under this policy must be given to the claims notification address specified in the **schedule**.

7.2 Insured's duties and insurer's rights

- 7.2.1 A **claim** form must be completed with full particulars.
- 7.2.2 The **insured** shall provide to the **insurer** and the **appointed representative** all **information** and, in addition, shall provide all necessary assistance (notwithstanding the right for the **insurer** to audit pursuant to the 'Audit' clause) to enable the **insurer** or its agents to investigate and/or defend any **claim** under this **policy** and/or to enable the **insurer** to determine its liability under this **policy**.
- 7.2.3 Neither the **insured** nor its **appointed representative** shall make any admission with respect to liability in relation to the **legal action** or attempt to settle **the legal action** without the **insurer's** prior written consent.
- 7.2.4 The **insured** will promptly provide the **insurer** with full details of **legal liability** and shall, if requested by the **insurer**, have such **legal liability** assessed by the appropriate body.
- 7.2.5 The **insurer** will be entitled (but not obliged) to conduct any costs assessment or review and the **insured** will provide (and hereby gives irrevocable instructions to the **appointed representative** to provide) such assistance as the **insurer** requires.

7.3 Subrogated claims

In the event of the **insurer** making any payment under this **policy**:

- 7.3.1 the **insurer** shall be subrogated to all the **insured's** rights or causes of action related to or arising out of the **legal action** against any other party to the extent that these rights or causes of action are pertinent to a loss being suffered by the **insured** and the **insured** undertakes to provide the **insurer** with all assistance which may be required to pursue these rights; and
- 7.3.2 any entitlement to a recovery from the **opponent** by the exercise of such rights or otherwise will, until received, be set off against any **claim** comprised of **legal liability** and when received be applied, in order of priority, to repay and extinguish any payment made by the **insurer** under this **policy**, any **insurer's** costs, any interest due on such payment and costs and finally any **insured's** losses.

8. General terms and conditions

8.1 Audit

The **insurer** has the right to audit all **information** within the possession or control of the **insured** or the **appointed representative** whether held in physical or electronic format.

8.2 **Applicable law**

This **policy** will be governed by and interpreted in accordance with the laws of the Cayman Islands and subject to the exclusive jurisdiction of the courts in the Cayman Islands.

8.3 **Assignment**

Assignment of interest under this **policy** will not bind the **insurer** unless and until the **insurer's** written consent is endorsed hereon.

8.4 **Confidentiality**

The **insurer** agrees that any **information** given by the **insured** or the **appointed representative** is received in confidence and will not be disclosed to any other party.

8.5 **The Contracts (Rights of Third Parties) Law, 2014**

This insurance does not confer or create any right enforceable under the Contracts (Rights of Third Parties) Law, 2014 of the Cayman Islands or any amending or subsequent legislation by any person who is not named as the **insured** and both the **insurer** and **insured** may amend, cancel or lapse this insurance without giving notice to, or requiring the consent of, any other third party.

8.6 **Disclosure**

8.6.1 The **insurer** will follow appropriate security procedures in the storage and disclosure of data provided by the insured or its appointed representative to prevent unauthorised access or loss of such data. The **insurer** may find it necessary to pass such data to other firms or businesses that supply products and services associated with this **policy**.

The **insurer** collects non-public personal information about the **insured** from the following sources:

- a. information the **insurer** receives from the **insured** on applications or other forms;
- b. information about the **insured's** transactions with the **insurer**, its subsidiary, parent and/or other group companies or others;
- c. information the **insurer** receives from consumer reporting agencies.

8.6.2 The **insurer** does not disclose any non-public personal information relating to the **insured** to anyone except as is necessary in order to provide its products or services to the **insured** or otherwise as it is required or permitted by law (e.g. a subpoena, fraud investigation, regulatory reporting, etc.).

8.6.3 Further, by accessing and updating various databases, the **insurer** may share information with other firms and public bodies, including the police, in order to substantiate information and prevent or detect fraud. If false or inaccurate information is provided and fraud is suspected, this fact will be recorded and the information will be available to other organisations that have access to the databases. Details of databases accessed or contributed to are available on request.

8.7 Dispute resolution

- 8.7.1 Any matters in dispute between the **insurer** and the **insured** arising out of or in connection with this insurance will be referred to a mediator to be agreed by the **insurer** and the **insured** within ten (10) working days of a written notice served on one of them by the other of them requesting such an agreement. If a mediator is not agreed then either the **insurer** or the **insured** may apply to the Centre for Effective Dispute Resolution ('CEDR') for the appointment of a mediator. The **insurer** and the **insured** agree to share equally the costs of CEDR and of the mediator and that the reference of the dispute to mediation will be conducted in confidence.
- 8.7.2 The **insurer** and the **insured** agree to perform their respective continuing obligations under this insurance, if any, while the dispute is resolved unless the nature of the dispute prevents such continued performance of those obligations.
- 8.7.3 If any such dispute is not resolved by mediation or the **insurer** and the **insured**
- 8.7.4 cannot agree upon the appointment of a mediator or the form that the mediation will take, the dispute will be referred by either of them to courts, subject to the law and jurisdiction set down in the 'Applicable law' clause above.

8.8 Observance

- 8.8.1 The due observance and fulfilment of the provisions of this **policy** insofar as they may relate to anything to be done or complied with by the **insured**, and are not described in the **policy** as conditions precedent, will be a condition of this **policy**. Any waiver by the **insurer** of any provision will not prevent the **insurer** from relying on such term or condition or condition precedent in the future.
- 8.8.2 Further, where an indemnity is provided to any other party, the **insured** will arrange for each party to comply with the terms, conditions and conditions precedent of this insurance so far as they can apply provided always that the other party complies with the terms of 'Duties in the event of a claim or potential claim'.
- 8.8.3 In the event of a breach of any condition in the **policy**, and without prejudice to any of the **insurer's** other rights, the **insurer** may reject or reduce **claims** connected with the breach providing the **insurer** can demonstrate some prejudice.
- 8.8.4 In the event of a breach of any condition precedent in the **policy** and without prejudice to any of the **insurer's** other rights, the **insurer** may reject or reduce **claims** connected with the breach and continue the **policy** on such terms as the **insurer** may determine and, if any payment on account of any such **claim** has already been made, the **insured** will repay forthwith all payments on account to the **insurer**.

8.9 Payment of premium

The **insured** agrees to pay the **premium** stated in the **schedule** on the **due date** as specified in the **schedule**. If the insurer agrees that some or all of the premium may be satisfied otherwise than in cash (e.g. by the transfer by the **insured** to the **insurer** of an investment portfolio), the **insured** shall take all necessary steps to satisfy the **insurer's** due diligence requirements in relation to the assets proposed to be transferred and that

their net realisable value is equal to or greater than the **premium** or that part of the **premium** which is to be satisfied otherwise than in cash. If the **insurer** agrees to accept such assets in satisfaction of all or part of the **premium**, the insured shall on the **due date** ensure that the insurer becomes the beneficial owner of such assets, free from any charge, lien or encumbrance.

- 8.9.1 Taxes, levies and other relevant fiscal charges are payable in addition to the **premium**. Where there is more than one **insured**, each **insured** shall be jointly and severally liable for the **premium**.
- 8.9.2 Should the **premium** (or any part thereof) remain unpaid after seven (7) days after the **due date** then interest shall accrue on the **premium** (or the unpaid part) at a rate of 2% (two percent) above the United States Dollar prime lending rate in the Cayman Islands as calculated at the time of the **due date** until the actual date of payment.

8.10 Records

The **insurer** may hold documents relating to this insurance and any **claims** under it in electronic form and may destroy the originals. An electronic copy of any such document will be admissible in evidence to the same extent as, and carry the same weight as, the original.

8.11 Rights surviving end of period of insurance

All rights and obligations on the part of the **insured** and the **insurer** pursuant to this **policy** shall continue until such time as the **insured's** and the **insurer's** liabilities under this **policy** have been finally determined.

8.12 Termination by the insured

The **insured** may terminate this **policy** at any time whereupon the **premium** (if unpaid) becomes immediately payable and the **insurer** will not be liable for any **claim** under this **policy**. Where the **insured** comprises more than one person, this termination right may only be exercised if each such person consents in writing.

8.13 Termination by the insurer

- 8.13.1 The **insurer** may terminate this **policy** immediately:
- a. if the **insured**, or where the **insured** comprises more than one person, any such person, fails to observe all the terms and conditions of this **policy** including, for the avoidance of doubt, the terms relating to the payment of the **premium**;
 - b. if the **insured**, or where the **insured** comprises more than one person, any such person, becomes bankrupt or insolvent during the **period of insurance**. The **insured** or any such person shall be deemed insolvent upon the appointment of a liquidator in circumstances where it is insolvent.
- 8.13.2 In the event of termination by the **insurer** then the **insurer** will not be liable for any **claim** under this **policy**.

9. General definitions and interpretation

The following words will have the same meaning attached each time they appear in this **policy** in bold type-face, whether with a capital first letter or not.

Where the context so admits or requires, words importing the singular will include the plural and vice versa and words importing the masculine will import the feminine and the neuter. References to 'person' will be construed so as to include any individual, company, partnership, or any other legal entity. References to a statute will be construed to include all its amendments or replacements. All headings within the **policy** are included for convenience only and will not form part of this **policy**.

9.1 Appeal

Appeal means an appeal against the judgment of the **court** to any appellate court.

9.2 Appointed representative

Appointed representative means a firm of attorneys which has been accepted by the **insurer** to act for the **insured** in accordance with the terms of this **policy**.

