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 Mattson Partners, LP*

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 of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California
 corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**NOTICE OF REVISED (I) PROPOSED
 SOLICITATION PROCEDURES ORDER,
 (II) SOLICITATION MATERIALS,
 (III) JOINT CHAPTER 11 PLAN, AND
 (IV) DISCLOSURE STATEMENT**

In re

KS MATTSON PARTNERS, LP,

Debtor.

¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 9562. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims :

1 **TO THE UNITED STATES BANKRUPTCY COURT, THE OFFICE OF THE UNITED**
2 **STATES TRUSTEE, AND OTHER PARTIES IN INTEREST:**

3 **PLEASE TAKE NOTICE** that on December 1, 2025, the Plan Proponents filed the
4 *Second Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2944] (the “Second Amended
5 Plan”) and the *Second Amended Disclosure Statement in Support of Second Amended Joint*
6 *Chapter 11 Plan of Liquidation* [Docket No. 2945] (the “Second Amended Disclosure
7 Statement”).

8 **PLEASE TAKE FURTHER NOTICE** that on December 1, 2025, the Plan Proponents
9 filed a *Notice of Revised Solicitation Materials* [Docket No. 2946] (the “Notice”), which included
10 the following revised Solicitation Exhibits:² (i) Exhibit A – Plan Summary; (ii) Exhibit B –
11 Proposed Confirmation Hearing Notice; (iii) Exhibit C – Proposed Contents and Procedures for
12 Serving Solicitation Packages; (iv) Exhibit D – Proposed Form of Ballots; (v) Exhibit E – Proposed
13 Vote Tabulation / Estimation Procedures; (vi) Exhibit F – Proposed Notice of Non-Voting Status;
14 (vii) Exhibit G – Proposed Solicitation Procedures Order; and (viii) Exhibit H – Solicitation
15 Package Cover Letter (collectively, the “Revised Solicitation Exhibits”).

16 **PLEASE TAKE NOTICE** that on December 7, 2025, the Plan Proponents filed the *Third*
17 *Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 3054] (the “Third Amended Plan”)
18 and the *Third Amended Disclosure Statement in Support of Third Amended Joint Chapter 11 Plan*
19 *of Liquidation* [Docket No. 3055] (the “Third Amended Disclosure Statement”).

20 **PLEASE TAKE FURTHER NOTICE** that attached hereto as **Exhibit A** (p. 4) is a
21 further revised Proposed Solicitation Procedures Order.

22 **PLEASE TAKE FURTHER NOTICE** that attached hereto as **Exhibits B – I** are
23 comparisons to show all changes made to the Revised Solicitation Exhibits:

<u>Exhibit B</u> (p. 47)	Proposed Solicitation Procedures Order (excluding exhibits)
<u>Exhibit C</u> (p. 56)	Plan Summary
<u>Exhibit D</u> (p. 65)	Proposed Confirmation Hearing Notice
<u>Exhibit E</u> (p. 73)	Proposed Contents and Procedures for Serving Solicitation Packages
<u>Exhibit F</u> (p. 76)	Proposed Form of Ballots
<u>Exhibit G</u> (p. 89)	Proposed Vote Tabulation / Estimation Procedures
<u>Exhibit H</u> (p. 94)	Proposed Notice of Non-Voting Status
<u>Exhibit I</u> (p. 100)	Solicitation Package Cover Letter

24 **PLEASE TAKE FURTHER NOTICE** that attached hereto as **Exhibit J** (p. 103) is a
25 comparison of the Second Amended Plan to the Third Amended Plan.

26 ² On October 15, 2025, the Plan Proponents filed the *Amended Joint Motion of Debtors and Official Committee of*
27 *Unsecured Creditors for an Order (I) Approving the Plan Summary and Amended Disclosure Statement; (II)*
28 *Scheduling Hearing on Confirmation of Plan and Approving the Form and Manner of Service of the Hearing*
Notice; (III) Establishing Procedures for the Solicitation and Tabulation of Votes on Plan; (IV) Establishing
Procedures for the Estimation of Investor Claims Solely for Voting Purposes; and (V) Approving Related Matters
[Docket No. 2569] (the “Solicitation Procedures Motion”). The Solicitation Procedures Motion included eleven
exhibits, attached thereto as Exhibits A through G (the “Solicitation Exhibits”).

1 **PLEASE TAKE FURTHER NOTICE** that attached hereto as **Exhibit K** (p. 166) is a
2 comparison of the Second Amended Disclosure Statement to the Third Amended Disclosure
3 Statement (certain exhibits omitted).

4 **PLEASE TAKE FURTHER NOTICE** that copies of all plan-related documents can be
5 obtained at no cost by visiting <https://www.veritaglobal.net/LM>.

6 Dated: December 7, 2025

KELLER BENVENUTTI KIM LLP

7 By: /s/ Thomas B. Rupp

8 Tobias S. Keller

9 David A. Taylor

10 Thomas B. Rupp

Counsel to the LFM Debtors

11 **PACHULSKI STANG ZIEHL & JONES LLP**

12 By: /s/ Brooke E. Wilson

13 Debra Grassgreen

14 John D. Fiero

15 Jason H. Rosell

16 Brooke E. Wilson

Counsel to the Committee

17 **HOGAN LOVELLS US LLP**

18 By: /s/ Erin N. Brady

19 Richard L. Wynne

20 Erin N. Brady

21 Edward J. McNeilly

22 *Counsel to Debtor KS Mattson Partners, LP*

EXHIBIT A

**Proposed Solicitation Procedures Order
(Clean)**

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Possession*

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*Counsel to the Official Committee
of Unsecured Creditors*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re
LEFEVER MATTSON,
a California corporation, *et al.*,¹

Debtors.

Case No. 24-10545 CN (Lead Case)

(Jointly Administered)

Chapter 11

¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>.

In re
KS MATTSON PARTNERS, LP,
Debtor.

ORDER (I) APPROVING THE PLAN SUMMARY AND APPROVING DISCLOSURE STATEMENT; (II) SCHEDULING STATUS CONFERENCE ON CONFIRMATION OF PLAN AND APPROVING THE FORM AND MANNER OF SERVICE OF THE CONFIRMATION NOTICE; (III) ESTABLISHING PROCEDURES FOR THE SOLICITATION AND TABULATION OF VOTES ON PLAN; (IV) ESTIMATING INVESTOR CLAIMS AND INTERESTS SOLELY FOR VOTING PURPOSES; AND (V) APPROVING RELATED MATTERS

This matter coming before the Court on the *Amended Motion for an Order (I) Approving the Plan Summary and Approving Disclosure Statement; (II) Scheduling Hearing on Confirmation of Plan and Approving the Form and Manner of Service of the Confirmation Hearing Notice; (III) Establishing Procedures for the Solicitation and Tabulation of Votes on Plan; (IV) Establishing Procedures for Estimation of Investor Claims and Interests Solely for Voting Purposes; and (V) Approving Related Matters* [Docket No. 2569] (the “Motion”),² jointly filed by the above-captioned debtors and debtors-in-possession (the “Debtors”) and Official Committee of Unsecured Creditors (the “Committee” and together with the Debtors, the “Plan Proponents”), together with the *Third Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 3054] (as it may be amended or modified, including all exhibits thereto, the “Plan”) of the Debtors proposed by the Plan Proponents, and the *Third Amended Disclosure Statement in Support of the Third Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 3055] (the “Disclosure Statement”); the Court having reviewed the Motion and having heard the statements of counsel regarding the relief requested in the Motion at hearings before the Court (the “Hearings”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearings establish just cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED**.

² A capitalized term used but not defined herein shall have the meaning ascribed to it in the Motion.

- 1 2. The Plan Summary is approved as part of the Solicitation Package.
- 2 3. The Disclosure Statement is approved as containing adequate information within the
- 3 meaning of section 1125 of the Bankruptcy Code.
- 4 4. The Confirmation Notice and Notice of Non-Voting Status, attached hereto as
- 5 **Exhibit 1** and **Exhibit 2** respectively, are approved in all respects.
- 6 5. The forms of Ballot, attached hereto as **Exhibit 3**, are approved in all respects.
- 7 6. The Plan Proponents are authorized to include Investor Claim Settlement Offer
- 8 Letters, a form of which is attached hereto as **Exhibit 4**, in the Solicitation Packages for Investors.
- 9 7. December 10, 2025 is established as the Voting Record Date for the purposes of
- 10 determining the creditors and equity interest holders entitled to receive the Solicitation Package and
- 11 to vote on the Plan or to receive the Notice of Non-Voting Status, subject to Vote Tabulation /
- 12 Estimation Procedures.
- 13 8. The Solicitation Package and Notices of Non-Voting Status shall be served by
- 14 December 17, 2025.
- 15 9. If multiple Solicitation Packages would otherwise go to the same physical address,
- 16 the Plan Proponents shall be permitted, but not required, to combine the Solicitation Packages into
- 17 a single Solicitation Package with multiple ballots, even if the claimant names are not identical.
- 18 10. Any Plan Supplement must be filed by December 19, 2025.
- 19 11. Ballots must be received on or before **January 21, 2026 at 11:59 p.m. (Pacific**
- 20 **Time)** (“Voting Deadline”) in accordance with the instructions on the applicable Ballot, unless
- 21 extended by the Plan Proponents in writing. The Plan Proponents have the authority, without further
- 22 order from the Court, to extend the Voting Deadline.
- 23 12. The Vote Tabulation/Estimation Procedures, attached hereto as **Exhibit 5**, are
- 24 approved in all respects.
- 25 13. Each unique Investor will receive one Class 5 Ballot on account of an Investor Claim.
- 26 Investors with substantially similar names, that list the same noticing address on their Claims, and
- 27 for which the Plan Proponents determine upon good faith are the same person or entity will be
- 28 treated as one Investor. For example, if the “Doe Family Trust” and the “Doe Family Trust, dated

1 January 1, 2000” provide the same address where notices should be sent on their Claims and/or
2 Interests and the Plan Proponents believe these entities are the same, then the “Doe Family Trust”
3 and the “Doe Family Trust, dated January 1, 2000” will be treated as a single Investor. However,
4 the “Doe Family Trust” and “Jane Doe” will not be considered a single Investor even if the relevant
5 Interests or Claims list the same noticing address as these Investors do not have substantially similar
6 names.

7 14. Pursuant to Bankruptcy Code sections 105(a) and 502(c) and Bankruptcy Rule
8 3018(a), each Class 5 Claim will be estimated and temporarily allowed solely for purposes of voting
9 on the Plan in the amount of the corresponding Investor Tranche 1 Claim, as provided under
10 applicable Ninth Circuit law. If an Investor Tranche 1 Claim is calculated as equal to \$0.00, such
11 Class 5 Claim shall be temporarily allowed for voting purposes only, and not for purposes of
12 allowance or distribution, in the amount of \$1.00

13 15. Any Rule 3018 Motion by a party other than an Investor on account of its Investor
14 Claim must be filed with the Court, together with proof of service thereof, and served upon: (i) the
15 Office of the United States Trustee; (ii) counsel for the Debtors; (iii) counsel for the Committee;
16 and (iv) any party that has requested notice pursuant to Bankruptcy Rule 2002 by hand delivery or
17 in a manner as will cause such objection to be received by all such parties on or before **January 21,**
18 **2026**. Any objections not filed and served as set forth above may not be considered by the Court.
19 Any objection to such Rule 3018 Motion must be filed by no later than **January 28, 2026**.
20 Responses, if any, in support of the Rule 3018 Motion must be filed no later than **February 3, 2026**.
21 Any such Rule 3018 Motion may be resolved by agreement between the Plan Proponents and the
22 movant without the requirement for further order or approval of the Court. As to any creditor filing
23 a Rule 3018 Motion, such creditor’s Ballot shall not be counted unless temporarily allowed by the
24 Court for voting purposes after notice and a hearing, prior to or at the Confirmation Hearing. Any
25 unresolved Rule 3018 Motion and objection(s) thereto shall be heard at the Confirmation Hearing
26 or any other date selected by the Plan Proponents or pursuant to further Court order.

27 16. With respect to Class 3 Secured Lender Claims, the Plan Proponents may file any
28 claim objections against a Secured Lender Claim for Plan voting purposes **no later than 14 days**

1 **before the Confirmation Hearing**, with any responses by the applicable Secured Lenders due **no**
2 **later than 7 days before the Confirmation Hearing**, with a hearing to be held on any unresolved
3 objections at the Confirmation Hearing or a later date selected by the Plan Proponents. The Plan
4 Proponents may enter into stipulations with Secured Lenders allowing their Class 3 Claims for
5 voting purposes.

6 17. Objections to confirmation of the Plan must be in writing, must conform to the
7 Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or
8 Interests held or asserted by the objector against the Debtors, the basis for the objection and the
9 specific grounds of the objection, and must be filed with the Bankruptcy Court, together with proof
10 of service thereof, and served upon: (i) the Office of the United States Trustee; (ii) counsel for the
11 Debtors; (iii) counsel for the Committee; and (iv) any party that has requested notice pursuant to
12 Bankruptcy Rule 2002 by hand delivery or in a manner as will cause such objection to be received
13 by all such parties on or before **January 21, 2026**. Any objections not filed and served as set forth
14 above may not be considered by the Court.

15 18. The below additional dates and deadlines have been approved.

Deadline to Serve Written Discovery	December 31, 2025
Deadline for parties to identify the topics on which they intend to submit expert reports (other than rebuttal expert reports)	December 31, 2025
Deadline to Serve Responses & Objections to Written Discovery	January 30, 2026
Deadline to identify expert witnesses	January 30, 2026
Document Productions Completed	January 30 2026
Expert Reports Due	January 30, 2026
Deadline to Complete Depositions of Fact Witnesses (All fact and expert witnesses will have the option of being deposed either in person or by Zoom. If a witness chooses to be deposed in person, all parties may attend either in person or by Zoom, at their choosing)	January 30, 2026

19. On **January 23, 2026 at 11:00 a.m. (Pacific Time)** a **status conference** (“**Confirmation Status Conference**”) will be held before the Honorable Charles Novack, United States Bankruptcy Judge, to determine the date for the hearing on confirmation of the Plan (the “**Confirmation Hearing**”) and all other dates related to confirmation of the Plan, including the deadlines for identifying rebuttal experts, responses to objections to confirmation of the Plan, the Voting Report, and the brief in support of confirmation of the Plan. Counsel and interested parties may appear at the Confirmation Status Conference in person in Courtroom 215 of the United States Bankruptcy Court, 1300 Clay Street in Oakland, California or via Zoom video or telephone. The Zoom information will be included in each calendar posted weekly, as applicable.

20. The Confirmation Hearing may be adjourned from time to time without further notice to creditors and other parties-in-interest by an announcement of the adjourned date at the Confirmation Hearing or any adjournment thereof or by an appropriate filing with the Court.

21. The relief granted herein shall apply to all Debtors.

22. The Plan Proponents are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court.

23. The Plan Proponents are authorized to make non-substantive changes to the Disclosure Statement, Plan, Plan Summary, Ballots, Confirmation Notice, Notice of Non-Voting Status, and related documents without further order of the Court, including changes to correct typographical and grammatical errors and to make conforming changes among the aforementioned documents prior to their distribution.

24. This Court shall retain jurisdiction over all matters related to or arising from the Motion or the interpretation or implementation of this Order.

***** END OF ORDER *****

EXHIBIT 1

Confirmation Notice

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David A. Taylor (CA Bar No. 247433)
2 Thomas B. Rupp (CA Bar No. 278041)
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14 *Counsel to KS Mattson Partners, LP*

15
16 **UNITED STATES BANKRUPTCY COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**
18 **SANTA ROSA DIVISION**

19 In re
20 LEFEVER MATTSON,
a California corporation, *et al.*,¹
21 Debtors.

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

22
23
24
25 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax
26 identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton
27 Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other
28 Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in
these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification
numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors'
claims and noticing agent at <https://veritaglobal.net/LM>.

In re
KS MATTSON PARTNERS, LP,
Debtor.

**NOTICE OF (I) APPROVAL OF
DISCLOSURE STATEMENT; (II) STATUS
CONFERENCE HEARING TO CONSIDER
CONFIRMATION OF THE PLAN;
(III) DEADLINE FOR FILING OBJECTIONS
TO CONFIRMATION OF THE PLAN;
(IV) DEADLINE FOR VOTING ON THE
PLAN; AND (V) RELATED MATTERS**

Status Conference Hearing Date:

Date: January 23, 2026
Time: 11:00 a.m. (Pacific Time)
Place: *Via Zoom or In-Person at:*
United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612
Judge: Honorable Charles Novack

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On December [•], 2025, the above-captioned debtors and debtors in possession (the “Debtors”) filed the *Third Amended Joint Chapter 11 Plan of Liquidation* [Docket No. •] (as it may be amended or modified, including all exhibits thereto, the “Plan”) of the Debtors proposed by the Debtors and the Official Committee of Unsecured Creditors appointed in the above-captioned chapter 11 cases (the “Committee”). On December [•], 2025, the Debtors and Committee filed the *Third Amended Disclosure Statement in Support of the Third Amended Joint Chapter 11 Plan of Liquidation* [Docket No. •] (as it may be amended or modified, including all exhibits thereto, the “Disclosure Statement”); and a related summary of the Plan provided to Investors in Class 5 [Docket No. •] (as amended, the “Plan Summary”).²

2. By an Order dated December [•], 2025 [Docket No. •] (the “Solicitations Procedures Order”), the Bankruptcy Court approved the Disclosure Statement as containing adequate information within the meaning of section 1125 of Bankruptcy Code.

3. By the Solicitation Procedures Order, the Bankruptcy Court established **January 21, 2026 at 11:59 p.m. (Pacific Time)** (the “Voting Deadline”) as the deadline by which ballots accepting or rejecting the Plan must be received. To be counted, your original ballot must actually

² Any capitalized terms not defined herein have the meaning ascribed to such terms in the Plan or Disclosure Statement, as applicable.

1 be **received** on or before the Voting Deadline by the Debtors' balloting agent, Verita Global, either
2 electronically as specified on your ballot or to the following address:

3 LeFever Mattson Ballot Processing Center
4 c/o KCC dba Verita
222 N. Pacific Coast Highway, Suite 300
5 El Segundo, CA 90245

6 4. Each unique Investor will receive one Class 5 Ballot on account of their Investor
7 Claim. Investors with substantially similar names, that list the same noticing address on their Claims,
8 and for which the Plan Proponents determine upon good faith are the same person or entity will be
9 treated as one Investor. For example, if the "Doe Family Trust" and the "Doe Family Trust, dated
10 January 1, 2000" provide the same address where notices should be sent on their Claims and/or
11 Interests and the Plan Proponents believe these entities are the same, then the "Doe Family Trust"
12 and the "Doe Family Trust, dated January 1, 2000" will be treated as a single Investor. However,
13 the "Doe Family Trust" and "Jane Doe" will not be considered a single Investor even if the relevant
14 Interests or Claims list the same noticing address as these Investors do not have substantially similar
15 names.

16 5. The Plan Supplement will be filed by the Debtors and the Committee by
17 **December 19, 2025**, which will be served on all parties that have requested special notice in the
18 cases under Bankruptcy Rule 2002, and will be available to review and download for free from the
19 Voting Agent's website at <https://veritaglobal.net/LM> on and after the filing of the Plan Supplement.

20 6. On **January 23, 2026 at 11:00 a.m. (Pacific Time)**, a **status conference**
21 (**"Confirmation Status Conference"**) will be held before the Honorable Charles Novack, United
22 States Bankruptcy Judge to determine when the hearing on confirmation of the Plan (the
23 **"Confirmation Hearing"**) will take place and to set additional deadlines in connection with the
24 Confirmation Hearing. Counsel and interested parties may appear at the Confirmation Status
25 Conference and Confirmation Hearing in person in Courtroom 215 of the United States Bankruptcy
26 Court, 1300 Clay Street in Oakland, California or via Zoom video or telephone. The Zoom
27 information will be included in each calendar posted weekly, as applicable.

1 7. The Confirmation Hearing may be adjourned from time to time, without further
2 notice. The Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of
3 Bankruptcy Procedure, the Plan, and other applicable law, without further notice, prior to or as a
4 result of the Confirmation Hearing.

5 8. The below additional dates and deadlines have been approved.

6 Deadline to Serve Written Discovery	December 31, 2025
7 Deadline for parties to identify the topics on 8 which they intend to submit expert reports 9 (other than rebuttal expert reports)	December 31, 2025
10 Deadline to Serve Responses & Objections 11 to Written Discovery	January 30, 2026
12 Deadline to identify expert witnesses	January 30, 2026
13 Document Productions Completed	January 30, 2026
14 Expert Reports Due	January 30, 2026
15 Deadline to Complete Depositions of Fact 16 Witnesses 17 (All fact and expert witnesses will have the 18 option of being deposed either in person or 19 by Zoom. If a witness chooses to be deposed 20 in person, all parties may attend either in 21 person or by Zoom, at their choosing)	January 30, 2026

22 9. Objections to confirmation of the Plan, including any supporting memoranda, if any,
23 must (a) be in writing; (b) state the name and address of the objecting party and the nature of the
24 claim or interest of such party; (c) state with particularity the basis and nature of any objection,
25 where possible; and (d) be filed with the Bankruptcy Court and served on the following parties so
26 that all objections are received on or before **January 21, 2026**: (a) Counsel to the LFM Debtors:
27 Keller Benvenuti Kim LLP, Attn: Tobias Keller, David Taylor, Dara Silveira, and Thomas Rupp
28 (tkeller@kbkllp.com, dtaylor@kbkllp.com, dsilveira@kbkllp.com, trupp@kbkllp.com), 101
Montgomery St., Suite 1950, San Francisco, CA 94104; (b) counsel to KSMP: Hogan Lovells US
LLP, Attn: Richard Wynne, Erin Brady, and Edward McNeilly (richard.wynne@hoganlovells.com,
erin.brady@hoganlovells.com, edward.mcneilly@hoganlovells.com); (c) counsel to the

Committee: Pachulski Stang Ziehl & Jones LLP, Attn: Debra Grassgreen, Jason Rosell, and Brooke Wilson (dgrassgreen@pszjlaw.com, jrosell@pszjlaw.com, bwilson@pszjlaw.com), One Sansome St., Suite 3430, San Francisco, CA 94104-4436; (d) Office of the United States Trustee, Northern District of California, 450 Golden Gate Avenue, Room 05-0153, San Francisco, CA 94102 (Attn: Jared A. Day) (jared.a.day@usdoj.gov); and (e) all other parties in interest that have filed requests for notice pursuant to Bankruptcy Rule 2002 in the Debtors' chapter 11 cases.

5. In accordance with Bankruptcy Rule 3017(a), requests for copies of the Disclosure Statement, the Plan, or the Motion by parties in interest may be made in writing to counsel for the Debtors or counsel for the Committee. Copies of the Disclosure Statement and the Plan (along with exhibits to each as they are filed with the Bankruptcy Court) and the Motion are available for review, at no charge, at <https://veritaglobal.net/LM>.

6. IF YOU HAVE ANY QUESTIONS REGARDING YOUR CLAIM OR THE VOTING PROCEDURES, OR IF YOU NEED A BALLOT OR ADDITIONAL COPIES OF THE DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE VOTING AGENT, VERITA GLOBAL, 1-(877) 709-4751 (U.S. / CANADA), 1-(425) 236-7321 (INTERNATIONAL) OR BY SUBMITTING AN INQUIRY AT: <https://veritaglobal.net/lm/inquiry>.

Dated: December __, 2025

KELLER BENVENUTTI KIM LLP

By: /s/ DRAFT

David A. Taylor

Counsel to the LFM Debtors

PACHULSKI STANG ZIEHL & JONES LLP

By: /s/ DRAFT

Jason H. Rosell

Counsel to the Committee

HOGAN LOVELLS US LLP

By: /s/ DRAFT

Erin N. Brady

Counsel to KS Mattson Partners, LP

EXHIBIT 2

Notice of Non-Voting Status

Tobias S. Keller (CA Bar No. 151445)
David A. Taylor (CA Bar No. 247433)
Thomas B. Rupp (CA Bar No. 278041)
KELLER BENVENUTTI KIM LLP
101 Montgomery Street, Suite 1950
San Francisco, CA 94104
Telephone: (415) 496-6723
E-mail: tkeller@kbbkllp.com
dtaylor@kbbkllp.com
trupp@kbbkllp.com

*Counsel to LeFever Mattson and Its
Affiliated Debtors and Debtors in Possession*

Debra I. Grassgreen (CA Bar No. 169978)
John D. Fiero (CA Bar No. 136557)
Jason H. Rosell (CA Bar No. 269126)
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jfiero@pszjlaw.com
jrosell@pszjlaw.com

*Counsel to the Official Committee
of Unsecured Creditors*

Richard L. Wynne (CA Bar No. 120349)
Erin N. Brady (CA Bar No. 215038)
Edward J. McNeilly (CA Bar No. 314588)
HOGAN LOVELLS US LLP
1999 Avenue of the Stars, Suite 1400
Los Angeles, California 90067
Telephone: (310) 785-4600
Email: richard.wynne@hoganlovells.com
erin.brady@hoganlovells.com
edward.mcneilly@hoganlovells.com

Counsel to KS Mattson Partners, LP

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re
LEFEVER MATTSON,
a California corporation, *et al.*,¹
Debtors.

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

NOTICE OF NON-VOTING STATUS

In re
KS MATTSON PARTNERS, LP,
Debtor.

¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>.

1 **PLEASE TAKE NOTICE THAT:**

2 1. On December 1, 2025, LeFever Mattson, KS Mattson Partners LP, and their affiliated
3 debtors and debtors in possession (collectively, “LFM” or the “Debtors”) and the Official
4 Committee of Unsecured Creditors (the “Committee” and together with the Debtors, the “Plan
5 Proponents”) filed the *Third Amended Joint Chapter 11 Plan of Liquidation* of the Debtors [Docket
6 No. •] (including all exhibits thereto and as amended, modified or supplemented from time to time,
7 the “Plan”).

8 2. On December 1, 2025, the Plan Proponents filed (a) a summary of the Plan for
9 Investors in Class 5 under the Plan (as amended, the “Plan Summary”); and (b) a related *Third*
10 *Amended Disclosure Statement in Support of Third Amended Joint Chapter 11 Plan of Liquidation*
11 of the Debtors [Docket No. •] (including all exhibits thereto and as amended, modified or
12 supplemented from time to time, the “Disclosure Statement”) under section 1125 of the Bankruptcy
13 Code.

14 3. By an Order dated December __, 2025 (the “Solicitation Procedures Order”), the
15 Bankruptcy Court approved the Disclosure Statement as containing adequate information within the
16 meaning of section 1125 of the Bankruptcy Code and approved certain procedures (collectively, the
17 “Solicitation Procedures”) for the solicitation and tabulation of votes to accept or reject the Plan,
18 and scheduled hearings on confirmation of the Plan.

19 4. The Plan Proponents (a) are required to mail voting materials to all creditors and
20 equity interest holders entitled to vote on the Plan and (b) are not required to provide voting materials
21 to such holders that are conclusively presumed to either accept or reject the Plan (collectively, the
22 “Non-Voting Classes”). Accordingly, you are receiving this Notice of Non-Voting Status for the
23 Plan instead of voting materials containing the Disclosure Statement and the Plan.

24 5. **If you wish to challenge the classification of your claim or interest *except with***
25 ***respect to any Investor Claims***, you, pursuant to Bankruptcy Rule 3018(a), must file a motion (a
26 “Rule 3018 Motion”) for an order temporarily allowing your claim in an amount for purposes of
27 voting and serve such motion on the parties listed below so that it is received by **January 21, 2026**.
28 The request for relief sought in such Rule 3018 Motion will be heard at the Confirmation Hearing

1 (as defined below) or other date selected by the Plan Proponents or pursuant to further order of the
2 Court. Rule 3018 Motions that are not timely filed and served in the manner as set forth above will
3 not be considered.

4 6. The Plan Supplement will be filed by the Debtors and the Committee by December
5 19, 2025, which will be served on all parties that have requested special notice in the cases under
6 Bankruptcy Rule 2002, and will be available to review and download for free from the Voting
7 Agent's website at <https://veritaglobal.net/LM> on and after the filing of the Plan Supplement.

8 10. On **January 23, 2026 at 11:00 a.m. (Pacific Time)**, a **status conference**
9 (**"Confirmation Status Conference"**) will be held before the Honorable Charles Novack, United
10 States Bankruptcy Judge to determine the date for the hearing on confirmation of the Plan (the
11 **"Confirmation Hearing"**) and certain other deadlines related to confirmation of the Plan. Counsel
12 and interested parties may appear at the Confirmation Status Conference and Confirmation Hearing
13 in person in Courtroom 215 of the United States Bankruptcy Court, 1300 Clay Street in Oakland,
14 California or via Zoom video or telephone. The Zoom information will be included in each calendar
15 posted weekly, as applicable.

16 7. The Confirmation Hearing may be adjourned from time to time, without further
17 notice. The Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of
18 Bankruptcy Procedure, the Plan and other applicable law, without further notice, prior to or as a
19 result of the Confirmation Hearing.

20 8. Objections, if any, to the confirmation of the Plan must (a) be in writing; (b) state the
21 name and address of the objecting party and the nature of the claim or interest of such party; (c) state
22 with particularity the basis and nature of any objection; and (d) be filed with the Bankruptcy Court
23 at the address set forth below and served on the following **so that any such objections are received**
24 **no later than January 21, 2026:** (a) Counsel to the LFM Debtors: Keller Benvenuti Kim LLP,
25 Attn: Tobias Keller, David Taylor, Dara Silveira and Thomas Rupp (tkeller@kblkllp.com,
26 dtaylor@kblkllp.com, dsilveira@kblkllp.com, trupp@kblkllp.com), 101 Montgomery St., Suite 1950,
27 San Francisco, CA 94104; (b) counsel to KSMP: Hogan Lovells US LLP, Attn: Richard Wynne,
28 Erin Brady, and Edward McNeilly (richard.wynne@hoganlovells.com,

erin.brady@hoganlovells.com, edward.mcneilly@hoganlovells.com); (c) counsel to the Committee: Pachulski Stang Ziehl & Jones LLP, Attn: Debra Grassgreen, Jason Rosell and Steven Golden (dgrassgreen@pszjlaw.com, jrosell@pszjlaw.com, sgolden@pszjlaw.com), One Sansome St., Suite 3430, San Francisco, CA 94104-4436; (d) Office of the United States Trustee, Northern District of California, 450 Golden Gate Avenue, Room 05-0153, San Francisco, CA 94102 (Attn: Jared A. Day) (jared.a.day@usdoj.gov); and (e) all other parties in interest that have filed requests for notice pursuant to Bankruptcy Rule 2002 in the Debtors' chapter 11 cases.

9. In accordance with Bankruptcy Rule 3017(a), requests for copies of the Disclosure Statement, the Plan, or the Motion by parties in interest may be made in writing to Debtors' counsel or Verita Global by submitting an inquiry at <https://veritaglobal.net/lm/inquiry>. Copies of the Disclosure Statement and the Plan (along with exhibits to each as they are filed with the Bankruptcy Court) and the Motion are available for review, at no charge, at <https://veritaglobal.net/lm/inquiry>.

[Signature page to follow]

1 Dated: December __, 2025

KELLER BENVENUTTI KIM LLP

2

3

By: /s/ DRAFT

4

Tobias S. Keller

5

David A. Taylor

6

Thomas B. Rupp

7

Counsel to the LFM Debtors

8

PACHULSKI STANG ZIEHL & JONES LLP

9

10

By: /s/ DRAFT

11

Debra Grassgreen

12

John D. Fiero

13

Jason H. Rosell

14

*Counsel to the Official Committee
of Unsecured Creditors*

15

HOGAN LOVELLS US LLP

16

17

By: /s/ DRAFT

18

Richard L. Wynne

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Erin N. Brady

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Edward J. McNeilly

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Counsel to KS Mattson Partners, LP

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EXHIBIT 3-1

Proposed Form of Ballot (Class 3)

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re

LEFEVER MATTSON,
a California corporation, *et al.*,¹

Debtors.

Case No. 24-10545 CN (Lead Case)

(Jointly Administered)

Chapter 11

In re

KS MATTSON PARTNERS, LP,

Debtor.

**BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN OF LEFEVER
MATTSON, KS MATTSON PARTNERS, LP, AND THEIR AFFILIATED DEBTORS
PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS**

CLASS 3-[•] – SECURED LENDER CLAIM

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS JANUARY 21, 2026 AT 11:59 P.M. (PACIFIC TIME)
--

This Ballot is submitted to you to solicit your vote to accept or reject the *Third Amended Joint Chapter 11 Plan of Liquidation* of LeFever Mattson, KS Mattson Partners, LP, and their affiliated Debtors (as may be amended or modified, the “Plan”), which is being proposed by the above-captioned debtors and debtors-in-possession (the “Debtors”) and the Official Committee of Unsecured Creditors (the “Committee” and, together with the Debtors, the “Plan Proponents”), and which is described in the *Third Amended Disclosure Statement in Support of the Third Amended Joint Chapter 11 Plan of Liquidation* (the “Disclosure Statement”). On December [], 2025, the Bankruptcy Court entered an order approving certain procedures and materials for the solicitation of votes to accept or reject the Plan (the “Solicitation Procedures Order”). Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

¹ The last four digits of LeFever Mattson’s tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://veritaglobal.net/LM>.

The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. You should review the Plan and Disclosure Statement before you vote. You may wish to seek legal or other professional advice concerning the Plan and your classification and treatment under the Plan.

The Plan may be made binding on you whether or not you vote if the Plan (a) is accepted by the holders of at least two-thirds in amount and more than one-half in number of the claims in each impaired Class of claims who vote on the Plan; (b) otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code; and (c) the Bankruptcy Court enters an order confirming the Plan. Even if the requisite acceptances are not obtained, however, the Bankruptcy Court may still confirm the Plan if the Bankruptcy Court finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan; and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

This Ballot is solely for purposes of voting to accept or reject the Plan. This Ballot is not for the purpose of allowance or disallowance of, or distribution on account of, Secured Lender Claims in Class 3.

There are two ways by which you may submit your Ballot: (i) you may submit your Ballot via the Voting Agent's online e-balloting portal (the "E-Balloting Portal") as directed below, or (ii) you may return your Ballot to the Voting Agent via mail, overnight courier, or hand delivery by following the instructions set forth below.

If you have any questions on how to properly complete this Ballot, please contact Verita Global at 1-877-709-4751 (U.S. / Canada), 1-424-236-7231 (International) or submit an inquiry at: <https://veritaglobal.net/lm/inquiry>. Please be advised that Verita Global cannot provide legal or other professional advice.