9.3 Bond

Bond means any deed of indemnity issued by the **insurer** in respect of the **legal action** for the purpose of providing security for costs in the **legal action** on behalf of the **insured**.

9.4 Claim

Claim means a request by the **insured** under the terms of this **policy** for payment in respect of **legal liability**. Any claim or series of claims arising out of the same **legal action** shall be regarded as one claim.

9.5 Court

Court means any judge, arbitrator or any other tribunal that hears the **legal action** at first instance within the **territorial limits**.

9.6 Deposit premium

Deposit premium means the amount, if any, specified as deposit premium in the **schedule**.

9.7 Due date

Due date means the date for payment of the premium as specified in the **schedule**.

9.8 Information

Information means any information within the possession control or knowledge of the **insured** or the **appointed representative**, both before and after the inception of this **policy**, that is relevant to or relates to the **legal action**, whether privileged or not (which privilege the **insured** irrevocably waives), and extends to the **appointed representative's** file on the **insured's legal action**.

9.9 Insured

8.14 Sanction limitation and exclusion clause

The **insurer** shall not provide cover nor be liable to pay any **claim** or provide any benefit hereunder to the extent that the provision of such cover, payment of such **claim** or provision of such benefit would expose the **insurer** or any member of the **insurer's** group to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any jurisdiction.

8.15 Joint and several obligations

Where the **insured** comprises two or more persons, all duties and obligations of such persons under this **policy** shall be joint and several.

Insured means the person or persons named in the **schedule** as declared to and accepted by the **insurer** and where the **insured** comprises more than one person, the expression **insured** where used in this **policy** shall be construed, unless the context otherwise requires, so as to refer to each person named as the **insured** in the **schedule**.

9.10 Insured section

Insured section means all or any individually numbered sections of this **policy** that forms part of the insurance contract but only if stated as 'insured section' in the heading to the section.

9.11 Insurer

Insurer means the party specified as insurer in the **schedule** and any other subscribing insurers.

9.12 Legal action

Legal action means the action described in the **schedule**.

9.13 Legal liability

Legal liability means either:-

9.13.1 the aggregate of (a) the total sum (including any opponent's costs) ordered by the **court** (or any appellate court to which the **court's** judgment in the **legal action** is **appealed**) to be paid by the **insured** to the **opponent** in the **legal action** and (b) **own costs**; or

9.13.2 the aggregate of (a) the total sum (including any opponent's costs) to be paid by the **insured** to the **opponent** pursuant to a settlement of the **legal action** reached between the **insured** and the **opponent** (with the prior written agreement of the **insured**, the **appointed representative** and the **insurer**) and (b) **own costs**.

9.14 Limit of indemnity

Limit of indemnity means:

9.14.1 the amount stated in the **schedule** which is the maximum amount of the **insurer's** liability under this **policy** regardless of the number of:

- a. **insureds** or other insured parties;
- b. persons or organisations bringing claims or suits; or
- c. claims against the **insured** or series of claims against the **insured** or claims or series of claims made by the **insured**;

9.14.2 where a limit of indemnity is stated in the **schedule** as in the aggregate, that aggregate is the maximum the **insurer** will pay for all insured events during the **period of insurance**;

where indemnity may be provided under two (2) or more **insured sections** of this **policy**, then the combined single limit stated in the **schedule** is the maximum the **insurer** will pay for any insured event to which such **insured sections** apply in combination.

9.15 Opponent

Opponent means the party or parties who are named in the **schedule** and with whom the **insured** is in dispute in the **legal action**.

9.16 Opponent's costs

Opponent's costs mean all costs and expenses that have been reasonably incurred by the **opponent** in the **legal action**.

9.17 Own costs

Own costs means all costs and expenses of the Representative and other service providers in the normal course, including related tax, which are incurred during the conduct of the legal action on behalf of the insured.

9.18 Period of insurance

Period of insurance means the period which commences from the date shown on the **schedule** and ceases upon the occurrence of any of the following events:

9.18.1 the **legal action** is concluded by a final judgment or order of the **court** (or any appellate court to which the **court's** judgment in the **legal action** is **appealed**) which also deals finally with the amount of any costs payable by the parties to the **legal action**;

9.18.2 the **legal action** is settled on terms which also deals with the amount of any costs payable by the parties to the **legal action**;

9.18.3 the **legal action** is transferred outside of the **territorial limits**;

9.18.4 the retainer between the **insured** and the **appointed representative** ceases; or

9.18.5 this **policy** is terminated or cancelled in accordance with the terms and conditions of the **policy**.

9.19 Policy

Policy means this document, the **schedule** (including any **schedules** issued in substitution) and any endorsements attaching to this document or the **schedule** that will be considered part of the legal contract and any word or expression in bold type face on any of these documents will bear the specific meaning stated in these definitions.

9.20 Premium

Premium means the amount specified as premium in the **schedule**.

9.21 Recovery

Recovery means any sum (inclusive of costs) ordered by the **court** or any appellate court to be paid by the **opponent** to the **insured** in the **legal action** or any amount (inclusive of costs) agreed to be paid by the **opponent** to the **insured** in settlement of the **legal action** (irrespective of whether or not payment is actually made).

9.22 Schedule


Schedule means the document titled schedule that includes the name and address of the **insured**, the premium and other variables to this **policy** (including endorsement clauses) and is incorporated in this **policy** and accepted by the **insured**. Schedules may be re-issued from time to time where each successor overrides the earlier document.

9.23 Territorial limits

Territorial limits means the territory or territories specified in the **schedule**.

INSURER:

Sentinel Reinsurance, Ltd.

By: 
Name:
Title: **Andrew Dean**
Director

INSUREDS:

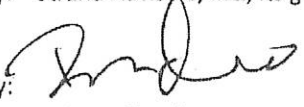
Highland CDO Opportunity Master Fund, L.P.

By: Highland CDO Opportunity Fund GP, L.P., its general partner

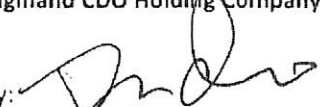
By: Highland CDO Opportunity GP, LLC, its general partner

By: Highland Capital Management, L.P., its sole member

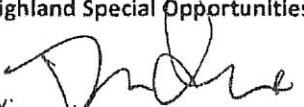
By: Strand Advisors, Inc., its general partner

By: 
Name: James Dondero
Title: President

Highland CDO Holding Company

By: 
Name: James Dondero
Title: Director

Highland Special Opportunities Holdings Company

By: 
Name: James Dondero
Title: Director

SCHEDULE

Insurer: Sentinel Reinsurance, Ltd.

Insured:

- Highland CDO Opportunity Master Fund, LP
- Highland CDO Holding Company; and
- Highland Special Opportunities Holding Company

Appointed Representative: Paul Lackey
Lackey Hershman, LLP
3102 Oak Lawn Avenue
Suite 777
Dallas, Texas 75219

Date of commencement of Period of Insurance: August 1, 2017

Legal Action: UBS Securities LLC and UBS AG, London Branch, v. Highland Capital Management, L.P., Highland Special Opportunities Holding Company, Highland Financial Partners, L.P., Highland CDO Opportunity Master Fund, L.P., Highland Credit Opportunities CDO, L.P., and Strand Advisors, Inc., Cause No. 650097/2009

Court: Supreme Court of the State of New York, County of New York

Opponent: UBS Securities LLC and UBS AG, London Branch

Territorial Limits: State of New York

Limit of Indemnity: US\$100,000,000 (One Hundred Million United States Dollars) in aggregate

Payment Date for Premium: August 31, 2017

Premium: US\$25,000,000 (Twenty Five Million United States Dollars)

SCHEDULE A**HIGHLAND CDO OPPORTUTNITY MASTER FUND, L.P.**

ISIN	Description	Traded Shares/Par
KY009A1KXYH6	ABERDEEN LN FDG LTD PFD	12,000,000.00
KY84427P2029	SOUTHFORK CLO LTD CUM PFD 144A	10,000.00
KYG829101032	SOUTHFORK CLO LTD PFD	9,000.00
US00306M3007	ABERDEEN LN FDG LTD PFD	5,000.00
US3624682098	GSC ABS CDO 2006-4U LT CUM PFD 144A	16,000.00
US39364P2011	GREENBRIAR CLO LTD PFD 144A	16,250.00
US43009L2034	HIGHLAND FINL PARTNERS LP	615,733.00
US43009L9898	HIGHLAND FINL PARTNERS LP NPV	3,000,000.00
US5431742056	LONGSTREET CDO I LTD PFD 144A	3,000.00
US65340G2057	NEXPOINT C COM USD0.001 (POST REV S)	100.00
US69763NAD30	PAM CAP FDG LP 0.0 01MAY13 144A FRN	48,500,000.00 42,868,390.80
US8729623038	TOUSA INC 8.0 PFD 144A	1,337.00
US91914QAA40	VALHALLA CLO LTD 0.0 01AUG23 144A	6,000,000.00 6,000,000.00
US925331AA89	VERTICAL ABS CDO 2 0.0 09MAY46 144A	6,000,000.00 6,000,000.00
N/A	HIGHLAND CREDIT OPPORTUNITIES CDO LTD. PARTNERSHIP INTEREST \$2,157,088 PROMISSORY NOTE (GOVERNANCE RE, LTD. AS MAKER) AND CASH OF \$539,272 – RE: NEXPOINT MULTIFAMILY CAPITAL TRUST INTEREST	24,313.00 269,636.00
N/A	NEXPOINT REAL ESTATE STRAT – Z	97,257.00
N/A	HIGHLAND GEMINI PROGRAM (POLLUX) \$2,399,996 PROMISSORY NOTE (THE DUGABOY INVESTMENT TRUST AS MAKER) AND CASH OF \$599,999 – RE: SURVIOS INTEREST	65,314.00 2,999,995.00
BCC0MVTX4	CAMBR 5X FLOATING – 12/2045	19,350,000.00
N/A	CASH	\$7,779,722.00

HIGHLAND CDO OPPORTUTNITY FUND, LTD.

ISIN	Description	Traded Shares/Par
N/A	CASH	\$2,349,436.00

HIGHLAND CDO HOLDINGS COMPANY

ISIN	Description	Traded Shares/Par
US404185AD22	HFT REAL EST 3.33867 25NOV51 144A F	750,000.00 750,000.00
US65340G2057	NEXPOINT C COM USD0.001 (POST REV S)	165,395.00
US65341D1028	NEXPOINT R COM USD0.001 'WI'	220,527.00
US86280AAE73	STRATFORD CL 3.16956 01NOV21 144A F	300,000.00 300,000.00
USG44392AF82	HIGHLAND PARK C 4.93867 25NOV51 FRN	17,000,000.00 24,076,296.18
N/A	PROMISSORY NOTE – CLO HOLDCO, LTD. AS MAKER – 12/23/2025	\$32,801,593.00
N/A	CASH	\$539,641.00
N/A	DIVIDENDS RECEIVABLE – HIGHLAND CAPITAL MANAGEMENT, LP	\$136,598.00

HIGHLAND SPECIAL OPPORTUNITIES HOLDINGS COMPANY

ISIN	Description	Traded Shares/Par
US247126AC93	DELPHI CORP DEL 7.125 01MAY29	1,500,000.00
US247126AD76	DELPHI CORP DEL 6.55 15JUN06 USD	3,000,000.00
US5431742056	LONGSTREET CDO I LTD PFD 144A	1,570.00
US8729623038	TOUSA INC 8.0 PFD 144A	5,349.00
US925331AA89	VERTICAL ABS CDO 2 0.0 09MAY46 144A	5,000,000.00 5,000,000.00
N/A	CASH	\$295,136.00

HIGHLAND FINANCIAL CORP.

ISIN	Description	Traded Shares/Par
N/A	CASH	\$80,144.00
N/A	TAX REFUND RECEIVABLE – HIGHLAND CAPITAL MANAGEMENT, LP	\$477,637.00

HIGHLAND FINANCIAL PARTNERS, L.P.

ISIN	Description	Traded Shares/Par
N/A	CASH	\$29,252.00

EXHIBIT I



BY EMAIL AND BY HAND

02 July 2021

Our Ref: CW/HTB/bt/ H3771.171091

Collas Crill
P.O. Box 709
Willow House, 2 Floor
Cricket Square
Grand Cayman KY1-1007
Cayman Islands

Dear Sirs

UBS SECURITIES LLC AND UBS AG LONDON BRANCH V HIGHLAND CAPITAL MANAGEMENT ET AL., SUPREME COURT OF THE STATE OF NEW YORK, CAUSE NO. 650097/2009 (THE "UBS ACTION")

We refer to our letter dated 24 May, and to your letters dated 26 May and 2 June 2021. We note that you act for Sentinel Reinsurance, Ltd ("**Sentinel**").

With regard to the assertion that the demand letter of 19 March 2021 was not received by *'the directors of Sentinel'*, please

- (i) identify each of Sentinel's directors as at 19 March 2021; and
- (ii) confirm that you have taken instructions on this point from each of them.

Your letter of 26 May refers to the need for due diligence and assessment of the claim given its nature and size. In light of that claim, this is plainly a very curious moment (to say the least) for Messrs Neveril and Austin, directors familiar with this matter, to have resigned. Please clarify by return the reason for their resignation please?

Your client's purported need for due diligence and assessment of the claim is also difficult to understand in circumstances where the policy is an "after the event" policy, and as such all diligence was conducted prior to issuance of the policy. Also confirm when will your client revert with the conclusion on its assessment of the claim.

As the insurer, your client is fully aware of the policy and its terms (and we have provided you with a copy of that policy). However, based on our correspondence, we believe a brief summary of the history of the policy and the parties at issue is required.

Background to Policy

Highland Capital Management, L.P. (“**HCMLP**”) was founded by James Dondero and Mark Okada. HCMLP filed for bankruptcy protection on 16 October 2019 and is currently a debtor-in-possession in a bankruptcy case pending before the Bankruptcy Court for the Northern District of Texas, Dallas Division (the “**Bankruptcy Court**”), before the Honourable Stacey G. Jernigan, Case No. 19-34054-sgj11 (the “**Bankruptcy Case**”).

Prior to filing the Bankruptcy Case, the Debtor was managed and controlled by Mr Dondero. However, on 9 January 2020, the Bankruptcy Court entered an order the effect of which was to remove Mr Dondero from control, and to appoint an independent board of directors (the “**Independent Board**”) at Strand Advisors, Inc. (“**Strand**”), HCMLP’s general partner.¹ The Independent Board was appointed to oversee the Bankruptcy Case in lieu of a bankruptcy trustee.

James P. Seery, Jr., was subsequently appointed HCMLP’s chief executive officer and chief restructuring officer in July 2020 (effective as of March 15, 2020) pursuant to a Bankruptcy Court order.

In 2007, two funds managed by HCMLP – Highland CDO Opportunity Master Fund, L.P. (“**CDO Fund**”) and Highland Special Opportunities Holding Company (“**SOHC**,” and together with CDO Fund, the “**Funds**”) – entered into various agreements (the “**Agreements**”) with UBS Securities LLC and UBS AG London Branch (collectively, “**UBS**”).

In late 2008 the Funds breached their obligations under the Agreements, and on 24 February 2009, UBS commenced the UBS Action in the Supreme Court for the State of New York, County of New York (the “**NY Court**”). On 14 November 2019, the NY Court held that the Funds were liable to UBS in the sum of approximately \$1 billion (inclusive of interest).

The Sentinel Insurance Policy

The policy was issued by Sentinel in August 2017 to provide coverage to the Funds, among others, in respect of potential judgments against the Funds and the costs incurred in defending the UBS Action. The stated premium for the policy was \$25,000,000, and the maximum coverage under the policy was \$100,000,000.

The premium was paid by the Funds by means of the transfer of substantially all of the Funds’ assets, in addition to the assets of other entities, to Sentinel in August 2017. These assets consisted of cash and securities with a face value in excess of \$300,000,000 and a market value in excess of \$100,000,000 at the time of transfer, sums which exceed not only the premium but also the coverage provided under the policy. This transfer was allegedly effectuated through a purchase agreement between Sentinel and the Funds, dated 7 August 2017.

¹ The Independent Board consists of John Dubel, James P. Seery, Jr., and the Honourable Russell Nelms.

We are also concerned about the timing of the policy, which was executed shortly after UBS won a motion for summary judgment in the UBS Action. Against that background, and taking into account the apparent disconnect between the stated premium and the sum actually paid in respect of the policy, the *bona fides* of the arrangement are cast into some doubt, and the situation calls for further, swift, explanation.

Furthermore, the existence of the policy itself and the transfers purportedly made to pay the premium were actively concealed from the Independent Board, the Bankruptcy Court, and UBS by former HCMLP employees (including Matthew DiOrio, one of Sentinel's directors). The policy and related transfers were only recently uncovered through the Independent Board's diligence and have been disclosed to the Bankruptcy Court.

A more complete description of the transfers to Sentinel is included in *Debtor's Motion for Entry of an Order Approving Settlement with UBS Securities LLC and UBS AG London Branch and Authorizing Actions Consistent Therewith* and *Debtor's Omnibus Reply in Support of Debtor's Motion for Entry of an Order Approving Settlement with UBS Securities and UBS AG London Branch and Authorizing Actions Consistent Therewith* (collectively, the "**Pleadings**"). Copies of the Pleadings are attached.

We encourage you to read the entirety of the Pleadings but we understand that Sentinel may be ultimately owned by Mr Dondero and Scott Ellington, HCMLP's former general counsel who was terminated for cause in January 2021. We look forward to confirmation in that regard by return, in addition to any explanation that your client may wish to offer in respect of the facts surrounding the insurance transaction.

Finally, we agree that the regulator should be involved and for that reason we are sending this letter and previous correspondence to Ruwan Jayasekera at CIMA. We reserve the right to send CIMA additional factual information supporting the allegations contained in this letter and the Pleadings under separate cover.

Yours faithfully


WALKERS

Direct Tel: +1 345 914 4215
Email: colette.wilkins@walkersglobal.com

EXHIBIT J



PRIVATE AND CONFIDENTIAL

Walkers
190 Elgin Avenue
George Town
Grand Cayman KY1-9001
Cayman Islands

Your Ref
Our Ref SL/50001151/0001
Doc. 10869365.0

15 July 2021

Attn: Colette Wilkins

BY EMAIL

Dear Madam

UBS SECURITIES LLC AND UBS AG LONDON BRANCH V HIGHLAND CAPITAL MANAGEMENT ET AL., SUPREME COURT OF THE STATE OF NEW YORK, CAUSE NO. 650097/2009 ("UBS ACTION")

We refer to your letter dated 2 July 2021 in which you have asked us to respond to various queries which we will address in the order in which they were raised.