For your vote to be counted, this Ballot must be properly completed, signed, and returned so that it is *actually received* by the Voting Agent by no later than the Voting Deadline of **11:59 p.m. (Pacific Time) on January 21, 2026. Please submit a Ballot with your vote by one of the following methods:**

<p><u>If Submitting Your Vote Through the E-Balloting Portal:</u></p> <p>Verita Global will accept Ballots if properly completed through the E-Balloting Portal. To submit your Ballot via the E-Balloting Portal,</p> <p>Unique E-Ballot</p> <p>ID#: _____</p> <p>PIN#: _____</p>	<p><u>If by First Class Mail, Overnight Courier or Hand Delivery:</u></p> <p>LeFever Mattson Ballot Processing Center c/o KCC dba Verita 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245</p> <p>A pre-addressed return envelope has been enclosed for your convenience.</p>
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Verita Global's E-Balloting Portal is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email or other means of electronic transmission will not be counted.

Each E-Ballot ID# is to be used solely for voting only those Claims described in your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable.

EXHIBIT 3-2

Proposed Form of Ballot (Class 4)

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re LEFEVER MATTSON, a California corporation, <i>et al.</i> , ¹ Debtors.	Case No. 24-10545 CN (Lead Case) (Jointly Administered) Chapter 11
In re KS MATTSON PARTNERS, LP, Debtor.	

**BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN OF LEFEVER
MATTSON, KS MATTSON PARTNERS, LP, AND THEIR AFFILIATED DEBTORS
PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS**

CLASS 4 – TRADE CLAIMS

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS JANUARY 21, 2026 AT 11:59 P.M. (PACIFIC TIME)
--

This Ballot is submitted to you to solicit your vote to accept or reject the *Third Amended Joint Chapter 11 Plan of Liquidation* of LeFever Mattson, KS Mattson Partners, LP, and their affiliated Debtors (as may be amended or modified, the “Plan”), which is being proposed by the above-captioned debtors and debtors-in-possession (the “Debtors”) and the Official Committee of Unsecured Creditors (the “Committee” and, together with the Debtors, the “Plan Proponents”), and which is described in the *Third Amended Disclosure Statement in Support of the Third Amended Joint Chapter 11 Plan of Liquidation* (the “Disclosure Statement”). On December [], 2025, the Bankruptcy Court entered an order approving certain procedures and materials for the solicitation of votes to accept or reject the Plan (the “Solicitation Procedures Order”). Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

¹ The last four digits of LeFever Mattson’s tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://veritaglobal.net/LM>.

The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. You should review the Plan and Disclosure Statement. You may wish to seek legal or other professional advice concerning the Plan and your classification and treatment under the Plan.

The Plan may be made binding on you whether or not you vote if the Plan (a) is accepted by the holders of at least two-thirds in amount and more than one-half in number of the claims in each impaired Class of claims who vote on the Plan; (b) otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code; and (c) the Bankruptcy Court enters an order confirming the Plan. Even if the requisite acceptances are not obtained, however, the Bankruptcy Court may still confirm the Plan if the Bankruptcy Court finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan; and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

This Ballot is solely for purposes of voting to accept or reject the Plan. This Ballot is not for the purpose of allowance or disallowance of, or distribution on account of, Trade Claims in Class 4.

There are two ways by which you may submit your Ballot: (i) you may submit your Ballot via the Voting Agent's online e-balloting portal (the "E-Balloting Portal") as directed below, or (ii) you may return your Ballot to the Voting Agent via mail, overnight courier, or hand delivery by following the instructions set forth below.

If you have any questions on how to properly complete this Ballot, please contact Verita Global at 1-877-709-4751 (U.S. / Canada), 1-424-236-7231 (International) or submit an inquiry at: <https://veritaglobal.net/lm/inquiry>. Please be advised that Verita Global cannot provide legal or other professional advice.

For your vote to be counted, this Ballot must be properly completed, signed, and returned so that it is *actually received* by the Voting Agent by no later than the Voting Deadline of **11:59 p.m. (Pacific Time) on January 21, 2026. Please submit a Ballot with your vote by one of the following methods:**

<p style="text-align: center;"><u>If Submitting Your Vote Through the E-Balloting Portal:</u></p> <p>Verita Global will accept Ballots if properly completed through the E-Balloting Portal. To submit your Ballot via the E-Balloting Portal,</p> <p style="text-align: center;">Unique E-Ballot</p> <p>ID#: _____</p> <p>PIN#: _____</p>	<p style="text-align: center;"><u>If by First Class Mail, Overnight Courier or Hand Delivery:</u></p> <p>LeFever Mattson Ballot Processing Center c/o KCC dba Verita 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245</p> <p>A pre-addressed return envelope has been enclosed for your convenience.</p>
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Verita Global's E-Balloting Portal is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email or other means of electronic transmission will not be counted.

Each E-Ballot ID# is to be used solely for voting only those Claims described in your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable.

Ballots received after 11:59 p.m. (Pacific Time) on January 21, 2026 will not be counted. Ballots submitted by e-mail or facsimile transmission will not be accepted.

PLEASE COMPLETE THE FOLLOWING:

Item 1. Amount of Class 4 Claim. For purposes of voting to accept or reject the Plan, the undersigned certifies that the undersigned holds a Trade Claim in Class 4 against the Debtors in the amount set forth below.

Voting Amount: \$ _____

Item 2. Vote on the Plan. The undersigned Holder of a Trade Claim in Class 4 in the amount set forth in Item 1 above hereby votes to:

Check one box only: ☐ **Accept** (vote FOR) the Plan
 ☐ **Reject** (vote AGAINST) the Plan

<p>THE DEBTORS AND THE COMMITTEE RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.</p>

Item 3. Certifications. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that, if this Ballot is otherwise validly executed but is not timely submitted, does not indicate either acceptance or rejection of the Plan or indicates both an acceptance and rejection of the Plan, this Ballot will not be counted.

YOUR RECEIPT OF THIS BALLOT DOES NOT SIGNIFY THAT YOUR CLAIM HAS BEEN OR WILL BE ALLOWED.

<p>Name of Holder: _____ (Print or Type)</p> <p>Signature: _____</p> <p>Name of Signatory: _____</p> <p>Title of Signatory: _____</p> <p>Address: _____</p> <p>Email Address: _____</p> <p>Date Completed: _____</p> <p>If your address or contact information has changed, please note the new information here.</p>

EXHIBIT 3-3

Proposed Form of Ballot (Class 5)

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re

LEFEVER MATTSON,
a California corporation, *et al.*,¹

Debtors.

Case No. 24-10545 CN (Lead Case)

(Jointly Administered)

Chapter 11

In re

KS MATTSON PARTNERS, LP,

Debtor.

**BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN OF
LEFEVER MATTSON, KS MATTSON PARTNERS, AND THEIR AFFILIATED DEBTORS
PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

CLASS 5 – INVESTOR CLAIMS

<p>THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS JANUARY 21, 2026 AT 11:59 P.M. (PACIFIC TIME)</p>

Why You Are Receiving This Ballot

The above-captioned Debtors and the Official Committee of Unsecured Creditors (the “Committee” and, together with the Debtors, the “Plan Proponents”) have proposed a bankruptcy plan, entitled the *Third Amended Joint Chapter 11 Plan of Liquidation* (as may be amended or modified, the “Plan”) of LeFever Mattson, KS Mattson Partners, and their affiliated Debtors.

You are receiving this Ballot because the Debtors’ records show that you are an “Investor” as defined in the Plan (*see* Plan Exhibit A, number 74) – *i.e.*, a Person or Entity that holds an Investor Claim.

Specifically, an “**Investor Claim**” is defined (at Plan Exhibit A, number 75) as “Claim arising from or relating to an Investment, including, without limitation, (a) all Claims (including any contract or related Claims) based on,

¹ The last four digits of LeFever Mattson’s tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://veritaglobal.net/LM>.

arising out of, or related to any Investments including the validity, marketing, sale, and issuance thereof; (b) all Claims for fraud, unlawful dividend, fraudulent conveyance, fraudulent transfer, voidable transaction, or other avoidance claims under state or federal law; (c) all Claims arising from or related to the preparation or filing of the Debtors' and/or their affiliates' (including the KSMP Investment Entities') federal, state, local, or other tax returns, forms, and other filings; (d) all Claims based on, arising out of, or related to the misrepresentation of any of the Debtors' or the KSMP Investment Entities' financial information, assets and properties, business operations, or related internal controls; (e) all Claims based on, arising out of, or related to any failure to disclose, or actual or attempted cover up or obfuscation of, any of the wrongful conduct described in the Disclosure Statement, including with respect to any alleged fraud related thereto and undisclosed loans; (f) all Claims based on aiding or abetting, entering into a conspiracy with, or otherwise supporting Investment-related torts committed by the Debtors, the KSMP Investment Entities, or their agents; and (g) any Claims arising from or relating to TIC Interests; *provided that* any and all Equity Interests asserted by a Person or Entity in the Debtors via a Proof of Interest shall be deemed to be an Investor Claim for purposes of classification and distribution under the Plan, without any further notice, motion, complaint, objection, or other action or order of the Court." An "**Investment**" is defined (at Plan Exhibit A, number 73) as "any investment or investment product offered by any Debtor (whether directly or through an agent), including, without limitation, any investments, interests, or other rights with respect to any Debtor that were styled, marketed, or sold as, among others, partnership interests in limited partnerships, TIC Interests, or other interests in any real property (including the purchase or sale of a real property)."

On December [], 2025, the Bankruptcy Court entered an order approving, among other relief, certain procedures and materials for the solicitation of votes to accept or reject the Plan (the "Solicitation Procedures Order"). Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

This Ballot has been sent to you to (1) vote to accept or reject the Plan, (2) elect whether to contribute your Contributed Claims to the Plan Recovery Trust under the Plan, and (3) implement the estimation of your Class 5 Investor Claim for voting purposes only (not for distribution or other purposes under the Plan).

Information to Assist You In Voting and Completing This Ballot

The Plan Summary and the Disclosure Statement provide information to assist you in deciding how to vote on the Plan and how to fill in and complete this Ballot. The Plan Summary and the Disclosure Statement both have been approved by the Bankruptcy Court as containing adequate information required by the Bankruptcy Code. You should review the Plan Summary, the Disclosure Statement, and the Plan before you vote and complete this Ballot. You may wish to seek legal or other professional advice concerning the Plan and your classification and treatment under the Plan.

How Your Vote Impacts Confirmation of the Plan

The Plan may be made binding on you whether or not you vote if the Plan (a) is accepted by the holders of at least two-thirds in amount and more than one-half in number of the claims in each impaired Class of claims who vote on the Plan; (b) otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code; and (c) the Bankruptcy Court enters an order confirming the Plan. Even if the requisite acceptances are not obtained, however, the Bankruptcy Court may still confirm the Plan if the Bankruptcy Court finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan; and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

How to Vote

There are two ways by which you may submit your Ballot: (i) you may submit your Ballot via the Voting Agent's online e-balloting portal (the "E-Balloting Portal") as directed below, or (ii) you may return your Ballot to the Voting Agent via mail, overnight courier, or hand delivery by following the instructions set forth below.

If you have any questions on how to properly complete this Ballot, please contact Verita Global at 1-877-709-4751 (U.S. / Canada), 1-424-236-7231 (International) or submit an inquiry at: <https://veritaglobal.net/lm/inquiry>. Please be advised that Verita Global cannot provide legal or other professional advice.

For your vote to be counted, this Ballot must be properly completed, signed, and returned so that it is *actually received* by the Voting Agent by no later than the Voting Deadline of **11:59 p.m. (Pacific Time) on January 21, 2026. Please submit a Ballot with your vote by one of the following methods:**

<p><u>If Submitting Your Vote Through the E-Balloting Portal:</u></p> <p>Verita Global will accept Ballots if properly completed through the E-Balloting Portal. To submit your Ballot via the E-Balloting Portal,</p> <p>Unique E-Ballot</p> <p>ID#: _____</p> <p>PIN#: _____</p>	<p><u>If by First Class Mail, Overnight Courier or Hand Delivery:</u></p> <p>LeFever Mattson Ballot Processing Center c/o KCC dba Verita 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245</p> <p>A pre-addressed return envelope has been enclosed for your convenience.</p>
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Verita Global's E-Balloting Portal is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email, or other means of electronic transmission will not be counted.

Each E-Ballot ID# is to be used solely for voting only those Claims described in your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable.

Ballots received after 11:59 p.m. (Pacific Time) on January 21, 2026 will not be counted. Ballots submitted by e-mail or facsimile transmission will not be accepted.

Ballot for Voting and Estimation of Investor Claim Solely For Voting Purposes

This Ballot is for purposes of (1) voting to accept or reject the Plan, (2) electing whether to contribute your Contributed Claims to the Plan Recovery Trust under the Plan, and (3) establishing the estimated amount(s) of the voting Investor's Class 5 Investor Claim solely for tabulating the voting on the Plan, and no other purposes.

Your Investor Claim amount for voting purposes, as described herein, is solely for purposes of tabulating your vote to accept or reject the Plan, and is not for the purpose of allowance of your Investor Claim for purposes of receiving distributions pursuant to the Plan. The allowed amount of your Investor Claim for distribution purposes will be determined by a final order of the Bankruptcy Court after notice and a hearing.

PLEASE COMPLETE THE FOLLOWING:

Item 1. Amount of Class 5 Investor Claim for Voting Purposes Only. For purposes of (1) voting to accept or reject the Plan and (2) establishing the estimated amount of the voting Investor's Investor Claim for voting purposes only, the undersigned certifies that the undersigned holds an Investor Claim in Class 5 against the Debtor(s) listed below in the amounts set forth below.

THE AMOUNT LISTED BELOW IS FOR VOTING PURPOSES ONLY.

Voting Amount: \$ _____

Item 2. Vote on the Plan. The undersigned Holder of an Investor Claim in Class 5 in the amount set forth in Item 1 above hereby votes to:

Check one box only: ☐ **Accept** (vote FOR) the Plan
☐ **Reject** (vote AGAINST) the Plan

THE DEBTORS AND THE COMMITTEE RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

Item 3. Optional Opt-Out of Contributing Contributed Claims. It is optional for you to elect to contribute to the Plan Recovery Trust in exchange for a Pro Rata Distribution of Class C Plan Recovery Trust Units, any and all of your Contributed Claims (defined in **Exhibit A** to the Plan).

The claims to be contributed to the Plan Recovery Trust by the particular Investor, if it becomes a Contributing Claimant, are all of his, hers, or its **legal claims and causes of action, potential and actual, known and unknown, in any way related or connected to the Debtors, their predecessors, successors, and affiliates, and those parties listed as "Excluded Parties" in Exhibit B to the Plan**, that the Investor has against any person or entity other than the Debtors. Such claims to be transferred include, without limitation, claims and causes of action related to the marketing, sale, and issuance of any investments connected to the Debtors; fraudulent transfers, voidable transactions, and other similar avoidance claims under state or federal law; any misrepresentation of the Debtors' finances and businesses; any cover-up of fraud or other wrongdoing by the Debtors or related parties discussed in the Disclosure Statement; and aiding or conspiring with the Debtors or agents to commit wrongful acts.

If you ***vote to accept the Plan and do not opt out of the Contributed Claim Election***, you will be deemed to contribute your Contributed Claims to the Plan Recovery Trust (unless your claims are listed on the Schedule of Disclaimed Contributed Claims, in which case you will not have contributed your claims under the Plan). If you ***elect to opt out by checking the box below***, you will not contribute, and shall retain, all such claims and causes of action (if any) described above and in the Plan.

☐ **I elect to OPT-OUT.**

THE DEBTORS AND THE COMMITTEE RECOMMEND THAT YOU DO NOT OPT-OUT.

Item 4. Certifications. By signing this Ballot, under penalty of perjury, the undersigned acknowledges and certifies: (i) receipt of the Disclosure Statement and the other applicable solicitation materials; and (ii) that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan and make the other statements/elections set forth in Items 1-3 above on behalf of the claimant. The undersigned understands that, if this Ballot is otherwise validly executed but is not timely submitted, does not indicate either acceptance or rejection of the Plan or indicates both an acceptance and rejection of the Plan, this Ballot will not be counted.

YOUR RECEIPT OF THIS BALLOT DOES NOT SIGNIFY THAT YOUR CLAIM HAS BEEN OR WILL BE ALLOWED.

<p>Name of Holder: _____</p> <p>Signature: _____</p> <p>Name of Signatory: _____</p> <p>Title of Signatory: _____</p> <p>Address (if different than above): _____</p> <p>_____</p> <p>Email Address: _____</p> <p>Date Completed: _____</p>
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If your address or contact information has changed, please note the new information here.

EXHIBIT 4

Form of Investor Claim Settlement Offer Letter

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re LEFEVER MATTSON, a California corporation, <i>et al.</i> , Debtors.	Case No. 24-10545 CN (Lead Case) (Jointly Administered) Chapter 11
In re KS MATTSON PARTNERS, LP, Debtor.	INVESTOR CLAIM SETTLEMENT OFFER LETTER

This Investor Claim Settlement Offer Letter (the “Letter Agreement”), dated as of December __, 2025, is made by and among the above-captioned debtors (the “Debtors”), the Official Committee of Unsecured Creditors (the “Committee” and together with the Debtors, the “Plan Proponents”), and _____ (“Investor”).

This Agreement is being sent to you in accordance with the Bankruptcy Court’s Solicitation Procedures Order [Docket No. ____], a copy of which is enclosed herewith.

On December __, 2025, the Bankruptcy Court entered the Solicitation Procedures Order authorizing the Plan Proponents to solicit votes to accept or reject the *Third Amended Joint Chapter 11 Plan of Liquidation* [Docket No. ____] (the “Plan”). The Bankruptcy Court will hold a status conference on January 23, 2026 at 11:00 a.m. (Pacific Time) to schedule a hearing to consider confirmation of the Plan. However, there is no guarantee that the Bankruptcy Court will confirm the Plan.

The Plan contemplates that, in accordance with applicable Ponzi scheme case law, Investor claims will be “netted” to make sure Investors are treated as fairly as possible under the circumstances. Specifically, each Investor will receive (a) a claim for money (or value of property) it invested in the Debtors over time *less* any returns of principal *less* monthly distributions the Investor received over the seven (7) years prior to September 12, 2024 (the “Tranche 1 Claim”) and (b) a claim for the monthly distributions deducted in calculating the Tranche 1 Claim (the “Tranche 2 Claim”).

The Plan provides that Investors will first receive their *pro rata* distribution of the Plan Recovery Trust’s available assets on account of their Tranche 1 Claim. After each Investor’s Tranche 1 Claim is paid in full, Investors will then receive their *pro rata* distribution of available assets on account of their Tranche 2 Claim.

The purpose of this Letter Agreement is to consensually resolve your Tranche 1 Claim and Tranche 2 Claim. This will facilitate an initial distribution to you as soon as reasonably possible after confirmation of the Plan. **Please note that any resolution of your Tranche 1 Claim and Tranche 2 Claim pursuant to this Letter Agreement is conditioned on confirmation of the Plan.**

The table below was prepared by the Committee's financial advisors (PwC) and sets forth the Committee's calculation of your proposed Tranche 1 Claim and Tranche 2 Claim. Attached hereto as Schedule 1 is a detailed calculation of the amounts set forth in the table below.

Proposed Investor Claim	
Proposed <u>Tranche 1</u> Claim:	\$(X)
Proposed <u>Tranche 2</u> Claim:	\$(X)

If you **ACCEPT** the above calculated Investor Claim for purposes of distribution under the Plan, then you must sign this Letter Agreement below and return it via email to LMCommittee@pszjlaw.com or by mail, so it is received by January 21, 2026 at 11:59 p.m. (Pacific Time) to:

Pachulski Stang Ziehl & Jones LLP
Attention: Brooke Wilson
One Sansome Street, Suite 3430
San Francisco, CA 94104

If you **DO NOT ACCEPT** the above calculated Investor Claim, you do not have to do anything. However, if you would like to attempt to meet and confer with the Committee and attempt to consensually resolve the amount of your Investor Claim, please email LMCommittee@pszjlaw.com and we will schedule a time to meet with you via Zoom as soon as reasonably possible.

Sincerely,

Brooke Wilson

PACHULSKI STANG ZIEHL & JONES LLP
One Sansome Street, Suite 3430
San Francisco, CA 94104

Counsel to the Official Committee of Unsecured Creditors

I, [NAME], **ACCEPT** THE PROPOSED INVESTOR CLAIM AMOUNT SET FORTH IN THIS LETTER.

By signing below, I declare under penalty of perjury, to the best of my knowledge, that the information contained in Schedule 1 is true and correct and discloses all Extraordinary Withdrawals.

Name: _____

Signature: _____

Date: _____

Schedule 1 to Investor Claim Settlement Offer Letter

Detailed Calculation of Your Investor Claim

KEY TERMS	
Term	Definition
Investor Name	The name of the Person or Entity that asserts an Investor Claim (as defined in the Plan) against a Debtor.
Claim No.	Refers to the unique number assigned by the Debtors to your filed Proof of Claim, Proof of Interest, or scheduled ownership interest set forth on the <i>Omnibus List of Equity Security Holders</i> [Docket No. 353].
Debtor	Identifies the specific Debtor or KSMP Investment Entity your Investor Claim is asserted against.
Petition Date	September 12, 2024.
Ponzi Start Date	September 12, 2017.
Amount Invested	<p>The actual amount of money contributed by or on behalf of an Investor, including the value of any initial contributions made through a 1031 exchange intermediary, retirement rollover contributions from another financial institution, or direct cash contributions (via check, wire, ACH).</p> <p>This amount does not include (a) appreciated values shown on IRA statements, (b) investment gains reported by self-directed IRA custodians, or (c) appreciated amounts reflected in rollover agreements or investment summaries.</p>
Extraordinary Withdrawals Prior to Ponzi Start Date	Transfers to an Investor <i>before</i> the Ponzi Start Date that constitute a return of principal (e.g., proceeds from cash-out refinancings or property sales prior to the Ponzi Start Date). These transfers reduce the Total Amount Invested for purposes of calculating your Investor Claim.
Total Amount Invested	Amount Invested less Extraordinary Withdrawals Prior to Ponzi Start Date. This is the starting point for calculating your Investor Claim.
Prepetition Ponzi Distributions	Payments made to an Investor between the Ponzi Start Date and the Petition Date, which represent distributions and/or other regular payments, including: (a) monthly distributions received, (b) periodic distributions posted to an IRA account, and (c) any regularly scheduled payments between the Ponzi Start Date and the Petition Date.
Extraordinary Withdrawal After Ponzi Start Date	Large or irregular transfers to an Investor between the Ponzi Start Date and the Petition Date that represent a return of principal, including, (a) proceeds from cash-out from refinancings, (b) proceeds from property sales, and (c) other substantial one-time payments. These transfers are included in your Total Prepetition Ponzi Payments.
Total Prepetition Ponzi Payments	The <i>sum</i> of: (a) Prepetition Ponzi Distributions and (b) Extraordinary Withdrawals After Ponzi Start Date. This total is netted against Total Amount Invested to determine your Proposed Tranche 1 Claim.
Proposed Tranche 1 Claim	Total Amount Invested minus Total Prepetition Ponzi Payments (or \$0 if negative). This amount will not be less than \$0.
Proposed Tranche 2 Claim	Equal to the amount of Prepetition Ponzi Distributions. Investors will only receive a recovery on account of their Tranche 2 Claims after all Tranche 1 Claims are paid in full.

			A	B	C = A + B	D	E	F = D + E
Investor Name	Claim No.	Debtor	Amount Invested	Extraordinary Withdrawals Prior to Ponzi State Date	Total Amount Invested	Prepetition Ponzi Distributions	Extraordinary Withdrawals After Ponzi Start Date	Total Prepetition Ponzi Payments
TOTAL								
Proposed Tranche 1 Claim (Tranche 1 Claim = C – D – E)								
Proposed Tranche 2 Claim (Tranche 2 Claim = D)								

EXHIBIT 5

Vote Tabulation/Estimation Procedures

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VOTE TABULATION/ESTIMATION PROCEDURES

Applicable to Class 3 Secured Lender Claims and Class 4 Trade Claims: Solely for the purpose of voting to accept or reject the Plan and not for purposes of allowance of, or distribution on account of, a Claim in Classes 3 and 4, each Claim within such Class shall be temporarily allowed in an amount equal to (i) the amount asserted in a timely filed proof of Claim, or, if no timely proof of Claim has been filed, (ii) the liquidated, non-contingent, undisputed amount of such Claim set forth in the Schedules,¹ subject to the following exceptions and/or conditions:

- a. If a Claim is deemed Allowed pursuant to the Plan, such Claim shall be Allowed for voting purposes in the deemed Allowed amount set forth in the Plan.
- b. If a Claim has been estimated for voting purposes or otherwise allowed for voting purposes by Order of the Court, such Claim shall be allowed in the amount so estimated or allowed by the Court for voting purposes only with respect to the Plan, and not for purposes of allowance or distribution, unless otherwise provided by Order of the Court.
- c. If an objection to, or request for estimation of, a Claim has been filed, such Claim shall be temporarily disallowed or estimated for voting purposes only with respect to the Plan and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection or request for estimation.
- d. If the voting amount of a Claim has been established by a stipulation, settlement, or other agreement filed by the Plan Proponents on or before the Voting Deadline, such Claim shall be allowed for voting purposes only with respect to the Plan, and not for purposes of allowance or distribution, in the stipulation, settled, or otherwise agreed-to amount.
- e. If a Claim was listed in the Debtors' filed Schedules in an amount that is liquidated, non-contingent, and undisputed, and a proof of Claim was not filed by the Voting Record Date, such Claim is allowed for voting in the liquidated, non-contingent, undisputed amount set forth in the Debtors' filed Schedules.
- f. If a Claim, for which a proof of Claim was timely filed, is listed as contingent, unliquidated, or disputed in part, such Claim is temporarily allowed in the amount that is liquidated, non-contingent, and undisputed for voting purposes only, and not for purposes of allowance or distribution.
- g. If a Claim was timely filed for unknown or undetermined amounts, or is wholly unliquidated, or contingent (as determined on the face of the claim or after a reasonable review of the supporting documentation by the Plan Proponents and/or Voting Agent) and such claim has not been allowed, such Claim shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00.
- h. Claims filed for \$0.00 are not entitled to vote.

¹ Includes all of the Debtors' filed Schedules of Assets and Liabilities, Statements of Financial Affairs, Omnibus List of Equity Security Holders, and any and all amendments thereof.

1 j. For purposes of the numerosity requirement of section 1126(c) of the Bankruptcy
2 Code, separate Claims held by a single creditor in a particular Class shall be aggregated as
3 if such creditor held one Claim against the Debtors in such Class, and the votes related to
4 such Claims shall be treated as a single vote to accept or reject the Plan.

5 k. Notwithstanding anything to the contrary contained herein, any creditor who has
6 filed or purchased duplicate Claims within the same Voting Class shall be provided with
7 only one Solicitation Package and one ballot for voting a single Claim in such Class,
8 regardless of whether the Debtors have objected to such duplicate Claims.

9 l. If a Claim has been amended by a later Claim that is filed on or prior to the Voting
10 Record Date, the later filed amending Claim shall be entitled to vote in a manner consistent
11 with these tabulation rules, and the earlier filed Claim shall be disallowed for voting
12 purposes, regardless of whether the Debtors have objected to such amended claim. Except
13 as otherwise ordered by the Court, any amendments to a Claim after the Voting Record Date
14 shall not be considered for purposes of these tabulation rules.

15 m. Any parties solely in relation to Claims or Interests that are not Investor Claims
16 (“Non-Investor Claims”) may file a motion pursuant to Bankruptcy Rule 3018(a) for an order
17 temporarily allowing such party’s Non-Investor Claim in a different amount for purposes of
18 voting to accept or reject the Plan (a “Non-Investor Rule 3018 Motion”). Any Non-Investor
19 Rule 3018 Motion must be filed and served on the Plan Proponents so as to be received by
20 **January 21, 2026**; and any objections to any Non-Investor Rule 3018 Motion must be filed
no later than **January 28, 2026**. If any objections are filed to the Non-Investor Rule 3018
Motion, the Non-Investor Rule 3018 Motion will be heard at the Confirmation Hearing or
any later date selected by the Plan Proponents.

21 n. With respect to Class 3 Secured Lender Claims, if a Holder of a Class 3 Claim is paid
22 in full between the Voting Record Date and the Confirmation Date, the Holder’s Class 3
23 vote on the Plan will not be counted. The Plan Proponents may file any claim objections
24 against a Secured Lender Claim for Plan voting purposes no later than 14 days before the
25 Confirmation Hearing, with any responses by the applicable Secured Lenders due no later
26 than 7 days before the Confirmation Hearing, with a hearing to be held on any unresolved
27 objections at the Confirmation Hearing or a later date selected by the Plan Proponents. The
28 Plan Proponents may enter into stipulations with Secured Lenders allowing their Class 3
Claims for voting purposes.

Applicable to Class 5 (Investor Claims):

- Claims of Investors in the Debtors’ enterprise will be estimated solely for voting
purposes in the amount set forth in Item 1 of the Investors’ Class 5 Ballot (the “Proposed
Claim Amount(s)”), which is the proposed Investor Tranche 1 Claim for such Investor.
In accordance with the Plan and Ninth Circuit law, the Proposed Claim Amount is
calculated as:
 - the actual amount of money contributed by or on behalf of an Investor,
including the value of any initial contributions made through a 1031 exchange
intermediary, retirement rollover contributions from another financial
institution, or direct cash contributions (via check, wire, ACH);

- *less* all transfers to an Investor before September 12, 2024 that represent a return of principal, including (i) proceeds from cash-out refinancings, (ii) proceeds from property sales, and (iii) other substantial one-time payments;
- *less* Prepetition Ponzi Distributions.
- Notwithstanding the above, if an Investor Tranche 1 Claim is calculated as equal to \$0.00, such Investor's Proposed Claim Amount shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00.
- The Plan Proponents may enter into stipulations with Investors allowing their claims for voting purposes.

General Rules for Counting Votes to Accept or Reject Plan:

In tabulating the Ballots, the following additional procedures will apply:

1. Any Ballot that is properly completed, executed, and timely returned to the Balloting Agent, but does not indicate the acceptance or rejection of the Plan, or indicates both, will not be counted.
2. If a party casts more than one Ballot voting the same claim or interest before the Voting Deadline, the last properly executed Ballot received before the Voting Deadline will be deemed to reflect the voter's intent and, thus, will supersede any prior Ballots.
3. Parties will be required to vote all of their claims or interests under the Plan either to accept or reject the Plan and may not split their votes.
4. Where any portion of a single claim has been transferred to a transferee, all holders of any portion of such single claim will be (i) treated as a single creditor for purposes of the numerosity requirements in section 1126(c) of the Bankruptcy Code (and for the other voting and solicitation procedures set forth herein) and (ii) required to vote every portion of such claim collectively either to accept or reject the Plan.
5. In the event that a Ballot or a group of Ballots within a Class received from a single party partially rejects and partially accepts the Plan, such Ballots will not be counted.

EXHIBIT B

**Comparison of Proposed Solicitation Procedures Order
(excluding Exhibits)**

1 Tobias S. Keller (CA Bar No. 151445)
David A. Taylor (CA Bar No. 247433)
2 Thomas B. Rupp (CA Bar No. 278041)
KELLER BENVENUTTI KIM LLP
3 101 Montgomery Street, Suite 1950
San Francisco, CA 94104
4 Telephone: (415) 496-6723
E-mail: tkeller@kbbkllp.com
5 dtaylor@kbbkllp.com
6 ~~trupp@kbbkllp.com~~
trupp@kbbkllp.com

7 *Counsel to LeFever Mattson and Its*
8 *Affiliated Debtors and Debtors in*
9 *Possession*

Debra I. Grassgreen (CA Bar No. 169978)
John D. Fiero (CA Bar No. 136557)
Jason H. Rosell (CA Bar No. 269126)
PACHULSKI STANG ZIEHL & JONES LLP
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*Counsel to the Official Committee
of Unsecured Creditors*

10 Richard L. Wynne (CA Bar No. 120349)
11 Erin N. Brady (CA Bar No. 215038)
Edward J. McNeilly (CA Bar No. 314588)
12 HOGAN LOVELLS US LLP
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13 Los Angeles, California 90067
Telephone: (310) 785-4600
14 Email: richard.wynne@hoganlovells.com
15 erin.brady@hoganlovells.com
edward.mcneilly@hoganlovells.com

16 *Counsel to KS Mattson Partners, LP*

17 Email: ~~richard.wynne@hoganlovells.com~~
~~erin.brady@hoganlovells.com~~
18 ~~edward.mcneilly@hoganlovells.com~~

19 ~~*Counsel to KS Mattson Partners, LP*~~

20
21 **UNITED STATES BANKRUPTCY COURT**
22 **NORTHERN DISTRICT OF CALIFORNIA**
23 **SANTA ROSA DIVISION**

24 In re

25 LEFEVER MATTSON,
a California corporation, *et al.*,¹

Case No. 24-10545 CN (Lead Case)

27 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax
28 identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o
Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and
all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor

1	Debtors.	(Jointly Administered)
2		
3	In re	Chapter 11
4	KS MATTSON PARTNERS, LP,	ORDER (I) APPROVING THE PLAN
5	Debtor.	SUMMARY AND APPROVING DISCLOSURE
6		STATEMENT; (II) SCHEDULING
7		HEARINGSTATUS CONFERENCE ON
8		CONFIRMATION OF PLAN AND
9		APPROVING THE FORM AND MANNER OF
10		SERVICE OF THE CONFIRMATION
11		HEARING NOTICE; (III) ESTABLISHING
12		PROCEDURES FOR THE SOLICITATION
13		AND TABULATION OF VOTES ON PLAN;
14		(IV) ESTABLISHING PROCEDURES FOR
15		THE ESTIMATION OFESTIMATING
16		INVESTOR CLAIMS AND INTERESTS
17		SOLELY FOR VOTING PURPOSES; AND (V)
18		APPROVING RELATED MATTERS
19		Hearing Date:
20		Date: December 3, 2025
21		Time: 11:00 a.m. (Pacific Time)
22		Place: United States Bankruptcy Court
23		1300 Clay Street, Courtroom 215
24		Oakland, CA 94612
25		Judge: Honorable Charles Novaek

26 This matter coming before the Court on the *Amended Motion for an Order (I) Approving*
27 *the Plan Summary and Approving Disclosure Statement; (II) Scheduling Hearing on Confirmation*
28 *of Plan and Approving the Form and Manner of Service of the Confirmation Hearing Notice; (III)*
Establishing Procedures for the Solicitation and Tabulation of Votes on Plan; (IV) Establishing
Procedures for Estimation of Investor Claims and Interests Solely for Voting Purposes; and (V)
Approving Related Matters [Docket No. 2569] (the “Motion”),² jointly filed by the
above-captioned debtors and debtors-in-possession (the “Debtors”) and Official Committee of
Unsecured Creditors (the “Committee” and together with the Debtors, the “Plan Proponents”),

entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax
identification numbers is not provided herein. A complete list of such information may be obtained on the website
of the Debtors’ claims and noticing agent at <https://veritaglobal.net/LM>.

² A capitalized term used but not defined herein shall have the meaning ascribed to it in the Motion.