As stated in previous correspondence, Sentinel was not aware of the demand letter dated 19 March 2021. You asked us to identify the Sentinel directors on the board as at 19 March 2021. We enclose the register of directors dated 25 June 2021 which contains the information you are seeking. We confirm that upon receipt of your letter dated 28 April 2021, we took instructions from each of Jan Neveril, Damien Austin and Matthew Diorio, each of whom confirmed that they were not aware of the 19 March 2021 letter. To reiterate, as stated in our letter dated 26 May 2021, the directors of Sentinel were not aware of any correspondence from your client until shortly after the second demand letter dated 28 April 2021 was received by Sentinel's registered office.

Similarly, as we stated in our letter to you on 26 May 2021, an application for the change in the composition of the members of the board of Sentinel was submitted to CIMA on 23 April 2021 (i.e. almost a week before Sentinel became aware of any demand made under the insurance policy). Therefore, your assertion as to the timing of the resignations of Messrs Neveril and Austin, respectively (from the Sentinel board) is not understood. As you will see from the enclosed register of directors, Mr Matthew Diorio has also tendered his resignation as of 25 June 2021 and Mr JS de Jager has been appointed as the third board member of Sentinel effective 30 June 2021.

We now turn to your client's purported claim under the insurance policy. You note in your letter that the insurance policy is an "after the event" policy and it is therefore difficult to understand why our client would need to conduct due diligence. Whilst it is true that the policy is an after the event policy, the newly appointed directors of Sentinel, Messrs Kenny, McDonald and de Jager have found it necessary to conduct due diligence on the Company's business as well as the claim asserted by your client in order to comply with their fiduciary duties. Any assertion that



such due diligence is somehow unnecessary, is not accepted. In that regard, it has come to our attention that the policy enclosed in your letter of 8 June 2021 does not contain the two endorsements which form part of the policy and which have had the effect of reducing the limit of indemnity under the policy from US\$100,000,000 to US\$91,000,000. We enclose copies of the two endorsements to this letter.

Having considered the policy together with the correspondence we have received to date, it is not clear to us on whose authority Mr James P. Seery, Jr is asserting a claim under the policy. Furthermore, please could you confirm the position Mr James P. Seery, Jr holds at Highland CDO Opportunity Master Fund, L.P.. In addition, we have the following queries in respect of the UBS Action:

1. Please confirm whether any of the Defendants have appealed (or are intending to appeal) the judgment dated 22 January 2020 by the Hon. Marcy S. Friedman (**Judgment**). If no appeal was pursued, please explain the basis upon which this decision was taken.
2. Please provide details of any defences that were put forward by the Defendants (or any of them) in the UBS Action.
3. Please confirm whether the Judgment is a full and final judgment in the UBS Action as at 14 October 2020.
4. We assume that your client (as a Defendant to the UBS Action) became aware of the Judgment on 22 January 2020. Please could you confirm the same by return.
5. Please provide details of any payments that any of the Defendants have made towards the satisfaction of the Judgment, including the dates on which such payments were made.

Finally, your letter encloses the Pleadings (as defined in your letter). We have instructions that the current directors of Sentinel have no knowledge of the allegations made in the Pleadings and are therefore unable to comment on the same. However, the directors do have a number of queries as outlined below:

1. You state that the face value of any assets alleged to have been transferred is US\$300 million and that the market value of the same assets is alleged to be US\$100million. Please could you provide details on how these respective valuations have been arrived at.
2. Please provide by return a list of assets that are alleged to have been transferred.



We look forward to hearing from you.

Yours faithfully

Collas Crill

COLLAS CRILL

Direct Tel: +1 345 914 9605

Email: Stephen.leontsinis@collascrill.com

Encls.

With a copy to:
Cayman Islands Monetary Authority
Attn: Ruwan Jayasekera

REGISTER OF DIRECTORS AND OFFICERS FOR:

Sentinel Reinsurance, Ltd.**CR 273777**

Name	Address	Office Held	Appointment Effective Date	Resignation Effective Date	Notification of Appointment	Notification of Resignation
Caledonian Directors Limited	P.O. Box 1043 Caledonian House 69 Dr Roy's Drive Grand Cayman Cayman Islands KY1-1102	DIRECTOR	10-Dec-12	20-Dec-12	11-Dec-12	28-Dec-12
Bernard Gerard McGrath	P.O. Box 1043 Caledonian House 69 Dr. Roy's Drive Cayman Islands KY1-1102	DIRECTOR	20-Dec-12	31-Jan-14	28-Dec-12	19-Feb-14
Kobi Dorenbusch	P.O. Box 1043 Caledonian House 69 Dr. Roy's Drive Grand Cayman Cayman Islands KY1-1102	DIRECTOR	20-Dec-12	13-Feb-15	28-Dec-12	23-Feb-15
Nathan Smith	P.O. Box 1043 Caledonian House 69 Dr. Roy's Drive Grand Cayman Cayman Islands KY1-1102	DIRECTOR	18-Feb-14	12-Feb-15	19-Feb-14	23-Feb-15
Andrew Dean	Boundary Hall, Cricket Square, George Town, Grand Cayman Cayman Islands 1093	DIRECTOR	20-Feb-15	11-Aug-15	23-Feb-15	11-Aug-15
Jan Neveril	Boundary Hall, Cricket Square, George Town, Grand Cayman Cayman Islands 1093	DIRECTOR	20-Feb-15	11-Aug-15	23-Feb-15	11-Aug-15
Andrew Dean	PO Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104,	DIRECTOR	12-Feb-15	23-Oct-18	11-Aug-15	23-Oct-18
Jan Neveril	P.O. Box 309 Ugland House Grand Cayman Cayman Islands KY1-1104	DIRECTOR	12-Feb-15	07-Aug-15	11-Aug-15	11-Aug-15
Christopher Watler	P.O. Box 309 Ugland House Grand Cayman Grand Cayman Cayman Islands KY1-1104	DIRECTOR	07-Aug-15	08-Dec-17	11-Aug-15	13-Dec-17
Dilip Massand	Tara Residence, Palm Jumeirah, Amber 102, Dubai, United Arab Emirates	DIRECTOR	08-Dec-17	23-Apr-20	13-Dec-17	24-Apr-20
Lesley Thompson	PO Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands KY1-1104,	DIRECTOR	08-Dec-17	23-Oct-18	13-Dec-17	23-Oct-18
Matthew Diorio	7033 Cornelia Lane, Dallas, Texas United States 75214	DIRECTOR	08-Dec-17	25-Jun-21	13-Dec-17	28-Jun-21
Damien Austin	c/o International Management Services Ltd, P.O. Box 61, Harbour Centre, George Town, Grand Cayman, Cayman Islands KY1-1102,	DIRECTOR	23-Oct-18	01-Jun-21	23-Oct-18	02-Jun-21
Jan Neveril	c/o Compass OFM Limited, Landmark Square, Suite 3E-1, 64 Earth Close, PO Box 707CB, Cayman Islands KY1-9006	DIRECTOR	23-Oct-18	01-Jun-21	23-Oct-18	02-Jun-21
Casey McDonald	2nd Floor, Century Yard, Cricket Square, George Town, P.O. Box 31162, Grand Cayman, Cayman Islands KY1-1205	DIRECTOR	28-May-21		28-May-21	
Wade Kenny	2nd Floor, Century Yard, Cricket Square, George Town, P.O. Box 31162, Grand Cayman, Cayman Islands KY1-1205	DIRECTOR	28-May-21		28-May-21	



Sentinel Reinsurance, Ltd.
Maples Fiduciary Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

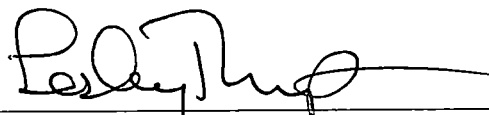
Endorsement No. 1

The following is hereby understood and agreed:

The premium, as stated in the schedule, is adjusted to \$68,362,333.62 to include the total fair value of received assets. Premium received consists of cash of \$11,083,855.74, miscellaneous receivables of \$1,753,020.00, and an investment portfolio of \$55,525,457.88 as measured at fair value on the transfer date.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Attaches to and forming part of the Legal Liability Insurance Policy dated August 1, 2017 of Sentinel Reinsurance, Ltd.



(Authorized Signature)

Lesley Thompson
Director

Sentinel Reinsurance, Ltd.
Maples Fiduciary Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

Endorsement No. 2

The following is hereby understood and agreed:

The **premium**, as stated in the schedule, is reduced to \$59,362,333.62.

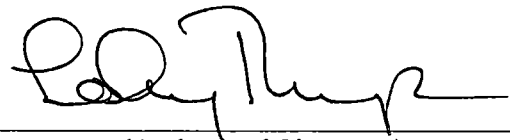
\$9,000,000.00 has been prepaid by the **insured** to the **insurer** to cover risk mitigation costs, which include, but are not limited to, legal defense costs.

The limit of indemnity is reduced to \$91,000,000.00 in the aggregate to correlate with prefunding the risk mitigation costs of \$9,000,000.00.

The **insurer** will have sole responsibility to settle all risk mitigation costs with respect **legal action**.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Attaches to and forming part of the Legal Liability Insurance Policy dated August 1, 2017 of Sentinel Reinsurance, Ltd.



(Authorized Signature)

EXHIBIT K

**SENTINEL REINSURANCE, LTD.
PO BOX 10008
WILLOW HOUSE, CRICKET SQUARE
GRAND CAYMAN KY1-1001
CAYMAN ISLANDS**

30 August 2021

James P. Seery Jr.
Highland Capital Management
300 Crescent Court, Suite 700
Dallas, Texas 75201

By email only to: jpseeryjr@gmail.com, jseery@highlandcapital.com

Dear Mr. Seery,

RE: Sentinel Reinsurance, Ltd.