1 together with the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation [Docket No.
2 ~~2944~~3054] (as it may be amended or modified, including all exhibits thereto, the “Plan”) of the
3 Debtors proposed by the Plan Proponents, and the ~~Second~~Third Amended Disclosure Statement in
4 Support of the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation [Docket No.
5 ~~2945~~3055] (the “Disclosure Statement”); the Court having reviewed the Motion and having heard
6 the statements of counsel regarding the relief requested in the Motion at ~~a hearing~~hearings before
7 the Court (the “~~Hearing~~Hearings”); and the Court having determined that the legal and factual
8 bases set forth in the Motion and at the ~~Hearing~~Hearings establish just cause for the relief granted
9 herein;

10 **IT IS HEREBY ORDERED THAT:**

- 11 1. The Motion is **GRANTED**.
- 12 2. The Plan Summary is approved as part of the Solicitation Package.
- 13 3. The Disclosure Statement is approved as containing adequate information within
14 the meaning of section 1125 of the Bankruptcy Code.
- 15 4. The Confirmation~~Hearing~~ Notice and Notice of Non-Voting Status, attached
16 hereto as Exhibit 1 and Exhibit 2 respectively, are approved in all respects.
- 17 5. The forms of Ballot, attached hereto as Exhibit 3, are approved in all respects.
- 18 6. The Plan Proponents are authorized to include Investor Claim Settlement Offer
19 Letters~~may be included in the same envelope as Ballots~~, a form of which is attached hereto as
20 Exhibit 4, in the Solicitation Packages for Investors.
- 21 7. December ~~5~~10, 2025 is established as the Voting Record Date for the purposes of
22 determining the creditors and equity interest holders entitled to receive the Solicitation Package
23 and to vote on the Plan or to receive the Notice of Non-Voting Status, subject to Vote Tabulation /
24 Estimation Procedures.
- 25 8. The Solicitation Package and Notices of Non-Voting Status shall be served by ~~the~~
26 ~~later of: (i) December 12~~17, 2025, ~~or (ii) the fifth business day following the entry of this Order.~~

9. If multiple Solicitation Packages would otherwise go to the same physical address, the Plan Proponents shall be permitted, but not required, to combine the Solicitation Packages into a single Solicitation Package with multiple ballots, even if the claimant names are not identical.

10. Any Plan Supplement must be filed by December 19, 2025.

11. Ballots must be received on or before **January 21, 2026 at 11:59 p.m. (Pacific Time)** (“Voting Deadline”) in accordance with the instructions on the applicable Ballot, unless extended by the Plan Proponents in writing. The Plan Proponents have the authority, without further order from the Court, to extend the Voting Deadline.

12. The Vote Tabulation/Estimation Procedures, attached hereto as **Exhibit E** ~~to the~~
~~Motion 5~~, are approved in all respects.

13. Each unique Investor will receive one Class 5 Ballot on account of an Investor Claim. Investors with substantially similar names, that list the same noticing address on their Claims, and for which the Plan Proponents determine upon good faith are the same person or entity will be treated as one Investor. For example, if the “Doe Family Trust” and the “Doe Family Trust, dated January 1, 2000” provide the same address where notices should be sent on their Claims and/or Interests and the Plan Proponents believe these entities are the same, then the “Doe Family Trust” and the “Doe Family Trust, dated January 1, 2000” will be treated as a single Investor. However, the “Doe Family Trust” and “Jane Doe” will not be considered a single Investor even if the relevant Interests or Claims list the same noticing address as these Investors do not have substantially similar names.

14. Pursuant to Bankruptcy Code sections 105(a) and 502(c) and Bankruptcy Rule 3018(a), ~~all Investor Claims~~each Class 5 Claim will be estimated and temporarily allowed solely for purposes of voting on the Plan in the amount ~~set forth in~~of the corresponding Investor Tranche 1 Claim, as provided under applicable ~~Class 5 Ballot, subject to the Investor's right to dispute the proposed estimated amount, as set forth in the Vote Tabulation/Estimation Procedures.~~Ninth Circuit law. If an Investor Tranche 1 Claim is calculated as equal to \$0.00, such Class 5 Claim

shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, in the amount of \$1.00

15. Any Rule 3018 Motion by a party other than an Investor on account of its Investor Claim must be filed with the Court, together with proof of service thereof, and served upon: (i) the Office of the United States Trustee; (ii) counsel for the Debtors; (iii) counsel for the Committee; and (iv) any party that has requested notice pursuant to Bankruptcy Rule 2002 by hand delivery or in a manner as will cause such objection to be received by all such parties on or before **January 21, 2026**. Any objections not filed and served as set forth above may not be considered by the Court. Any objection to such Rule 3018 Motion must be filed by no later than **January 28, 2026**. Responses, if any, in support of the Rule 3018 Motion must be filed no later than **February 3, 2026**. Any such Rule 3018 Motion may be resolved by agreement between the Plan Proponents and the movant without the requirement for further order or approval of the Court. As to any creditor filing a Rule 3018 Motion, such creditor's Ballot shall not be counted unless temporarily allowed by the Court for voting purposes after notice and a hearing, prior to or at the Confirmation Hearing. Any unresolved Rule 3018 Motion and objection(s) thereto shall be heard at the Confirmation Hearing or any other date selected by the Plan Proponents or pursuant to further Court order.

16. With respect to Class 3 Secured Lender Claims, the Plan Proponents may file any claim objections against a Secured Lender Claim for Plan voting purposes **no later than 14 days before the Confirmation Hearing**, with any responses by the applicable Secured Lenders due **no later than 7 days before the Confirmation Hearing**, with a hearing to be held on any unresolved objections at the Confirmation Hearing or a later date selected by the Plan Proponents. The Plan Proponents may enter into stipulations with Secured Lenders allowing their Class 3 Claims for voting purposes.

17. Objections to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtors, the basis for the objection and the

specific grounds of the objection, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon: (i) the Office of the United States Trustee; (ii) counsel for the Debtors; (iii) counsel for the Committee; and (iv) any party that has requested notice pursuant to Bankruptcy Rule 2002 by hand delivery or in a manner as will cause such objection to be received by all such parties on or before **January 21, 2026**. Any objections not filed and served as set forth above may not be considered by the Court.

18. The below additional dates and deadlines have been approved. ~~Track A will be followed if confirmation of the Plan requires a contested evidentiary hearing. Otherwise, Track B will be followed.~~

	Track A Contested Evidentiary Confirmation Hearing	Track B Uncontested Evidentiary Confirmation Hearing
Deadline to Serve Written Discovery	December 29 <u>31</u> , 2025	December 29, 2025
Deadline for parties to identify the topics on which they intend to submit expert reports (other than rebuttal expert reports)	December 29 <u>31</u> , 2025	December 29, 2025
Deadline to Serve Responses & Objections to Written Discovery	January 28 <u>30</u> , 2026	January 28, 2026
Deadline to identify expert witnesses	January 28 <u>30</u> , 2026	—
Document Productions Substantially Completed	January 28, 2026 <u>30 2026</u>	—
Expert Reports Due	January 30, 2026	—
Deadline to Complete Depositions of Fact Witnesses (All fact and expert witnesses will have the option of being deposed either in person or by Zoom. If a witness chooses to be deposed in person, all parties may attend either in person or by Zoom, at their choosing)	January 30, 2026	—
Deadline for parties to identify expert witnesses who will submit rebuttal expert reports	January 30, 2026	—
Rebuttal Expert Reports Due	February 6, 2026	—
Deadline to Exchange Fact Deposition Designations and File Motions in Limine re Fact	February 6, 2026	—

	Track A Contested Evidentiary Confirmation Hearing	Track B Uncontested Evidentiary Confirmation Hearing
Witnesses		
Deadline to Depose Expert Witnesses	February 9, 2026	—
Deadline for Plan Proponents to file: (1) Responses to Objections to Plan Confirmation (2) Voting Report (3) Confirmation Brief	February 11, 2026	January 30, 2026
Deadline for the Plan Proponents to file Responses to Investors' Objections to Proposed Claim Amounts for Solely for Voting Purposes	February 11, 2026	February 3, 2026
Deadline to Exchange Expert Deposition Designations and File Motions <i>in Limine</i> re Expert Witnesses	February 20, 2026	—
Deadline to Exchange Deposition Counter Designations (Fact and Expert)	February 23, 2026	—
Deadline to Submit: (i) Joint Pretrial Order; (ii) Witness and Exhibit Lists; (iii) Oppositions to Motions in Limine; (iv) Objections to Deposition Counter Designations	February 23, 2026	—
Final Pre Trial Conference	February 26, 2026	—

19. On January 23, 2026 at 11:00 a.m. (Pacific Time), ~~or as soon thereafter as counsel may be heard,~~ a status conference (“Confirmation Status Conference”) will be held before the Honorable Charles Novack, United States Bankruptcy Judge, to determine ~~whether~~ the date for the hearing on confirmation of the Plan ~~will take place on February 5, 2026 at 9:00 a.m. (Pacific Time) or March 5, 2026 at 9:00 a.m. (Pacific Time)~~ (the “Confirmation Hearing”) and all other dates related to confirmation of the Plan, including the deadlines for identifying rebuttal experts, responses to objections to confirmation of the Plan, the Voting Report, and the brief in support of confirmation of the Plan. Counsel and interested parties may appear at the Confirmation Status Conference ~~and Confirmation Hearing~~ in person in Courtroom 215 of the United States Bankruptcy Court, 1300 Clay Street in Oakland, California or via Zoom

1 video or telephone. The Zoom information will be included in each calendar posted weekly, as
2 applicable.

3 20. The Confirmation Hearing may be adjourned from time to time without further
4 notice to creditors and other parties-in-interest by an announcement of the adjourned date at the
5 Confirmation Hearing or any adjournment thereof or by an appropriate filing with the Court.

6 21. The relief granted herein shall apply to all Debtors.

7 22. The Plan Proponents are authorized to take or refrain from taking any action
8 necessary or appropriate to implement the terms of and the relief granted in this Order without
9 seeking further order of the Court.

10 23. The Plan Proponents are authorized to make non-substantive changes to the
11 Disclosure Statement, Plan, Plan Summary, Ballots, Confirmation~~Hearing~~ Notice, Notice of
12 Non-Voting Status, and related documents without further order of the Court, including changes to
13 correct typographical and grammatical errors and to make conforming changes among the
14 aforementioned documents prior to their distribution.

15 24. This Court shall retain jurisdiction over all matters related to or arising from the
16 Motion or the interpretation or implementation of this Order.

17
18 *** END OF ORDER ***
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EXHIBIT C

Comparison of Plan Summary

THIS DOCUMENT IS NOT A SOLICITATION OF VOTES ON THE PLAN. VOTES MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED THE PLAN SUMMARY. THIS PLAN SUMMARY IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. ALL OF THE INFORMATION IN THIS PROPOSED PLAN SUMMARY IS SUBJECT TO CHANGE.

PLAN SUMMARY FOR INVESTORS

LeFever Mattson, a California corporation, (“LFM”) its affiliated debtors and debtors in possession (collectively, the “LFM Debtors”), KS Mattson Partners LP (“KSMP”) and its affiliated debtors and debtors in possession (the “KSMP Debtors” and together with the LFM Debtors, the “Debtors”) and the Official Committee of Unsecured Creditors appointed in the Debtors’ chapter 11 bankruptcy cases (the “Committee” and together with the Debtors, the “Plan Proponents”) have jointly proposed the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation (as may be amended or modified, the “Plan”).¹

The Plan provides for a global settlement (the “Global Settlement”) of the outstanding Claims asserted against and Equity Interests asserted in the Debtors. The Global Settlement embodied in the Plan resolves the complex issues in these Chapter 11 Cases, including (a) substantive consolidation of the Debtors and the KSMP Investment Entities, (b) the Ponzi Finding (discussed further below), and (c) the allowance and treatment of Investor Claims. Under the Plan, all assets and liabilities of all Debtors and KSMP Investment Entities will be pooled and consolidated for distribution purposes, through substantive consolidation. The Global Settlement provides for a “**single pot**,” such that all assets and liabilities of the Debtors and KSMP Investment Entities are pooled and consolidated for distribution purposes. Pursuant to applicable case law, all Investors are treated the same, as holders of tort claims, regardless of the type of documentation or instrument held. Pursuant to the Global Settlement, each Investor will receive a claim for money (or value of property) it invested in the Debtors or KSMP Investment Entities over time less any distributions the Investor received over the seven years prior to the Petition Date. This claim will receive a *pro rata* distribution of available assets and, only after such claim is paid in full, will there be any recovery on claims for expected profits, pursuant to the principles of “netting” in Ponzi scheme cases. However, as part of the Global Settlement, rather than netting from the suspected Ponzi scheme start date, the proposed Investor Settlement Amount Procedures Order will provide that only payments made to Investors seven years prior to September 12, 2024, will be offset/netted in calculating Investor Claims.

As discussed further below, in the Disclosure Statement, and in the comprehensive discussion of the facts and circumstances supporting the Global Settlement separately filed with the Court at Docket No. 2568 (the “Investigation Report”),² the Global Settlement takes into account the extensive evidence supporting the determination that (i) the Debtors and KSMP Investment Entities are hopelessly entangled and should be substantively consolidated; and (ii) the Debtors and KSMP Investment Entities were operated as a Ponzi scheme (the “Ponzi”

¹ Capitalized terms not otherwise defined herein are used as those terms are defined in the Plan. The Plan, Disclosure Statement, Investigation Report and other filed documents are available for review, at no charge, at <https://www.veritaglobal.net/LM>.

² The Investigation Report can be accessed from the Debtors’ restructuring website at <https://veritaglobal.net/LM>.

Finding”). These two conclusions flow directly from the wrongdoing that led to these Chapter 11 Cases: for decades, Kenneth W. Mattson (“Mattson”), former principal of the Debtors and KSMP Investment Entities, controlled the Debtors and KSMP Investment Entities as a single enterprise—disregarding their separate corporate forms—and caused them to engage in numerous fraudulent activities and transactions (collectively, the “Mattson Transactions”). The Mattson Transactions took many forms, including the sale of fictitious interests in many of the Debtors; the transfer of vast sums of money between and among LFM, KSMP, KSMP Investment Entities, and other Debtors; and the transfer among the Debtors and KSMP Investment Entities of properties encumbered with high-interest loans.

The Debtors and the Committee, through months of open cooperation, information gathering, and negotiation for the benefit of all Investors, have reached the Global Settlement aimed at: (i) mitigating the damage inflicted by the Debtors’ Ponzi scheme run by Mattson and potentially others; and (ii) developing a level playing field that treats all aggrieved Investors fairly, uniformly, and expeditiously. The Plan treats Investors and creditors fairly without incurring the considerable professional fees and costs (likely **in excess of \$10 million**) that would be necessary to attempt to disentangle the Debtors and KSMP Investment Entities, which were operated prepetition together, as a Ponzi scheme by Mattson. Critically, given the incomplete and deficient state of the Debtors’ books and records, even if such funds were expended, it is possible, and even likely, that the disentanglement would be unsuccessful.

The Plan provides for **one class of Investor Claims – Class 5**. Voting on the Plan will allow the Investor community to have a significant voice in the outcome of this case. If Class 5 accepts the Plan (determined without counting any Class 5 Claims held by Insiders), the Debtors and Committee will move forward with confirmation of the Plan. However, if Class 5 rejects the Plan, the Debtors and the Committee will **not** move forward with the Plan.

To effectuate distributions to Investors, the Plan provides for the creation of the **Plan Recovery Trust**, which will own the Debtors’ and KSMP Investment Entities’ assets that are not sold during the course of the Chapter 11 Cases, will sell or otherwise dispose of those remaining assets to generate cash, and will distribute that (and other) cash to Investors. The Plan Recovery Trust also will own any viable litigation claims against third parties, including Mattson and others such as Timothy LeFever (“LeFever”), and may generate cash through prosecution or settlement of those claims. Cash will be distributed by the Plan Recovery Trust to Investors and other creditors over time (as the Plan Recovery Trust collects on or otherwise monetizes the Plan Recovery Trust Assets).³

³ Investors will also receive *pro rata* distributions from the Investor Forfeiture Fund in the event that there is any Forfeiture Property obtained by the DOJ, the SEC or another Governmental Unit.

The Debtors and the Committee understand the uncertain and devastating financial position that many Investors are in as a result of the Ponzi scheme, and believe that the Global Settlement reflected in the Plan represents the best outcome of these unfortunate circumstances, and importantly, provides the best prospect for Investors and other creditors ***to receive distributions as soon as reasonably possible***. Confirmation of the Plan in the most expeditious manner is of paramount importance to the Investor community and the Plan Proponents believe is in the best interests of the estates and all creditors.

In brief, during these Chapter 11 Cases, the Debtors and the Committee have conducted a comprehensive joint investigation into the prepetition conduct of the Debtors and their principals and their affiliates (the “Joint Investigation”). As a result of the Joint Investigation, as explained further in the Investigation Report filed with the Court, the Debtors and the Committee have made the following material conclusions relevant to the Plan and confirmation thereof:

1. The Debtors and KSMP Investment Entities operated as a **Ponzi scheme**, a primary feature of which was a bank account maintained and primarily controlled by Mattson.
2. The Debtors’ books and records are in many ways **unreliable** and **incomplete**, and determining with absolute certainty the ownership structure of any Debtor in which LFM, KSMP, KSMP Investment Entity, or any other Debtor purported to sell ownership interests (collectively, the “Subsidiary Debtors”) would be cost prohibitive.
3. The Debtors’ prepetition operations created a **tangled web of intercompany loans and transfers** among the Subsidiary Debtors that would be cost prohibitive to untangle.
4. The Debtors **routinely moved real estate from one entity to another entity** for no apparent purpose other than to facilitate a 1031 like-kind exchange (under Sec. 1031 of the Internal Revenue Code), which may have also artificially inflated the book value of such property.

Under the circumstances, the Debtors and the Committee believe it is in the best interests of the Debtors’ Investors and creditors to propose the Global Settlement to be effectuated through the proposed Plan, that treats all Investors as fairly as possible, without incurring further professional fees related to the Joint Investigation and the issues raised thereby.

I. WHAT DOES THE PLAN PROPOSE?

The key terms of the Plan are summarized below. Among other things, these terms will govern: (1) how claims against the Debtors and KSMP Investment Entities are divided into classes in order of priority under the Bankruptcy Code; (2) how claims in each class will be treated; and (3) what becomes of the Debtors' and KSMP Investment Entities' assets and how they will generate cash for the benefit of Investors. This summary is provided as an **overview**, and is not meant to provide all of the information investors should rely on when considering whether to vote to accept or reject the Plan. That information can be found in the "Disclosure Statement" available at <https://www.veritaglobal.net/LM>.

The Plan generally provides for all of the Debtors' and KSMP Investment Entities' assets, including the Debtors' real properties and litigation claims against third parties, to be owned and governed by a single trust – the Plan Recovery Trust. The Plan Recovery Trustee will be selected by the Committee (subject to Court approval). Additionally, an oversight board (the "Oversight Board"), composed of members selected by the Committee, will have certain duties and rights and give direction concerning material decisions, as the Plan Recovery Trustee attempts to best monetize the Plan Recovery Trust's assets and pursues third party litigation claims.

Investors, placed in Class 5 (Investor Claims) under the Plan, will, in exchange for their allowed Investor Claims against the Debtors, become beneficiaries of the Plan Recovery Trust and will be entitled to distributions on their allowed claims (proportionally based on the total aggregate claims amount divided by the aggregate amount of cash available for distribution)⁴ from the net cash proceeds generated by the Plan Recovery Trust either directly or indirectly primarily from (1) operation of the properties, (2) real estate sales, and (3) litigation recoveries.

(1) *Is this a "single pot" plan?* Yes. The Plan consolidates all of the Debtors' and KSMP Investment Entities' assets into the Plan Recovery Trust on the Effective Date of

⁴ Specifically, the Plan provides for a Plan Recovery Trust Waterfall in relation to Investor Claims, the amounts of which are divided into tranches: Holders of Investor Tranche 1 Claims entitled to receive Class A Plan Recovery Trust Units (in the Plan Recovery Trust); Holders of Investor Tranche 2 Claims entitled to receive Class B Plan Recovery Trust Units; and Holders of Contributed Claims (if applicable) entitled to receive Class C Plan Recovery Units. Contributed Claims are Causes of Action of a contributing Investor that the Investor has against any Person that is not a Debtor or related to a Debtor, its predecessors and affiliates, and Excluded Parties, including, without limitation, all Causes of Action based on, arising out of, or related to the marketing, sale, and issuance of any investments related to the Debtors, all Causes of Action for unlawful dividend, fraudulent conveyance, or other avoidance claims under state or federal law, all Causes of Action based on or relating to the misrepresentation of the Debtors' financial information and operations, all Causes of Action based on or related to any failure to disclose, or actual coverup of any of the wrongful conduct described in the Disclosure Statement, and all Causes of Action based on aiding or abetting or otherwise supporting torts committed by the Debtors and their agents. An Investor will be a Contributing Claimant, contributing its Contributed Claims to the Plan Recovery Trust, if it (a) votes to accept the Plan on its Ballot and (b) does not opt-out of the Contributed Claim Election on the Ballot, provided that the Investor's Causes of Action are not on the Schedule of Disclaimed Contributed Assets, in which case such Causes of Action will not be Contributed Claims.

the Plan. Litigation claims will go directly into the Plan Recovery Trust. After the Plan is confirmed and becomes effective, creditors of any of the Debtors and KSMP Investment Entities, including Investors, will be treated as if they have a claim against the entire corporate enterprise of the Debtors and KSMP Investment Entities, rather than a particular entity. This is referred to in the Plan as “substantive consolidation.”

To effectuate distributions to Investors, the Plan provides for the creation of the Plan Recovery Trust, which will own the Estates’ assets and will sell or otherwise dispose of those assets to generate cash, and will distribute that (and other) cash to Investors. The Plan Recovery Trust also will own litigation claims against third parties, including Mattson and others, and may generate cash through prosecution or settlement of those claims. Cash will be distributed by the Plan Recovery Trust to Investors and other creditors over time (as the Plan Recovery Trust collects on or otherwise monetizes the Plan Recovery Trust Assets).

(2) *Is there a “premium” or other benefit provided to certain types of Investors based on the type of investment they held?* No. Under the Plan, each investment, regardless of its form, will ultimately give rise to an “Investor Claim” which will be exchanged under the Plan for a beneficial interest in the Plan Recovery Trust. Each Investor’s claim will be calculated in the same manner, without regard to the type of investment held, and each Investor will receive a proportional recovery from the Plan Recovery Trust based on such Investor’s allowed claim amount (after netting and any clawbacks are taken into account). ***Section III, below, provides additional information regarding how Investor Claims will be calculated.***

(3) *How much am I projected to receive on account of my Investor Tranche 1 Claim under the Plan?* The Debtors are projecting that Investors will receive between ~~21.1~~19.7% and ~~40.6~~35.9% on account of their Investor Tranche 1 Claim. **THE PROJECTED RECOVERY IS AN ESTIMATE ONLY AND ACTUAL RECOVERIES MAY DIFFER.**

II. HOW DOES THE PLAN GET CONFIRMED?

The Plan has been jointly proposed by the Debtors and the Committee. However, it is ultimately the votes of Investors (placed in Class 5) and the Bankruptcy Court that will decide whether the Plan is “confirmed.”

Voting – Acceptance & Rejection of Plan:

Impaired investor and creditor classes will be given the chance to vote to “accept” or “reject” the Plan. In order for an investor’s vote to be counted, that investor must return a ballot by the deadline established by the Bankruptcy Court. A class of claims accepts the Plan if (i) more than one-half in the number of creditors within a class who vote on the Plan vote to accept the Plan **and** (ii) at least two-thirds in amount of aggregate claims in the class who vote on the Plan vote to accept the Plan.⁵

Generally, even if a class votes to “reject” the Plan, it can still be confirmed if additional requirements under the Bankruptcy Code, known as “cram down,” are met. To “cram down” the Plan on rejecting classes of claims,

The Plan Proponents must also show that the classification scheme under the Plan does not “unfairly discriminate” and that the Plan is “fair and equitable.” Here, all concerned have worked diligently to make sure these tests are met. Finally, the Plan must respect bankruptcy priority rules such that no junior claims or interests may receive a distribution until the non-accepting senior class is paid in full. This Plan complies with this rule.

(1) ***How do I vote on the Plan?*** You, as an Investor, should receive a ballot to vote on the Plan, included with other Plan solicitation materials. On its Class 5 ballot, a holder of an Investor Claim will be entitled to vote the amount of such holder’s Investor [Tranche 1 Claim](#) solely for voting purposes. What the Debtors and the Committee believe to be the ~~aggregate~~ amount of the Investor [Tranche 1 Claim](#), ~~without any “netting” or other adjustments implemented in a Ponzi scheme bankruptcy for claim allowance purposes,~~ will be disclosed on each Investor’s ballot and will be deemed temporarily allowed for voting purposes. ~~Each Investor will be allowed to write in a modified amount, signed under penalty of perjury, if it believes the listed amount is inaccurate.~~⁶ If the Investor class (Class 5) votes to reject the Plan, the Debtors and the Committee will **not** move forward with the Plan. In that case, the Debtors and Committee will need to incur additional fees and expenses to develop an alternative path forward.

(2) ***What am I voting on when I vote to accept or reject the Plan?*** Your vote relates to whether you approve of the overall compromise of a one pot plan in which Investors are all treated equally regardless of the form of their investments, and the creation of the trust as the structure to hold and monetize the assets and make distributions to Investors. The projected recoveries are merely estimates of potential recoveries and could be lower or higher in actuality, so those should not be the focus of how to vote on the Plan. One potential alternative to the Plan as proposed is a chapter 7 liquidation. The Debtors and the Committee believe that the recoveries in a chapter 7 liquidation will be less than the recoveries under the Plan. Accordingly, the Debtors and the Committee believe the Plan is in the best interests of the Investors and all stakeholders.

Confirmation by the Court:

If the Court approves the Plan, the Plan will be deemed “confirmed.” In order for the Plan to be confirmed, the Court must find that the Plan complies with the requirements of the Bankruptcy Code. The Court will also consider any objections to the Plan.

Bankruptcy Code, known as “cram down,” are met. To “cram down” the Plan on rejecting classes of claims, there must be at least one class of claims that is impaired that votes to accept the Plan.

⁶ ~~Such modified amount will be deemed a motion pursuant~~ Pursuant to Bankruptcy [Code section 502\(c\) and Bankruptcy Rule 3018\(a\)](#) ~~for an order, all Investor Claims will be estimated and temporarily allowing such Investor Claim in a different amount~~ allowed solely for purposes of voting on the Plan ~~(an “Investor Rule 3018 Motion”). If any objections are filed to an Investor Rule 3018 Motion by the Proponents or other party, the Investor Rule 3018 Motion will be heard at the confirmation hearing or at a later date in the Plan Proponents’ discretion~~ in the amount set forth in the applicable Class 5 Ballot.

III. HOW ARE INVESTOR CLAIMS BEING CALCULATED FOR DISTRIBUTION PURPOSES?

~~As noted above, while Investors will be allowed to vote the aggregate Investor Claim amount on the Plan, for~~ For purposes of calculating distributions under the Plan, the Plan Recovery Trust and its professionals will perform a reconciliation to determine the ~~correct~~ net final amounts for each Investor Claim, taking into account bankruptcy law that requires claims to be “netted” in a Ponzi situation. The actual netted Investor Claim amounts will determine the proportional share an ~~investor~~ Investor will receive as distributions under the Plan in relation to the claim amounts of other Investors. ~~The Plan Proponents have filed a motion seeking the entry of the Investor Settlement Amount Procedures Order of which Investors will receive further written notice which, if granted, will approve of the calculation methods described herein.~~

Example:

Investor A invested \$100,000 in a Debtor on January 1, 2015. Investor A received 6% a year or \$500 per month until September 1, 2024.

Investor Lookback Period = September 12, 2017

Amount Invested = \$100,000

Prepetition Ponzi Distributions = \$42,000 (7 years x \$6,000)

Investor Claim for distribution purposes on account of Investor Tranche 1 Claim = \$100,000 - \$42,000 = \$58,000

Investor Claim for distribution purposes on account of Investor Tranche 2 Claim (if all Investor Tranche 1 Claims are paid off) = \$42,000

IV. CONCLUSION

The Debtors and the Committee, representing the best interests of Investors and other unsecured creditors, have diligently worked to ensure that the Plan being proposed to you meets their goals, from the outset of these cases, of treating Investors equally and fairly. **The Debtors and the Committee urge you to vote to accept the Plan.**

EXHIBIT D

Comparison of Proposed Confirmation Notice

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*Counsel to the Official
Committee of Unsecured Creditors*

15
16 **UNITED STATES BANKRUPTCY COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**
18 **SANTA ROSA DIVISION**

19 In re
20 LEFEVER MATTSON,
a California corporation, *et al.*,¹
21 Debtors.

Case No. 24-10545 CN (Lead Case)

(Jointly Administered)

Chapter 11

**NOTICE OF (I) APPROVAL OF
DISCLOSURE STATEMENT; (II) [STATUS
CONFERENCE](#) HEARING TO CONSIDER
CONFIRMATION OF THE PLAN; (III)
DEADLINE FOR FILING OBJECTIONS TO**

25 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax
26 identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o
27 Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and
28 all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor
entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax
identification numbers is not provided herein. A complete list of such information may be obtained on the website
of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>.

In re
KS MATTSON PARTNERS, LP,
Debtor.

**CONFIRMATION OF THE PLAN; (IV)
DEADLINE FOR VOTING ON THE PLAN;
~~(V) INVESTOR CLAIM ESTIMATION
PROCEDURES~~; AND (V) RELATED
MATTERS**

Confirmation Status Conference Hearing Date:

Date: ~~To Be Set~~ January 23, 2026

Time: ~~To Be Set~~ 11:00 a.m. (Pacific Time)

Place: Via Zoom or In-Person at:

United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612

Judge: Honorable Charles Novack

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On December ~~4~~1, 2025, the above-captioned debtors and debtors in possession (the “Debtors”) filed the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation [Docket No. ~~2944~~2945] (as it may be amended or modified, including all exhibits thereto, the “Plan”) of the Debtors proposed by the Debtors and the Official Committee of Unsecured Creditors appointed in the above-captioned chapter 11 cases (the “Committee”). On December ~~4~~1, 2025, the Debtors and Committee filed the ~~Second~~Third Amended Disclosure Statement in Support of the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation [Docket No. ~~2945~~2945] (as it may be amended or modified, including all exhibits thereto, the “Disclosure Statement”); and a related summary of the Plan provided to Investors in Class 5 [Docket No. ~~2945~~2945] (as amended, the “Plan Summary”).²

2. By an Order dated ~~December 4~~December 1, 2025 [Docket No. ~~2945~~2945] (the “Solicitations Procedures Order”), the Bankruptcy Court approved the Disclosure Statement as containing adequate information within the meaning of section 1125 of Bankruptcy Code.

3. By the Solicitation Procedures Order, the Bankruptcy Court established **January 21, 2026 at 11:59 p.m. (Pacific Time)** (the “Voting Deadline”) as the deadline by which ballots accepting or rejecting the Plan must be received. To be counted, your original ballot must actually be **received** on or before the Voting Deadline by the Debtors’ balloting agent, Verita Global, either electronically as specified on your ballot or to the following address:

² Any capitalized terms not defined herein have the meaning ascribed to such terms in the Plan or Disclosure Statement, as applicable.

1 LeFever Mattson Ballot Processing Center
2 c/o KCC dba Verita
3 222 N. Pacific Coast Highway, Suite 300
4 El Segundo, CA 90245

4 4. Each unique Investor will receive one Class 5 Ballot on account of their Investor
5 Claim. Investors with substantially similar names, that list the same noticing address on their
6 Claims, and for which the Plan Proponents determine upon good faith are the same person or
7 entity will be treated as one Investor. For example, if the “Doe Family Trust” and the “Doe Family
8 Trust, dated January 1, 2000” provide the same address where notices should be sent on their
9 Claims and/or Interests and the Plan Proponents believe these entities are the same, then the “Doe
10 Family Trust” and the “Doe Family Trust, dated January 1, 2000” will be treated as a single
11 Investor. However, the “Doe Family Trust” and “Jane Doe” will not be considered a single
12 Investor even if the relevant Interests or Claims list the same noticing address as these Investors
13 do not have substantially similar names.

14 5. The Plan Supplement will be filed by the Debtors and the Committee by **December**
15 **19, 2025**, which will be served on all parties that have requested special notice in the cases under
16 Bankruptcy Rule 2002, and will be available to review and download for free from the Voting
17 Agent’s website at <https://veritaglobal.net/LM> on and after the filing of the Plan Supplement.

18 6. On **January 23, 2026 at 11:00 a.m. (Pacific Time)**, ~~or as soon~~
19 ~~thereafter as counsel may be heard,~~ a **status conference** (“Confirmation Status Conference”) will
20 be held before the Honorable Charles Novack, United States Bankruptcy Judge to determine
21 ~~whether~~when the hearing on confirmation of the Plan ~~will take place on February 5, 2026 at 9:00~~
22 ~~a.m. (Pacific Time) or March 5, 2026 at 9:00 a.m. (Pacific Time)~~ (the “Confirmation Hearing”)
23 will take place and to set additional deadlines in connection with the Confirmation Hearing.
24 Counsel and interested parties may appear at the Confirmation Status Conference and
25 Confirmation Hearing in person in Courtroom 215 of the United States Bankruptcy Court, 1300
26 Clay Street in Oakland, California or via Zoom video or telephone. The Zoom information will be
27 included in each calendar posted weekly, as applicable.