We are the newly appointed board of directors of Sentinel Reinsurance, Ltd (**Sentinel**). As you will no doubt appreciate, as a part of our ongoing fiduciary obligations to the Company, it is beholden upon us to ascertain the nature and extent of the Company's assets and to secure them for the benefit of Sentinel. We understand that you are the person responsible for keeping up-to-date records and inventory of the assets which are owned by Sentinel and to which Highland Capital Management, L.P. (**HCM**) acts as manager.

Consequently, attached as Schedule 1 to this letter is a list of assets owned by Sentinel which we understand to be managed by HCM. We also understand that certain of the assets were transferred to Sentinel by various other Highland-related entities, *inter alia*:

- HIGHLAND CDO OPPORTUTNITY MASTER FUND, L.P.
- HIGHLAND CDO OPPORTUTNITY FUND, LTD.
- HIGHLAND CDO HOLDINGS COMPANY
- HIGHLAND SPECIAL OPPORTUNITIES HOLDINGS COMPANY

The names of the above entities should not be seen as an exhaustive list. Please confirm whether or not assets were transferred to Sentinel from other Highland-related entities and, if so, please provide us with the names of those entities.

For each of the assets listed in Schedule 1, please will you provide the following information:

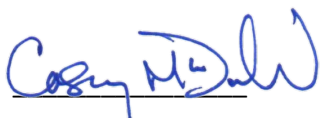
1. Confirmation that Sentinel is listed as the current, registered owner of the asset.
2. If Sentinel is not registered as the current owner of the asset, please provide the appropriate documentation to perfect the re-registration of those assets into the name of Sentinel.
3. All valuations, NAVs and investor communications in respect of each of the assets.
4. The timing and amount of anticipated distributions from each of the assets, going forward.

**SENTINEL REINSURANCE, LTD.
PO BOX 10008
WILLOW HOUSE, CRICKET SQUARE
GRAND CAYMAN KY1-1001
CAYMAN ISLANDS**

We also understand that a balance in excess of \$32.8 million is due, owing and payable to Sentinel by Highland Multi Strategy Credit Fund, Ltd (**HMSC**). Please provide confirmation of the amount recorded in your records as being due, owing and payable to Sentinel and when we can expect to receive those amounts from HMSC.

If it would be more efficient, please provide us with an appropriate point of contact within HCM, and we can schedule a call to go through the assets listed in Schedule 1.

Yours Sincerely,



Casey McDonald

For and on behalf of the Board of Directors of Sentinel Reinsurance, Ltd.

ISIN/CUSIP	Description	Traded Shares/Par
KY009A1KXYH6	ABERDEEN LN FDG LTD PFD	12,000,000.00
KY84427P2029	SOUTHFORK CLO LTD CUM PFD 144A	10,000.00
KYG829101032	SOUTHFORK CLO LTD PFD	9,000.00
US00306M3007	ABERDEEN LN FDG LTD PFD	5,000.00
US3624682098	GSC ABS CDO 2006-4U LT CUM PFD 144A	16,000.00
US39364P2011	GREENBRIAR CLO LTD PFD 144A	16,250.00
US43009L2034	HIGHLAND FINL PARTNERS LP	615,733.00
US43009L9898	HIGHLAND FINL PARTNERS LP NPV	3,000,000.00
US5431742056	LONGSTREET CDO I LTD PFD 144A	3,000.00
US69763NAD30	PAM CAP FDG LP 0.0 01MAY13 144A	48,500,000.00
US91914QAA40	VALHALLA CLO LTD 0.0 01AUG23 144A	6,000,000.00
US925331AA89	VERTICAL ABS CDO 2 0.0 09MAY46 144A	6,000,000.00
N/A	HIGHLAND GEMINI PROGRAM (POLLUX)	65,314.00
N/A	PROMISSORY NOTE (THE DUGABOY INVESTMENT TRUST AS MAKER)	2,399,996.00
BCCOMVTX4	CAMBR 5X FLOATING – 12/2045	19,350,000.00
US404185AD22	HFT REAL EST 3.33867 25NOV51 144A F	750,000.00
US86280AAE73	STRATFORD CL 3.16956 01NOV21 144A F (Class C Notes)	300,000.00
USG44392AF82	HIGHLAND PARK C 4.93867	17,000,000.00
N/A	PROMISSORY NOTE – CLO HOLDCO, LTD. AS MAKER – 12/23/2025	32,801,593.00
N/A	DIVIDENDS RECEIVABLE – HIGHLAND CAPITAL MANAGEMENT, LP	136,598.00
US5431742056	LONGSTREET CDO I LTD PFD 144A	1,570.00
US925331AA89	VERTICAL ABS CDO 2 0.0 09MAY46	5,000,000.00
27734A400	EASTLAND CLO LTD II	4,000.00
389668302	GRAYSON CLO LTD 144A (GCLO 0)	5,000.00
39364P300	GREENBRIAR CLO LTD (GRNBR 0)	3,000.00
86280C301	STRATFORD CLO LTD 144A (STRAFD 0)	4,000.00

EXHIBIT L



COPY

BY EMAIL

13 September 2021

Our Ref: CW/NDbt/171091

Collas Crill
P.O. Box 709
Willow House, 2 Floor
Cricket Square
Grand Cayman KY1-1007
Cayman Islands

RECEIVED FROM WALKERS

Name: ALEX SOLOMON

Company: CIMA

Date: 14/09/21

Time: 9:55

Signature: [Handwritten Signature]

Attention: Stephen Leontsinis

Dear Sirs

RE: HIGHLAND CAPITAL LP

As you know, we are instructed and act on behalf of Highland CDO Opportunity Master Fund, LP (the "Insured"). We write in response to your letter of 15 July 2021, which purports to respond to our letter of 2 July 2021 regarding Sentinel Reinsurance, Ltd. ("Sentinel") and the Legal Liability Insurance Policy (the "Policy") issued by Sentinel in favor of the Insured, among others, on 1 August 2017. The 15 July letter also posed a series of questions to the Insured, which you assert must be answered to assist Sentinel's newly-appointed directors in their due diligence of the Insured's claim under the Policy.

Before turning to your inquiries, we continue to be surprised by the circumstances surrounding the mass resignation of Sentinel's former directors (the "Former Directors") and their replacement with a slate of new directors (the "Replacement Directors") to whom you, as attorneys, now report.

Also of concern is the Replacement Directors' apparent ignorance of the Policy, including the circumstances surrounding its issuance, and Sentinel's operations. This ignorance compounds the questions surrounding the Former Directors' mass resignation as good corporate governance practice and compliance with their duties to Sentinel would mandate an orderly transition between the Former Directors and the Replacement Directors. The Replacement Directors' claimed lack of basic knowledge concerning Sentinel and the Policy begs the question of whether the Former Directors, in a complete abdication of their duties, failed to (i) provide the Replacement Directors with any information concerning Sentinel and the Policy and (ii) assist in an orderly transition of leadership.

Under the circumstances, we are compelled to remind you of the background to the Insured's demand on the Policy and the structure and management of Sentinel.

Background to the Demand

By letter addressed to Sentinel, dated 19 March 2021, James P. Seery, Jr., acting as the authorized signatory for the Insured, made a formal demand (the "Demand") for coverage under the Policy.

Having received no response, on 28 April 2021, Mr. Seery sent a follow-up demand letter (the "Follow-Up Demand") to each of the Former Directors (to wit, Mathew DiOrio, Daniel Austin, **Walkers**

190 Elgin Avenue, George Town
Grand Cayman KY1-9001, Cayman Islands

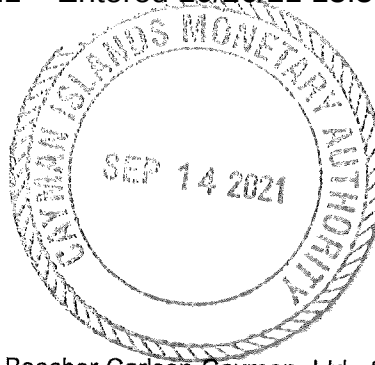
25278854.1 H3771.171091

T +1 345 949 0100 F +1 345 949 7886 www.walkersglobal.com

With effect from 1 July 2021, Walkers (Cayman) has converted to Walkers (Cayman) LLP but will continue to trade as Walkers.

WALKERS

Page 2



and Jan Neveril) and representatives of Beecher Carlson Cayman, Ltd., Sentinel's insurance manager. No response was received to this correspondence.

On 24 May 2021, we sent a letter to each of the Former Directors, their employers (if applicable), and Beecher Carlson Cayman, Ltd., demanding within five working days, *inter alia*, an acknowledgement of receipt of the Demand, the Follow-Up Demand, and an acknowledgement of coverage under the Policy.

By letter dated 26 May 2021 – two months after the Demand and one month after the Follow-Up Demand – you responded. Your 26 May letter claimed that only the Follow-Up Demand was received but that the Demand was not.

Remarkably, in your 26 May letter, you disclosed that Sentinel's entire board (the "Board") resigned just days before the Follow-Up Demand was received, and, pursuant to an application submitted to the Cayman Islands Monetary Authority ("CIMA") on 23 April 2021 and approved by CIMA on 25 May 2021, the Replacement Directors were appointed.

Your 26 May letter also asserted that the Former Directors were unaware of the Demand and that Sentinel did not learn of the Demand until after their resignation.

Background to Sentinel and the Policy

Sentinel is a Class B insurer licensed and regulated by CIMA under license number 642423 issued by CIMA on 23 January 2013.