7. The Confirmation Hearing may be adjourned from time to time, without further notice. The Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Plan, and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

8. The below additional dates and deadlines have been approved. ~~Track A will be followed if confirmation of the Plan requires a contested evidentiary hearing. Otherwise, Track B will be followed.~~

	Track A Contested Evidentiary Confirmation Hearing	Track B Uncontested Evidentiary Confirmation Hearing
Deadline to Serve Written Discovery	December 29 <u>31</u> , 2025	December 29, 2025
Deadline for parties to identify the topics on which they intend to submit expert reports (other than rebuttal expert reports)	December 29 <u>31</u> , 2025	December 29, 2025
Deadline to Serve Responses & Objections to Written Discovery	January 28 <u>30</u> , 2026	January 28, 2026
Deadline to identify expert witnesses	January 28 <u>30</u> , 2026	--
Document Productions Substantially Completed	January 28 <u>30</u> , 2026	--
Expert Reports Due	January 30, 2026	--
Deadline to Complete Depositions of Fact Witnesses (All fact and expert witnesses will have the option of being deposed either in person or by Zoom. If a witness chooses to be deposed in person, all parties may attend either in person or by Zoom, at their choosing)	January 30, 2026	--
Deadline for parties to identify expert witnesses who will submit rebuttal expert reports	January 30, 2026	--
Rebuttal Expert Reports Due	February 6, 2026	--
Deadline to Exchange Fact Deposition Designations and File Motions in Limine re Fact Witnesses	February 6, 2026	--
Deadline to Depose Expert Witnesses	February 9, 2026	--

	Track A Contested Evidentiary Confirmation Hearing	Track B Uncontested Evidentiary Confirmation Hearing
Deadline for Plan Proponents to file: (1) Responses to Objections to Plan Confirmation (2) Voting Report (3) Confirmation Brief	February 11, 2026	January 30, 2026
Deadline for the Plan Proponents to file Responses to Investors' Objections to Proposed Claim Amounts Solely for Voting Purposes	February 11, 2026	February 3, 2026
Deadline to Exchange Expert Deposition Designations and File Motions <i>in Limine</i> re Expert Witnesses	February 20, 2026	—
Deadline to Exchange Deposition Counter Designations (Fact and Expert)	February 23, 2026	—
Deadline to Submit: (i) Joint Pretrial Order; (ii) Witness and Exhibit Lists; (iii) Oppositions to Motions in Limine; (iv) Objections to Deposition Counter Designations	February 23, 2026	—
Final Pre-Trial Conference	February 26, 2026	—

9. Objections to confirmation of the Plan, including any supporting memoranda, if any, must (a) be in writing; (b) state the name and address of the objecting party and the nature of the claim or interest of such party; (c) state with particularity the basis and nature of any objection, where possible; and (d) be filed with the Bankruptcy Court and served on the following parties so that all objections are received on or before **January 21, 2026**: (a) Counsel to the LFM Debtors: Keller Benvenutti Kim LLP, Attn: Tobias Keller, David Taylor, Dara Silveira, and Thomas Rupp (tkeller@kbkllp.com, dtaylor@kbkllp.com, dsilveira@kbkllp.com, trupp@kbkllp.com), 101 Montgomery St., Suite 1950, San Francisco, CA 94104; (b) counsel to KSMP: Hogan Lovells US LLP, Attn: Richard Wynne, Erin Brady, and Edward McNeilly (richard.wynne@hoganlovells.com, erin.brady@hoganlovells.com,

1 edward.mcneilly@hoganlovells.com); (c) counsel to the Committee: Pachulski Stang Ziehl &
2 Jones LLP, Attn: Debra Grassgreen, Jason Rosell, and Brooke Wilson
3 (dgrassgreen@pszjlaw.com, jrosell@pszjlaw.com, bwilson@pszjlaw.com), One Sansome St.,
4 Suite 3430, San Francisco, CA 94104-4436; (d) Office of the United States Trustee, Northern
5 District of California, 450 Golden Gate Avenue, Room 05-0153, San Francisco, CA 94102 (Attn:
6 Jared A. Day) (jared.a.day@usdoj.gov); and (e) all other parties in interest that have filed requests
7 for notice pursuant to Bankruptcy Rule 2002 in the Debtors' chapter 11 cases.

8 5. In accordance with Bankruptcy Rule 3017(a), requests for copies of the Disclosure
9 Statement, the Plan, or the Motion by parties in interest may be made in writing to counsel for the
10 Debtors or counsel for the Committee. Copies of the Disclosure Statement and the Plan (along
11 with exhibits to each as they are filed with the Bankruptcy Court) and the Motion are available for
12 review, at no charge, at <https://veritaglobal.net/LM>.

13 6. **IF YOU HAVE ANY QUESTIONS REGARDING YOUR CLAIM OR THE**
14 **VOTING PROCEDURES, OR IF YOU NEED A BALLOT OR ADDITIONAL COPIES OF**
15 **THE DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE**
16 **CONTACT THE VOTING AGENT, VERITA GLOBAL, 1-(877) 709-4751 (U.S. /**
17 **CANADA), 1-(425) 236-7321 (INTERNATIONAL) OR BY SUBMITTING AN INQUIRY**
18 **AT: <https://veritaglobal.net/lm/inquiry>.**

19 Dated: December __, 2025

KELLER BENVENUTTI KIM LLP

20 By: /s/ DRAFT

21 David A. Taylor

22 *Counsel to the LFM Debtors*

23 PACHULSKI STANG ZIEHL & JONES LLP

24 By: /s/ DRAFT

25 Jason H. Rosell

26 *Counsel to the Committee*

27 HOGAN LOVELLS US LLP

28 By: /s/ DRAFT

Erin N. Brady

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EXHIBIT E

Comparison of Proposed Contents and Procedures for Serving Solicitation Package

1 **THE SOLICITATION PACKAGE AND GENERAL NOTICE PROCEDURES¹**

2 1. By ~~the later of (i)~~ December 12~~17~~, 2025 ~~or (ii) the fifth business day following~~
3 ~~entry of the Solicitation Procedures Order (defined below)~~, the Plan Proponents will complete the
4 mailing of Solicitation Packages by regular U.S. mail solely to (a) holders of Claims in the Classes
5 entitled to vote on the Plan, (b) the Office of the United States Trustee, and (c) any other necessary
6 or appropriate agencies and/or representatives of the United States federal government (the
7 “Federal Government”) at the locations required by Bankruptcy Rule 2002(j).

8 2. The Solicitation Packages will contain hard copies of the following items:

- 9 a. a cover letter (the “Cover Letter”) describing the contents of the Solicitation
10 Package and which will direct parties to the website at which they may view
11 the Disclosure Statement and the exhibits thereto, including the Plan and
12 the exhibits attached thereto;
13 b. the Bankruptcy Court order approving the Disclosure Statement (the
14 “Solicitation Procedures Order”) (excluding exhibits);
15 c. the Plan Summary – only in Solicitation Packages served on Investors in
16 Class 5;
17 d. the Confirmation~~Hearing~~ Notice;
18 e. a Ballot for holders of claims in Classes entitled to vote, including
19 instructions set forth therein regarding how to complete the Ballot; and
20 f. a Ballot return envelope.

21 3. The Solicitation Package may also include, only in Solicitation Packages served on
22 Investors in Class 5, an Investor Claim Settlement Offer Letter.

23 4. ~~3.~~ Solicitation Packages will not be provided to the Non-Voting Classes except
24 upon express request to do so. Holders of Claims or Interests in the Non-Voting Classes under the
25 Plan will receive only the Confirmation~~Hearing~~ Notice and the Notice of Non-Voting Status.

26 5. ~~4.~~ The addresses to be used when mailing the Solicitation Packages will be as
27 follows:
28

¹ A capitalized term used but not defined herein shall have the meaning ascribed to it in the Motion and/or the Plan, as applicable.

- 1 a. for persons or entities that have filed proofs of claim or interest that are
2 entitled to a Ballot under the Tabulation/Estimation Procedures, at the
3 address provided on the face of the filed proof of claim or interest;²
4
5 b. for persons or entities that have not filed proofs of claim or interest that are
6 entitled to a Ballot under the Tabulation/Estimation Procedures, at the
7 address on the Debtors' current service list or Schedules;³
8
9 c. at the address for a claim transferee set forth in a valid notice of transfer of
10 claim; and
11
12 d. for the United States Trustee and the Federal Government, the addresses
13 used for notice filed in accordance with Bankruptcy Rule 2002.

14 6. ~~5.~~ If multiple Solicitation Packages would otherwise go to the same physical
15 address, the Plan Proponents shall be entitled, but not required, to combine the Solicitation
16 Packages into a single Solicitation Package with multiple ballots, even if the claimant names are
17 not identical.

18 7. ~~6.~~ With respect to any Solicitation Packages and Confirmation ~~Hearing~~ Notices that
19 are returned by the United States Postal Service as undeliverable as a result of incomplete or
20 inaccurate addresses, the Debtors may, in their discretion, but without any requirement, attempt to
21 determine a correct address and resend the applicable materials. Any delay in such re-delivery, or
22 the Debtors' determination not to attempt any such redelivery, will not be deemed to be inadequate
23 notice.

24
25
26 ² To the extent that a person or entity has requested that Verita Global change or update the address associated with
27 their file proof of claim or interest, Verita Global will send the Solicitation Package to such updated address.

28 ³ Includes all of the Debtors' filed Schedules of Assets and Liabilities, Statements of Financial Affairs, Omnibus
List of Equity Security Holders, and any and all amendments thereof.

EXHIBIT F

Comparison of Proposed Form of Ballots

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re LEFEVER MATTSON, a California corporation, <i>et al.</i> , ¹ Debtors.	Case No. 24-10545 CN (Lead Case) (Jointly Administered) Chapter 11
In re KS MATTSON PARTNERS, LP, Debtor.	

**BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN OF LEFEVER
MATTSON, KS MATTSON PARTNERS, LP, AND THEIR AFFILIATED DEBTORS
PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS**

CLASS 3-~~/o~~/ – SECURED LENDER CLAIM

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS JANUARY 21, 2026 AT 11:59 P.M. (PACIFIC TIME)
--

This Ballot is submitted to you to solicit your vote to accept or reject the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation of LeFever Mattson, KS Mattson Partners, LP, and their affiliated Debtors (as may be amended or modified, the “Plan”), which is being proposed by the above-captioned debtors and debtors-in-possession (the “Debtors”) and the Official Committee of Unsecured Creditors (the “Committee” and, together with the Debtors, the “Plan Proponents”), and which is described in the Third Amended Disclosure Statement in Support of the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation (the “Disclosure Statement”). On December [], 2025, the Bankruptcy Court entered an order approving certain procedures and materials for the solicitation of votes to accept or reject the Plan (the “Solicitation Procedures Order”). Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

¹ The last four digits of LeFever Mattson’s tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://veritaglobal.net/LM>.

The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. You should review the Plan and Disclosure Statement before you vote. You may wish to seek legal or other professional advice concerning the Plan and your classification and treatment under the Plan.

The Plan may be made binding on you whether or not you vote if the Plan (a) is accepted by the holders of at least two-thirds in amount and more than one-half in number of the claims in each impaired Class of claims who vote on the Plan; (b) otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code; and (c) the Bankruptcy Court enters an order confirming the Plan. Even if the requisite acceptances are not obtained, however, the Bankruptcy Court may still confirm the Plan if the Bankruptcy Court finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan; and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

This Ballot is solely for purposes of voting to accept or reject the Plan. This Ballot is not for the purpose of allowance or disallowance of, or distribution on account of, Secured Lender Claims in Class 3.

There are two ways by which you may submit your Ballot: (i) you may submit your Ballot via the Voting Agent's online e-balloting portal (the "E-Balloting Portal") as directed below, or (ii) you may return your Ballot to the Voting Agent via mail, overnight courier, or hand delivery by following the instructions set forth below.

If you have any questions on how to properly complete this Ballot, please contact Verita Global at 1-877-709-4751 (U.S. / Canada), 1-424-236-7231 (International) or submit an inquiry at: <https://veritaglobal.net/lm/inquiry>. Please be advised that Verita Global cannot provide legal or other professional advice.

For your vote to be counted, this Ballot must be properly completed, signed, and returned so that it is *actually received* by the Voting Agent by no later than the Voting Deadline of **11:59 p.m. (Pacific Time) on January 21, 2026. Please submit a Ballot with your vote by one of the following methods:**

<p><u>If Submitting Your Vote Through the E-Balloting Portal:</u></p> <p>Verita Global will accept Ballots if properly completed through the E-Balloting Portal. To submit your Ballot via the E-Balloting Portal,</p> <p>Unique E-Ballot</p> <p>ID#: _____</p> <p>PIN#: _____</p>	<p><u>If by First Class Mail, Overnight Courier or Hand Delivery:</u></p> <p>LeFever Mattson Ballot Processing Center c/o KCC dba Verita 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245</p> <p>A pre-addressed return envelope has been enclosed for your convenience.</p>
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Verita Global's E-Balloting Portal is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email or other means of electronic transmission will not be counted.

Each E-Ballot ID# is to be used solely for voting only those Claims described in your electronic Ballot.

Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable.

Ballots received after 11:59 p.m. (Pacific Time) on January 21, 2026 will not be counted. Ballots submitted by e-mail or facsimile transmission will not be accepted.

PLEASE COMPLETE THE FOLLOWING:

Item 1. Amount of Class 3 Claim. For purposes of voting to accept or reject the Plan, the undersigned certifies that the undersigned holds a Secured Lender Claim in Class 3 against the Debtors in the amount set forth below.

Voting Amount: \$ _____

Item 2. Vote on the Plan. The undersigned Holder of a Secured Lender Claim in Class 3 in the amount set forth in Item 1 above hereby votes to:

Check one box only: ☐ **Accept** (vote FOR) the Plan

☐ **Reject** (vote AGAINST) the Plan

THE DEBTORS AND THE COMMITTEE RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.
--

Item 3. Certifications. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that, if this Ballot is otherwise validly executed but is not timely submitted, does not indicate either acceptance or rejection of the Plan or indicates both an acceptance and rejection of the Plan, this Ballot will not be counted.

YOUR RECEIPT OF THIS BALLOT DOES NOT SIGNIFY THAT YOUR CLAIM HAS BEEN OR WILL BE ALLOWED.

Name of Holder: _____
(Print or Type)

Signature: _____

Name of Signatory: _____

Title of Signatory: _____

Address: _____

Email Address: _____

Date Completed: _____

If your address or contact information has changed, please note the new information here.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re LEFEVER MATTSON, a California corporation, <i>et al.</i> , ¹ Debtors.	Case No. 24-10545 CN (Lead Case) (Jointly Administered) Chapter 11
In re KS MATTSON PARTNERS, LP, Debtor.	

**BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN OF LEFEVER
MATTSON, KS MATTSON PARTNERS, LP, AND THEIR AFFILIATED DEBTORS
PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS**

CLASS 4– TRADE CLAIMS

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS JANUARY 21, 2026 AT 11:59 P.M. (PACIFIC TIME)
--

This Ballot is submitted to you to solicit your vote to accept or reject the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation of LeFever Mattson, KS Mattson Partners, LP, and their affiliated Debtors (as may be amended or modified, the “Plan”), which is being proposed by the above-captioned debtors and debtors-in-possession (the “Debtors”) and the Official Committee of Unsecured Creditors (the “Committee” and, together with the Debtors, the “Plan Proponents”), and which is described in the Third Amended Disclosure Statement in Support of the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation (the “Disclosure Statement”). On December [], 2025, the Bankruptcy Court entered an order approving certain procedures and materials for the solicitation of votes to accept or reject the Plan (the “Solicitation Procedures Order”). Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

¹ The last four digits of LeFever Mattson’s tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://veritaglobal.net/LM>.

The Disclosure Statement provides information to assist you in deciding how to vote your Ballot. You should review the Plan and Disclosure Statement. You may wish to seek legal or other professional advice concerning the Plan and your classification and treatment under the Plan.

The Plan may be made binding on you whether or not you vote if the Plan (a) is accepted by the holders of at least two-thirds in amount and more than one-half in number of the claims in each impaired Class of claims who vote on the Plan; (b) otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code; and (c) the Bankruptcy Court enters an order confirming the Plan. Even if the requisite acceptances are not obtained, however, the Bankruptcy Court may still confirm the Plan if the Bankruptcy Court finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan; and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

This Ballot is solely for purposes of voting to accept or reject the Plan. This Ballot is not for the purpose of allowance or disallowance of, or distribution on account of, Trade Claims in Class 4.

There are two ways by which you may submit your Ballot: (i) you may submit your Ballot via the Voting Agent's online e-balloting portal (the "E-Balloting Portal") as directed below, or (ii) you may return your Ballot to the Voting Agent via mail, overnight courier, or hand delivery by following the instructions set forth below.

If you have any questions on how to properly complete this Ballot, please contact Verita Global at 1-877-709-4751 (U.S. / Canada), 1-424-236-7231 (International) or submit an inquiry at: <https://veritaglobal.net/lm/inquiry>. Please be advised that Verita Global cannot provide legal or other professional advice.

For your vote to be counted, this Ballot must be properly completed, signed, and returned so that it is *actually received* by the Voting Agent by no later than the Voting Deadline of **11:59 p.m. (Pacific Time) on January 21, 2026. Please submit a Ballot with your vote by one of the following methods:**

<p><u>If Submitting Your Vote Through the E-Balloting Portal:</u></p> <p>Verita Global will accept Ballots if properly completed through the E-Balloting Portal. To submit your Ballot via the E-Balloting Portal,</p> <p>Unique E-Ballot</p> <p>ID#: _____</p> <p>PIN#: _____</p>	<p><u>If by First Class Mail, Overnight Courier or Hand Delivery:</u></p> <p>LeFever Mattson Ballot Processing Center c/o KCC dba Verita 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245</p> <p>A pre-addressed return envelope has been enclosed for your convenience.</p>
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Verita Global's E-Balloting Portal is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email or other means of electronic transmission will not be counted.

Each E-Ballot ID# is to be used solely for voting only those Claims described in your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable.

Ballots received after 11:59 p.m. (Pacific Time) on January 21, 2026 will not be counted. Ballots submitted by e-mail or facsimile transmission will not be accepted.

PLEASE COMPLETE THE FOLLOWING:

Item 1. Amount of Class 4 Claim. For purposes of voting to accept or reject the Plan, the undersigned certifies that the undersigned holds a Trade Claim in Class 4 against the Debtors in the amount set forth below.

Voting Amount: \$ _____

Item 2. Vote on the Plan. The undersigned Holder of a Trade Claim in Class 4 in the amount set forth in Item 1 above hereby votes to:

Check one box only: ☐ **Accept** (vote FOR) the Plan
 ☐ **Reject** (vote AGAINST) the Plan

THE DEBTORS AND THE COMMITTEE RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.
--

Item 3. Certifications. By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant. The undersigned understands that, if this Ballot is otherwise validly executed but is not timely submitted, does not indicate either acceptance or rejection of the Plan or indicates both an acceptance and rejection of the Plan, this Ballot will not be counted.