As disclosed in our 2 July letter, we understand that Sentinel is ultimately owned, through a series of Cayman Island holding companies, by James Dondero and Scott Ellington. Mr. Dondero is the founder and former president and chief executive officer of Highland Capital Management, L.P. ("HCMLP"). Mr. Ellington is HCMLP's former general counsel.

Mr. Dondero was removed from his control positions at HCMLP on 9 January 2020 pursuant to an order entered by the U.S. Bankruptcy Court for the Northern District of Texas, Dallas Division (The "Bankruptcy Court"), and was asked to resign from all positions at HCMLP in October 2020 on account of actions he took that were adverse to HCMLP. Mr. Ellington was terminated for cause in January 2021 for actions he took that were adverse to HCMLP.

We also understand that:¹

- (a) Mr. Ellington has acted as Sentinel's representative in prior discussions with CIMA and was instrumental in securing and maintaining Sentinel's registration with CIMA. Mr. Ellington has also been directly involved in the management and oversight of Sentinel's business.

¹ On 31 March 2021, UBS filed a proceeding in the Bankruptcy Court against HCMLP, which among other things, sought to enjoin HCMLP from making any distributions, either directly or indirectly, to Sentinel. Adv. Proc. No. 21-03020-sgj (Bankr. N.D. Tex. Mar. 31, 2021) (the "UBS Adversary"). In connection with the UBS Adversary, UBS deposed Messrs. Ellington, Leventon, and DiOrio, among others. The following information comes from such sworn deposition testimony.

WALKERS

Page 3

- (b) Messrs. Dondero and Ellington, among others, caused Sentinel to issue the Policy in August 2017.
- (c) At all relevant times, Mr. Ellington was primarily responsible for directing the Insured's response to the UBS Action² and interacting with UBS's³ counsel at Kirkland & Ellis LLP and Latham & Watkins LLP. Mr. Ellington reported directly to Mr. Dondero with respect to all matters, including the UBS Action, and Mr. Dondero was ultimately responsible for directing the Insured's conduct with respect to the UBS Action.
- (d) From time to time, Isaac Leventon, HCMLP's former assistant general counsel, assisted Mr. Ellington in managing the UBS Action. Mr. Leventon was also terminated for cause in January 2021 for actions he took that were adverse to HCMLP.
- (e) Mr. DiOrio, one of the Former Directors, was an employee of, and reported directly to, Mr. Ellington. Mr. DiOrio performed services on Sentinel's behalf using his @sasgmt email account, including monitoring and assisting in the monetization of Sentinel's assets. The @sasgmt account was maintained by a company called SAS Management. SAS Management is directly or indirectly owned and controlled by Messrs. Dondero and Ellington and is, on information and belief, an indirect owner of Sentinel.
- (f) Mr. DiOrio routinely received updates on the UBS Action from Mr. Leventon, among others.
- (g) Messrs. Dondero, Ellington, and DiOrio, among others, actively conspired to keep the existence of the Policy hidden from Mr. Seery and the independent directors appointed by the Bankruptcy Court to manage HCMLP. The existence of the Policy was only discovered in or around February 2021 through the diligence of Mr. Seery and the other independent directors.

15 July Letter

Against this factual background, we received your letter dated 15 July 2021, which you sent in response to our letter dated 2 July 2021. Our 2 July letter provided you with additional information regarding the Policy and the circumstances surrounding its issuance in 2017. It also posed additional questions to you as Sentinel's counsel. Your 15 July letter does not address any of the questions or concerns raised in our 2 July letter nor does it address the factual background and circumstances against which the Demand was made.

Instead, your letter raises more questions about the good faith of Sentinel and its directors. We believe it is an attempt to evade Sentinel's obligations under the Policy. As to your 15 July letter, we will answer the questions posed.⁴

² "UBS Action" refers to *UBS Securities LLC and UBS AG London Branch v. Highland Capital Management et al.*, Supreme Court of the State of New York, Cause No. 650097/2009.

³ "UBS" refers collectively to UBS Securities LLC and UBS AG London Branch.

⁴ The following responses are given on behalf of the Insured only. The Insured takes no position as to conduct or actions of any of the other "Defendants."

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First, you ask on whose authority Mr. Seery is asserting a claim under the Policy and his role at the Insured. As an initial matter, Mr. Seery is not asserting a claim under the Policy; rather, the Insured is asserting a claim.⁵ The Insured is included on the schedule to the Policy as an insured party and is a defendant in the UBS Action. As you should know, the Insured is a limited partnership organized in the State of Delaware. As a limited partnership, the Insured is managed by its general partner, Highland CDO Opportunity Fund GP, L.P. (the "CDO Fund GP"). CDO Fund GP is, in turn, managed by its general partner, Highland CDO Opportunity Fund GP, LLC ("CDO Fund LLC"). HCMLP is the sole member of CDO Fund LLC and is authorized, by and through its corporate officers, to direct CDO Fund LLC. An organizational chart showing the corporate structure of CDO Fund is attached as **Appendix A**.

Second, your 15 July letter includes a list of numbered questions. These are reprinted below along with our responses.

1. Please confirm whether any of the Defendants have appealed (or are intending to appeal) the judgment dated 22 January 2020 by the Hon. Marcy S. Friedman (Judgment). If no appeal was pursued, please explain the basis upon which this decision was taken.

RESPONSE: The Judgment was entered after the "Phase I" bench trial of certain issues in the UBS Action, which was to be followed by a "Phase II" jury trial of the remaining issues. The Honorable Judge Friedman originally issued her ruling, which formed the basis of the Judgment, in November 2019, which was after HCMLP filed for bankruptcy but while Mr. Dondero still completely controlled HCMLP.

Even after Mr. Dondero ceded control in January 2020, Mr. Ellington continued to be responsible for directing the Insured's responses to the UBS Action, including the Judgment. Further, we understand that Mr. DiOrio knew of Mr. Ellington's management of the UBS Action. As such, at all times, Sentinel knew of the Judgment and the decisions being made with respect thereto, including as to whether to appeal the Judgment.

2. Please provide details of any defences that were put forward by the Defendants (or any of them) in the UBS Action.

RESPONSE: The UBS Action has been pending for approximately twelve years and the multitude of pleadings on the docket reflect, *inter alia*, the various defences interposed by the "Defendants." The pleadings on the docket are publicly available for your review.

We note that Messrs. Dondero and Ellington were, at all relevant times, responsible for managing the UBS Action and dictating the Defendants' defences. Messrs. Dondero and Ellington own Sentinel and were Mr. DiOrio's supervisors. At all

⁵ The Policy identifies Paul Lackey as an "Authorized Representative." Mr. Lackey is currently an attorney at Stinson LLP. Mr. Lackey and Stinson represent Mr. Dondero and certain of Mr. Dondero's related and affiliated entities in matters that are directly adverse to HCMLP's interests. Because of his debilitating conflicts, Mr. Lackey cannot fulfill his obligations as "Authorized Representative" through no fault of the Insured. Mr. Lackey has not been replaced as "Authorized Representative" and the role of "Authorized Representative" has been rendered nugatory. Sentinel should not take any instruction from Mr. Lackey.

WALKERS

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relevant times, Mr. DiOrio was apprised of the management of the UBS Action. As such, Sentinel has, at all times (both before and after underwriting the Policy), had knowledge of the defences put forward by the Defendants in the UBS Action.

3. Please confirm whether the Judgment is a full and final judgment in the UBS Action as at October 14, 2020.

RESPONSE: The Judgment is a final judgment.

Sentinel, through Messrs. Dondero, Ellington, and DiOrio, has at all times known of the Judgment and the finality of the Judgment. Because of the active concealment of the Policy by Messrs. Ellington and DiOrio, among others, the Insured was unable to make demand on the Policy until the date of the Demand.

4. We assume that your client (as a Defendant to the UBS Action) became aware of the Judgment on 22 January 2020. Please could you confirm the same by return.

RESPONSE: Sentinel, through Messrs. Dondero, Ellington, and DiOrio, has at all times known of the Judgment. The Insured became aware of the Judgment on or about 22 January 2020. Because of the active concealment of the Policy by Messrs. Ellington and DiOrio, among others, the Insured was unable to make demand on the Policy until the date of the Demand.

5. Please provide details of any payments that any of the Defendants have made towards the satisfaction of the Judgment, including the dates on which such payments were made.

RESPONSE: As far as we are aware the Insured has made no payments towards satisfaction of the Judgment to date.

Finally, you assert the Replacement Directors have no knowledge of the allegations set forth in the Pleadings supplied to you as enclosures to our 2 July letter and present additional questions regarding the Policy, as follows:

1. You state that the face value of any assets alleged to have been transferred is US\$300 million and that the market of the same assets is alleged to be US\$100 million. Please could you provide details on how these respective valuations have been arrived at.

RESPONSE: These statements are based on the schedule of assets annexed to the Policy. Although Sentinel has a copy of the Policy, we have attached the Policy to this letter as **Appendix B**.

We also refer you to a Memorandum, prepared by HCMLP's tax department, which ascribes a fair market value of approximately US\$100 million to the transferred assets. A copy of the Memorandum is attached hereto as **Appendix C**.

Finally, we believe Sentinel has substantial information concerning the market value of the assets transferred to Sentinel. For example, the endorsements to the Policy attached to your 15 July letter were necessitated by a re-valuation of such assets.

WALKERS

Page 6

2. Please provide by return a list of assets that are alleged to have been transferred.

RESPONSE: See response to prior question.

We trust that the above will allow Sentinel to provide a conclusive response to the Demand, which is hereby reiterated.

We also remain sceptical that the mass resignation of Sentinel's directors one month after the Demand was sent was a coincidence. We reject your suggestion that it was and again ask for an explanation of these curious circumstances.

We also request an explanation of the discrepancy regarding the date of Mr. DiOrio's resignation. According to your 15 July letter, Mr. DiOrio did not actually resign until 25 June 2021 and was replaced by Mr. de Jager on 30 June 2021.

Finally, the 15 July letter encloses copies of two putative endorsements to the Policy which, if effective, purport to reduce the limit of the Policy from US\$100 million to US\$91 million. Your letter offers no explanation of the provenance of these documents or how you came to possess them. We ask that you reply with this information as well as any other information surrounding the genesis of these putative endorsements and how they came into your possession.

The Insured hereby reserves all rights and remedies based on Sentinel's failure to honor the Policy and remit payment thereunder as demanded in the Demand and the Follow-Up Demand.

We look forward to your response.

Yours faithfully



WALKERS
colette.wilkins@walkersglobal.com
1 345 914 4215

CC: CIMA

EXHIBIT M



COPY

BY EMAIL

13 September 2021

Our Ref: CW/NDbt/171091

Collas Crill
P.O. Box 709
Willow House, 2 Floor
Cricket Square
Grand Cayman KY1-1007
Cayman Islands

RECEIVED FROM WALKERS

Name: ALEX SOLOMON

Company: CIMA

Date: 14/09/21

Time: 9:55

Signature: [Handwritten Signature]

Attention: Stephen Leontsinis

Dear Sirs

RE: HIGHLAND CAPITAL LP

Dear Sirs

We are instructed on behalf of Highland Capital Management ("**HCM**") in relation to your letter dated 30 August 2021.

First and foremost, all further communications in respect of this matter should be addressed to our attention, and you should not contact James P. Seery, Jr., either directly or indirectly, concerning this matter.

Second, it is incorrect to state that HCM acts as asset manager for, or indeed provides any services to, Sentinel. As such, HCM is not in a position to provide the information sought in your numbered points.

To the extent that the incoming directors have any queries in relation to Sentinel's assets, or indeed the date upon which they were transferred, those may be best addressed in the first instance to James Dondero or Scott Ellington, whom we understand to be the beneficial owners of Sentinel. In addition, Mr. Dondero was the president and chief executive officer of HCM with control over HCM's operations prior to the order of the Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**Bankruptcy Court**"), dated 9 January 2020 appointing an independent board to manage HCM in his stead.

We also understand that Matthew DiOrio, a former Sentinel director who still works with Messrs. Dondero and Ellington, has extensive knowledge concerning Sentinel's assets and the transfers that occurred in and after August 2017.

Given that it appears that Messrs Dondero, Ellington, and DiOrio are likely to already be in possession of all information necessary to explain any transactions referred to your 30 August letter, it is unclear to us why the directors should seek this information from our client, and we would be grateful for clarification in this regard.

Third, we note your unparticularised assertion that a balance in excess of US\$32.8 million is due and owing to Sentinel from HMSC as well as your request that HCM provide information on when Sentinel can expect payment on such asset and other assets you allege belong to Sentinel.

Walkers

190 Elgin Avenue, George Town
Grand Cayman KY1-9001, Cayman Islands

COPY

WALKERS

Page 2

As you know, on 31 March 2021, UBS Securities LLC and UBS AG London Branch (collectively, "UBS") filed an adversary proceeding in the Bankruptcy Court against HCM, which among other things, sought to enjoin HCM from making any distributions, either directly or indirectly, to Sentinel (Adv. Proc. No. 21-03020-sgj (Bankr. N.D. Tex. Mar. 31, 2021)) (the "**UBS Adversary Proceeding**"). As you also know, on 9 April 2021, the Bankruptcy Court entered an order granting UBS' application for a temporary restraining order (Adv. Proc. No. 21-03020-sgj, Docket No. 21 (Bankr. N.D. Tex. Apr. 9, 2021)) (the "**TRO**").

The TRO prohibits HCM from directly or indirectly making any transfers or payments to Sentinel or its affiliates, providing, inter alia, that:

[HCM] is temporarily enjoined and restrained from making or allowing funds under its management or control (including, but not limited to, [HMSC] and CDO Fund) to make any payments or further transfers to Sentinel or any of its affiliates or any transferees of the Sentinel Entities consisting of, resulting from, or relating to the Transferred Assets until this Court's decision on UBS's requested preliminary injunction.

A copy of the TRO is attached as Appendix A.

While the TRO is only a preliminary and temporary restraining order, HCM understands that UBS is seeking to convert the TRO into a permanent injunction.

HCM will not, under any circumstances, violate the TRO, which is a valid and final order under U.S. law. Furthermore, HCM, based on the facts and circumstances presently known to it, does not see any proper basis upon which to defend UBS's application for permanent injunctive relief. If you have any material that you would like HCM to consider in evaluating whether there is any basis for HCM to oppose a request for a permanent injunction, please forward that information to us immediately.

If and to the extent Sentinel believes it is entitled to receive any amounts related to HMSC or any other asset allegedly held or managed by HCM, Sentinel should seek to intervene in the UBS Adversary Proceeding in order to protect whatever interests it might have. Sentinel is also urged to raise any and all issues on its own behalf should it wish to contest the permanent injunctive relief sought by UBS. Any lack of action from Sentinel going forward will be deemed by HCM as amounting to both consent to the relief being entered and a waiver of any objection to the cessation of distributions to Sentinel by HCMS or with respect to any of the other assets subject to the TRO.

Please note that HCM would have no objection to Sentinel's intervention in the UBS Adversary; indeed, it appears that Sentinel's participation in the UBS Adversary would be the best way in which to resolve the issues alleged in Sentinel's 30 August letter and any issues arising from the TRO.

HCM reserves any and all rights that it may have against, inter alia, Sentinel and its directors and nothing herein amounts to or shall be construed as a waiver of any such rights.

Yours faithfully


WALKERS
colette.wilkins@walkersglobal.com
1 345 914 4215



CC: CIMA



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed April 9, 2021

United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re	§	Chapter 11
	§	
HIGHLAND CAPITAL MANAGEMENT, L.P., ¹	§	Case No. 19-34054-SGJ11
	§	
Debtor.	§	
-----	§	
UBS SECURITIES LLC AND UBS AG	§	Adversary Proceeding
LONDON BRANCH,	§	
	§	No. <u>21-03020-sgj</u>
Plaintiffs,	§	
	§	
vs.	§	
	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Defendant.	§	

¹ The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.

ORDER GRANTING PLAINTIFFS' MOTION FOR A TEMPORARY RESTRAINING ORDER

Having considered *Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction* (the "Motion"), *Plaintiffs' Memorandum of Law in Support of Motion for a Temporary Restraining Order and Preliminary Injunction* (the "Memorandum of Law")², and the *Declaration of Sarah Tomkowiak in Support of Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction*, including the exhibits annexed thereto; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. § 1409; and this Court having found that injunctive relief is warranted under section 105(a) of the Bankruptcy Code and that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties-in-interest; and this Court having found that UBS's notice of the Motion was appropriate under the circumstances and that no other notice need be provided; and this Court having determined that the legal and factual bases set forth in the Motion and the Memorandum of Law establish good cause for the relief granted herein; and this Court taking note that the Debtor does not object to the relief sought herein; and after due deliberation and sufficient cause appearing therefor and for the reasons set forth in the record on this Motion, it is **HEREBY ORDERED**

THAT:

1. The Motion is **GRANTED** as set forth herein.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Memorandum of Law.

2. The Debtor is temporarily enjoined and restrained from making or allowing funds under its management or control (including, but not limited to, Multi-Strat and CDO Fund) to make any payments or further transfers to Sentinel or any of its affiliates or any transferees of the Sentinel Entities consisting of, resulting from, or relating to the Transferred Assets until this Court's decision on UBS's requested preliminary injunction.

3. All objections to the Motion are overruled in their entirety.

4. The Court shall retain exclusive jurisdiction with respect to all matters arising from or relating to the implementation, interpretation, and enforcement of this Order.

END OF ORDER

Respectfully submitted,

/s/ Andrew Clubok

LATHAM & WATKINS LLP

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*Counsel for UBS Securities LLC and UBS
AG London Branch*

EXHIBIT N



PRIVATE AND CONFIDENTIAL

Walkers
190 Elgin Avenue
George Town
Grand Cayman KY1-9001
Cayman Islands

Your Ref
Our Ref SL/50001151/0001
Doc. 10869365.0

24 September 2021

Attn: Colette Wilkins

BY EMAIL

Dear Madam

RE: HIGHLAND CAPITAL LP

We refer to your letter dated 13 September 2021 in relation to the adversary proceedings filed by UBS Securities LLC and UBS AG London Branch (collectively "**UBS**") in the Bankruptcy Court against Highland Capital Management ("**HCM**") (the "**UBS Adversary Proceedings**").

The independent directors of Sentinel ("**Directors**") have been working diligently to get their arms around the assets of Sentinel whilst managing the various requests and issues arising out of US court proceedings to which Sentinel is not a party, including the UBS Adversary Proceedings, the existence of which Sentinel has only recently become aware of.

The investigations that the Directors are conducting relate to the nature and extent of Sentinel's assets, including those assets which were transferred to Sentinel under the Purchase Agreement dated 7 August 2017 ("**Purchase Agreement**") (the "**Transferred Assets**"). As previously stated, the Directors have only been appointed recently and have therefore come to these matters afresh and as such have been trying to open channels of communication with various parties in order to secure the Transferred Assets for the benefit of all parties. None of the Directors have ever had any direct communications with Mr Ellington or Mr Dondero. Despite the Director's desires to find cooperative ways of engaging with the relevant parties in their attempt to secure Sentinel's assets, they have not opened channels of communications with either of Mr Ellington or Mr Dondero in order to allow Sentinel to remain truly independent, in light of the allegations being made in the US Courts.

With regards to Mr DiOrio, the Directors did contact Mr DiOrio to gather information in relation to Sentinel's assets (including the Transferred Assets), but received a response from Mr DiOrio's legal representatives, Baker & McKenzie, requesting that Sentinel desist from contacting their client directly. Baker & McKenzie told this firm that Mr DiOrio is no longer in possession of his records as a result of the termination of his employment with HCM. As a result of the aforementioned, the Directors have therefore been conducting their own investigations in order to obtain the requisite information and records.



It is as part of that investigation that the Directors wrote to Mr James P. Seery Jr on 30 August 2021. Sentinel was not aware that Mr Seery Jr had separate legal representation, nor was the letter intended to raise issues of a legal nature. Nevertheless, we will be sure to inform our client that any communication with respect to this matter be addressed to your firm going forward.

The intention of the letter was to open channels of communication with Mr Seery Jr as it is the Directors' understanding that he was responsible for keeping up to date records and an inventory of Sentinel's assets to which HCM acts as manager. The letter attached a Schedule of assets owned by Sentinel and with respect to which the Directors asked the following questions:

1. Confirmation that Sentinel is listed as the current, registered owner of the asset.
2. If Sentinel is not registered as the current owner of the asset, please provide the appropriate documentation to perfect the re-registration of those assets into the name of Sentinel.
3. All valuations, NAVs and investor communications in respect of each of the assets.
4. The timing and amount of anticipated distributions from each of the assets, going forward.

The letter also requested confirmation that the US\$32.8 million receivable by Highland Multi Strategy Credit Fund is "due, owing and payable" because Sentinel does not currently hold that information.

The Directors are generally operating in an information vacuum – they were not aware of the UBS Adversary Proceedings or the TRO. Until receipt of your letter Sentinel had never seen a copy of the TRO. We have requested that Sentinel's US counsel check the appropriate docket and we are told that the complaint in the UBS Adversary Proceedings is sealed, as is the Motion in relation to the TRO. To the extent that Walkers is able to provide copies of the underlying documents, we would be grateful for all assistance you can afford the Directors. To the extent that the US court documents are protected by a confidentiality agreement, we and Sentinel would be more than happy to enter into similar agreements in order to be able to obtain the necessary information in order for Sentinel to make informed decisions as to a way forward and to appropriately protect the Transferred Assets.

Given the current lack of information with respect to the UBS Adversary Proceedings and the TRO, Sentinel is not in a position to comment on those issues, or indeed intervene in the UBS Adversary Proceedings. The fact that Sentinel is currently not in a position to intervene in the UBS Adversary Proceedings or the TRO cannot be taken as *"a waiver of any objection to the cessation of distributions to Sentinel by HCMS or with respect to any of the other assets subject to the TRO"*. Furthermore, any suggestion of *"lack of action from Sentinel"* is misconceived. Since their appointments, the Directors have been working towards ascertaining the nature and extent of Sentinel's assets as well as securing them and, will continue to do so. Any assistance that your firm or your client can provide might allow Sentinel to consider whether intervention in the UBS Adversary Proceedings and the TRO is necessary or appropriate and we ask again that you provide us with the relevant documentation in order to make such determination.

Sentinel's Directors wish to reiterate that they are aware of the allegations made against Sentinel and its UBOs, as well as what appears to have been very acrimonious litigation, all of which happened prior to the Directors' respective appointments. Given the lack of information and/or possible discrepancies in the information reviewed to date, the Directors are conducting



investigations to both understand the financial position of Sentinel and to secure Sentinel's assets for the benefit of all parties involved. There is no intention to deal with any of the Transferred Assets, until such time as the broader issues have been satisfactorily resolved. In the interim, the Directors are of the view that the Transferred Assets must be preserved. As stated above, the questions sent to your client were part of a fact-finding exercise by Sentinel – to determine where its assets (whether they are part of the Transferred Assets or not) currently reside, who has control of them, what likely value they have, and the likelihood of recovery on those assets. If it is HCM that has visibility into any of the assets and/or control over them, that is all very useful information for Sentinel to know, even if HCM cannot currently deal with those assets due to the imposition of the TRO. If they are assets that HCM does not deal with (or refuses to provide information on), then the Directors will have to continue their investigations elsewhere to establish what has happened to those assets and bring them under Sentinel's control. We hope that Sentinel's investigations and its desire to 'hold the ring' and secure all of its assets is seen to be of benefit to all parties, including your clients.

We understand that there are employees within HCM that maintain records for a number of the assets that were listed in the Schedule previously provided. The Directors would suggest that the most efficient way forward would be a call between themselves and the most appropriate person at HCM for an initial and high level discussion on what information is and isn't available. This can be done with or without counsel present (in order to save on costs). We would be grateful if you could assist us in setting up such a call between our clients to move matters forward. If it then becomes necessary for the Directors to ask more detailed questions, we will be sure to direct those questions through you.

We look forward to hearing from you.

Yours faithfully

A handwritten signature in blue ink that reads 'Collas Crill'.

COLLAS CRILL

Direct Tel: +1 345 914 9605

Email: Stephen.leontsinis@collascrill.com

Encls.

With a copy to:
Cayman Islands Monetary Authority
Attn: Ruwan Jayasekera

EXHIBIT O



PRIVATE AND CONFIDENTIAL

Walkers
190 Elgin Avenue
George Town
Grand Cayman KY1-9001
Cayman Islands

Your Ref
Our Ref SL/50001151/0001
Doc. 10869365.0

19 October 2021

Attn: Colette Wilkins QC

BY EMAIL

Dear Madam

RE: HIGHLAND CAPITAL LP

We write further to our letter of 24 September 2021 in order to provide an update on the investigations that the Directors are conducting with respect to the Transferred Assets.

Subpoenas in the United States

1. As you will be aware, Sentinel appointed Beecher Carlson Cayman, Ltd ("**Beecher Carlson Cayman**") as captive insurance manager pursuant to a captive management agreement dated 1 October 2013 (the "**Management Agreement**").
2. On 29 June 2021, UBS Securities LLC and UBS AG London (together "**UBS**") served a document request subpoena issued by the United States Bankruptcy Court of the Northern District of Texas (the "**Texas Subpoena**") on Beecher Carlson Insurance Services, LLC ("**Beecher Carlson LLC**", together with Beecher Carlson Cayman shall be referred to in this letter as "**Beecher Carlson**") in its capacity as parent company of Beecher Carlson Cayman. The Texas Subpoena contains very detailed information requests, in connection with the facts and circumstances surrounding the transfer of assets from Highland to Sentinel as part of the premium paid for the Insurance Policy ("**Alleged Fraudulent Transfers**").
3. On 26 July 2021, UBS served an information subpoena issued by the Supreme Court of the State of New York (the "**Information Subpoena**") on Beecher Carlson LLC seeking responses to a large number of questions.
4. On 24 August 2021, UBS served a further document request subpoena issued by the Supreme Court of the State of New York (the "**New York Subpoena**")¹ on Beecher Carlson LLC in substantially the same form as the Texas Subpoena.

¹ The Texas Subpoena, the Information Subpoena and the New York Subpoena are collectively referred to as the "**Subpoenas**".



5. The Directors are assisting with Beecher Carlson LLC's compliance with the Subpoenas, however, in accordance with their fiduciary duties, the Directors are under an obligation to ensure that, in responding to the Subpoenas, there is no inadvertent disclosure or waiver of privilege and that Sentinel complies with all relevant common law and statutory duties of confidence.

Document Review

6. To facilitate Beecher Carlson's compliance with the Subpoenas, we as Sentinel's Cayman Islands counsel, have commenced a review exercise (the "**Document Review**") of a document population of roughly 61,000 documents (the "**Reviewable Documents**").
7. Sentinel considers that the Reviewable Documents will allow Sentinel to determine whether there is any merit in the statements made by Latham & Watkins in relation to the Alleged Fraudulent Transfers and the concerns raised by your firm in respect of the *bona fides* of the Insurance Policy. Until the Document Review is completed, Sentinel will not be in a position to make a determination on either the claim under the insurance policy or the veracity of the Alleged Fraudulent Transfer.
8. If the Reviewable Documents reveal that the insurance policy is not *bona fide*, then the policy will be null and void and the Transferred Assets will have to be returned to the Insureds. If however the Reviewable Documents reveal that the insurance policy is *bona fide* and a proper claim under the insurance policy is established, then payments under the insurance policy may be made. It is important to note that it is not possible for there to be a *bona fide* insurance policy and an Alleged Fraudulent Transfer – one or the other position must prevail and Sentinel will be in the best place to make that determination once the Document Review is concluded.
9. Sentinel is aiming to start producing documents under the Subpoenas on a rolling basis from 21 October 2021.

Finally, in order to assist the Directors with their investigations, we would be grateful if you could provide copies of the sworn deposition testimony of Messrs. Ellington, Leventon, and DiOrio and any other relevant deponents (together with any exhibits that were put to the deponents during those depositions) as well as all related materials referred to in your letter of 13 September 2021.

In the meantime, we would welcome a without prejudice conversation with you. Please could you let us know your availability for a call in the next few days.

We look forward to hearing from you.



Yours faithfully

Collas Crill

COLLAS CRILL

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Email: Stephen.leontsinis@collascrill.com