YOUR RECEIPT OF THIS BALLOT DOES NOT SIGNIFY THAT YOUR CLAIM HAS BEEN OR WILL BE ALLOWED.

<p>Name of Holder: _____ (Print or Type)</p> <p>Signature: _____</p> <p>Name of Signatory: _____</p> <p>Title of Signatory: _____</p> <p>Address: _____</p> <p>Email Address: _____</p> <p>Date Completed: _____</p>
--

If your address or contact information has changed, please note the new information here.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re

LEFEVER MATTSON,
a California corporation, *et al.*,¹

Debtors.

Case No. 24-10545 CN (Lead Case)

(Jointly Administered)

Chapter 11

In re

KS MATTSON PARTNERS, LP,

Debtor.

**~~(H)~~ BALLOT FOR ACCEPTING OR REJECTING JOINT CHAPTER 11 PLAN OF LEFEVER
MATTSON, KS MATTSON PARTNERS, AND THEIR AFFILIATED DEBTORS
PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS;
~~AND (H) FORM FOR ESTIMATION OF INVESTOR CLAIM AMOUNT FOR VOTING PURPOSES~~**

CLASS 5 – INVESTOR CLAIMS

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE
PLAN IS JANUARY 21, 2026 AT 11:59 P.M. (PACIFIC TIME)**

Why You Are Receiving This Ballot

The above-captioned Debtors and the Official Committee of Unsecured Creditors (the “Committee” and, together with the Debtors, the “Plan Proponents”) have proposed a bankruptcy plan, entitled the ~~Second~~Third *Amended Joint Chapter 11 Plan of Liquidation* (as may be amended or modified, the “Plan”) of LeFever Mattson, KS Mattson Partners, and their affiliated Debtors.

You are ~~being sent~~receiving this Ballot because the Debtors’ records show that you are an “Investor” as defined in the Plan (see Plan Exhibit A, number 74) – *i.e.*, a Person or Entity that holds an Investor Claim.

¹ The last four digits of LeFever Mattson’s tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://veritaglobal.net/LM>.

Specifically, an “**Investor Claim**” is defined (at Plan Exhibit A, number 75) as “Claim arising from or relating to an Investment, including, without limitation, (a) all Claims (including any contract or related Claims) based on, arising out of, or related to any Investments including the validity, marketing, sale, and issuance thereof; (b) all Claims for fraud, unlawful dividend, fraudulent conveyance, fraudulent transfer, voidable transaction, or other avoidance claims under state or federal law; (c) all Claims arising from or related to the preparation or filing of the Debtors’ and/or their affiliates’ (including the KSMP Investment Entities’) federal, state, local, or other tax returns, forms, and other filings; (d) all Claims based on, arising out of, or related to the misrepresentation of any of the Debtors’ or the KSMP Investment Entities’ financial information, assets and properties, business operations, or related internal controls; (e) all Claims based on, arising out of, or related to any failure to disclose, or actual or attempted cover up or obfuscation of, any of the wrongful conduct described in the Disclosure Statement, including with respect to any alleged fraud related thereto and undisclosed loans; (f) all Claims based on aiding or abetting, entering into a conspiracy with, or otherwise supporting Investment-related torts committed by the Debtors, the KSMP Investment Entities, or their agents; and (g) any Claims arising from or relating to TIC Interests; *provided that* any and all Equity Interests asserted by a Person or Entity in the Debtors via a Proof of Interest shall be deemed to be an Investor Claim for purposes of classification and ~~distributions~~distribution under the Plan, without any further notice, motion, complaint, objection, or other action or order of the Court.” An “**Investment**” is defined (at Plan Exhibit A, number 73) as “any investment or investment product offered by any Debtor (whether directly or through an agent), including, without limitation, any investments, interests, or other rights with respect to any Debtor that were styled, marketed, or sold as, among others, partnership interests in limited partnerships, TIC Interests, or other interests in any real property (including the purchase or sale of a real property).”

On December [], 2025, the Bankruptcy Court entered an order approving, among other relief, certain procedures and materials for the solicitation of votes to accept or reject the Plan (the “Solicitation Procedures Order”). Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

This Ballot has been sent to you to (1) vote to accept or reject the Plan, (2) elect whether to contribute your Contributed Claims to the Plan Recovery Trust under the Plan, and (3) implement the estimation of your Class 5 Investor Claim ~~(the maximum amount)~~ for voting purposes only (not for distribution or other purposes under the Plan).

Information to Assist You In Voting and Completing This Ballot

The Plan Summary and the Disclosure Statement provide information to assist you in deciding how to vote ~~your~~ Ballot on the Plan and how to fill in and complete this ~~Form as applicable~~ Ballot. The Plan Summary and the Disclosure Statement both have ~~both been~~ approved by the Bankruptcy ~~Code~~ Court as containing adequate information required by the Bankruptcy Code. You should review the Plan Summary, the Disclosure Statement, and the Plan before you vote and complete this Ballot ~~and Form~~. You may wish to seek legal or other professional advice concerning the Plan and your classification and treatment under the Plan.

How Your Vote Impacts Confirmation of the Plan

The Plan may be made binding on you whether or not you vote if the Plan (a) is accepted by the holders of at least two-thirds in amount and more than one-half in number of the claims in each impaired Class of claims who vote on the Plan; (b) otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code; and (c) the Bankruptcy Court enters an order confirming the Plan. Even if the requisite acceptances are not obtained, however, the Bankruptcy Court may still confirm the Plan if the Bankruptcy Court finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan; and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

How to Vote

There are two ways by which you may submit your Ballot: (i) you may submit your Ballot via the Voting Agent's online e-balloting portal (the "E-Balloting Portal") as directed below, or (ii) you may return your Ballot to the Voting Agent via mail, overnight courier, or hand delivery by following the instructions set forth below. ***Please note that if you disagree with the amount listed below on your Ballot and you believe you are entitled to vote a higher claim amount, and you modify such amount on the Ballot in accordance with the instructions below, YOU MUST SUBMIT YOUR MODIFIED PHYSICAL BALLOT VIA MAIL, OVERNIGHT COURIER OR HAND DELIVERY—YOU CANNOT SUBMIT SUCH MODIFIED BALLOT VIA THE ONLINE E-BALLOTING PORTAL.***

If you have any questions on how to properly complete this Ballot, please contact Verita Global at 1-877-709-4751 (U.S. / Canada), 1-424-236-7231 (International) or submit an inquiry at: <https://veritaglobal.net/lm/inquiry>. Please be advised that Verita Global cannot provide legal or other professional advice.

For your vote to be counted, this Ballot must be properly completed, signed, and returned so that it is actually received by the Voting Agent by no later than the Voting Deadline of 11:59 p.m. (Pacific Time) on January 21, 2026. Please submit a Ballot with your vote by one of the following methods:

<p><u>If Submitting Your Vote Through the E-Balloting Portal:</u></p> <p>Verita Global will accept Ballots if properly completed through the E-Balloting Portal. To submit your Ballot via the E-Balloting Portal,</p> <p>Unique E-Ballot ID#: _____ PIN#: _____</p> <p>NOT AVAILABLE IF YOU WISH TO CONTEST YOUR VOTING AMOUNT</p>	<p><u>If by First Class Mail, Overnight Courier or Hand Delivery:</u></p> <p>LeFever Mattson Ballot Processing Center c/o KCC dba Verita 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245</p> <p>A pre-addressed return envelope has been enclosed for your convenience.</p>
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Verita Global's E-Balloting Portal is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email, or other means of electronic transmission will not be counted.

Each E-Ballot ID# is to be used solely for voting only those Claims described in your electronic Ballot. Please complete and submit an electronic Ballot for each E-Ballot ID# you receive, as applicable.

Ballots received after 11:59 p.m. (Pacific Time) on January 21, 2026 will not be counted. Ballots submitted by e-mail or facsimile transmission will not be accepted.

Ballot for Voting and Estimation of Investor Claim Solely For Voting Purposes

This Ballot is for purposes of (1) voting to accept or reject the Plan, (2) electing whether to contribute your Contributed Claims to the Plan Recovery Trust under the Plan, and (3) establishing the estimated amount(s) of the voting Investor's Class 5 Investor Claim solely for tabulating the voting on the Plan, and no other purposes.

~~If you, the Investor, dispute the amount of the Investor's Class 5 Investor Claim stated in Item 1 below, and wish to assert a higher amount, you must carefully follow the instructions set forth below, including submitting additional documents or evidence in support of your asserted claim amount.~~

Your Investor Claim amount for voting purposes, as described herein, is solely for purposes of tabulating your vote to accept or reject the Plan, and is not for the purpose of allowance of your Investor Claim for purposes of receiving distributions pursuant to the Plan. The allowed amount of your Investor Claim for distribution purposes will be determined ~~either in accordance with the Investor Settlement Amount Procedures Order, of which you will be receiving written notice, or~~ by a final order of the Bankruptcy Court after notice and a hearing.

PLEASE COMPLETE THE FOLLOWING:

Item 1. Amount of Class 5 Investor Claim for Voting Purposes Only. For purposes of (1) voting to accept or reject the Plan and (2) establishing the estimated amount of the voting Investor's Investor Claim for voting purposes only, the undersigned certifies that the undersigned holds an Investor Claim in Class 5 against the Debtor(s) listed below in the amounts set forth below.

THE AMOUNT LISTED BELOW IS FOR VOTING PURPOSES ONLY.

Voting Amount: _____ \$ _____

~~**THE AMOUNT LISTED BELOW IS FOR VOTING PURPOSES ONLY, UNLESS YOU, THE INVESTOR, TIMELY AND PROPERLY DISPUTE THE AMOUNT.**~~

~~**(a) Investor Claim Amount per Debtors: \$ _____**~~

~~**IF YOU BELIEVE THE AMOUNT LISTED ABOVE IN ITEM 1(a) IS INCORRECT AND YOU BELIEVE YOU ARE ENTITLED TO A HIGHER CLAIM AMOUNT, PLEASE CHECK THE APPLICABLE BOX BELOW AND PROVIDE THE ASSERTED CLAIM AMOUNT.**~~

~~☐ Under penalty of perjury, I object to the proposed Investor Claim Amount above in Item 1(a) for voting purposes and believe the correct amount is: \$ _____, and have attached a supporting explanation and documentation, which I certify are genuine and valid.~~

~~**If you checked the box above, you must attach to this Ballot and provide to the Voting Agent a written explanation of the basis on which you dispute the Investor Claim Amount in Item 1(a) and all documentation supporting your asserted Claim Amount (e.g., copies of agreements, confirmation slips, account statements). Investors are encouraged to keep a copy of their submitted Ballot and all attachments for their records; all such documents will not be returned to you. Investors' asserted Claim Amounts are subject to the Debtors' rights to dispute such Claim Amounts pursuant to the Investor Claims Estimation Procedures. If you will be objecting to the proposed Investor Claim Amount, your completed Ballot and any attachments cannot be submitted through the E-Balloting Portal, but instead your Ballot, with attachments, must be mailed or delivered to the Voting Agent.**~~

~~**If you do not check the applicable box above, the amount of your Investor Claim listed in Item 1(a) for the sole purpose of voting on the Plan will not be modified. Whether or not you believe the claim amount listed in Item 1(a) is correct, please proceed to Items 2-4.**~~

Item 2. Vote on the Plan. The undersigned Holder of an Investor Claim in Class 5 in the amount set forth in Item 1 above hereby votes to:

Check one box only: ☐ **Accept** (vote FOR) the Plan
☐ **Reject** (vote AGAINST) the Plan

THE DEBTORS AND THE COMMITTEE RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

Item 3. Optional Opt-Out of Contributing Contributed Claims. It is optional for you to elect to contribute to the Plan Recovery Trust in exchange for a Pro Rata Distribution of Class ~~BC~~ Plan Recovery Trust Units, any and all of your Contributed Claims (defined in **Exhibit A** to the Plan).

The claims to be contributed to the Plan Recovery Trust by the particular Investor, if it becomes a Contributing Claimant, are all of his, ~~he~~hers, or its **legal claims and causes of action, potential and actual, known and unknown, in any way related or connected to the Debtors, their predecessors, successors, and affiliates, and those parties listed as “Excluded Parties” in Exhibit B to the Plan**, that the Investor has against any person or entity other than the Debtors. Such claims to be transferred include, without limitation, claims and causes of action related to the marketing, sale, and issuance of any investments connected to the Debtors; fraudulent transfers, voidable transactions, and other similar avoidance claims under state or federal law; any misrepresentation of the Debtors’ finances and businesses; any cover-up of fraud or other wrongdoing by the Debtors or related parties discussed in the Disclosure Statement; and aiding or conspiring with the Debtors or agents to commit wrongful acts.

If you *vote to accept the Plan and do not opt out of the Contributed Claim Election*, you will be deemed to contribute your Contributed Claims to the Plan Recovery Trust (unless your claims are listed on the Schedule of Disclaimed Contributed Claims, in which case you will not have contributed your claims under the Plan). If you *elect to opt out by checking the box below*, you will not contribute, and shall retain, all such claims and causes of action (if any) described above and in the Plan.

☐ **I elect to OPT-OUT.**

THE DEBTORS AND THE COMMITTEE RECOMMEND THAT YOU DO NOT OPT-OUT.

Item 4. Certifications. By signing this Ballot, under penalty of perjury, the undersigned acknowledges and certifies: (i) receipt of the Disclosure Statement and the other applicable solicitation materials; and (ii) that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan and make the other statements/elections set forth in Items 1-3 above on behalf of the claimant. The undersigned understands that, if this Ballot is otherwise validly executed but is not timely submitted, does not indicate either acceptance or rejection of the Plan or indicates both an acceptance and rejection of the Plan, this Ballot will not be counted.

YOUR RECEIPT OF THIS BALLOT DOES NOT SIGNIFY THAT YOUR CLAIM HAS BEEN OR WILL BE ALLOWED.

Name of Holder:

Signature: _____

Name of Signatory: _____

Title of Signatory: _____

Address (if different than above): _____

Email Address: _____

Date Completed: _____

If your address or contact information has changed, please note the new information here.

EXHIBIT G

Comparison of Proposed Tabulation/Estimation Procedures

VOTE TABULATION/ESTIMATION PROCEDURES

Applicable to Class 3 Secured Lender Claims and Class 4 Trade Claims: Solely for the purpose of voting to accept or reject the Plan and not for purposes of allowance of, or distribution on account of, a Claim in Classes 3 and 4, each Claim within such Class shall be temporarily allowed in an amount equal to (i) the amount asserted in a timely filed proof of Claim, or, if no timely proof of Claim has been filed, (ii) the liquidated, non-contingent, undisputed amount of such Claim set forth in the Schedules,¹ subject to the following exceptions and/or conditions:

- a. If a Claim is deemed Allowed pursuant to the Plan, such Claim shall be Allowed for voting purposes in the deemed Allowed amount set forth in the Plan.
- b. If a Claim has been estimated for voting purposes or otherwise allowed for voting purposes by Order of the Court, such Claim shall be allowed in the amount so estimated or allowed by the Court for voting purposes only with respect to the Plan, and not for purposes of allowance or distribution, unless otherwise provided by Order of the Court.
- c. If an objection to, or request for estimation of, a Claim has been filed, such Claim shall be temporarily disallowed or estimated for voting purposes only with respect to the Plan and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in such objection or request for estimation.
- d. If the voting amount of a Claim has been established by a stipulation, settlement, or other agreement filed by the Plan Proponents on or before the Voting Deadline, such Claim shall be allowed for voting purposes only with respect to the Plan, and not for purposes of allowance or distribution, in the stipulation, settled, or otherwise agreed-to amount.
- e. If a Claim was listed in the Debtors' filed Schedules in an amount that is liquidated, non-contingent, and undisputed, and a proof of Claim was not filed by the Voting Record Date, such Claim is allowed for voting in the liquidated, non-contingent, undisputed amount set forth in the Debtors' filed Schedules.
- f. If a Claim, for which a proof of Claim was timely filed, is listed as contingent, unliquidated, or disputed in part, such Claim is temporarily allowed in the amount that is liquidated, non-contingent, and undisputed for voting purposes only, and not for purposes of allowance or distribution.
- g. If a Claim was timely filed for unknown or undetermined amounts, or is wholly unliquidated, or contingent (as determined on the face of the claim or after a reasonable review of the supporting documentation by the Plan Proponents and/or Voting Agent) and such claim has not been allowed, such Claim shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00.
- h. Claims filed for \$0.00 are not entitled to vote.

¹ Includes all of the Debtors' filed Schedules of Assets and Liabilities, Statements of Financial Affairs, Omnibus List of Equity Security Holders, and any and all amendments thereof.

j. For purposes of the numerosity requirement of section 1126(c) of the Bankruptcy Code, separate Claims held by a single creditor in a particular Class shall be aggregated as if such creditor held one Claim against the Debtors in such Class, and the votes related to such Claims shall be treated as a single vote to accept or reject the Plan.

k. Notwithstanding anything to the contrary contained herein, any creditor who has filed or purchased duplicate Claims within the same Voting Class shall be provided with only one Solicitation Package and one ballot for voting a single Claim in such Class, regardless of whether the Debtors have objected to such duplicate Claims.

l. If a Claim has been amended by a later Claim that is filed on or prior to the Voting Record Date, the later filed amending Claim shall be entitled to vote in a manner consistent with these tabulation rules, and the earlier filed Claim shall be disallowed for voting purposes, regardless of whether the Debtors have objected to such amended claim. Except as otherwise ordered by the Court, any amendments to a Claim after the Voting Record Date shall not be considered for purposes of these tabulation rules.

m. Any parties solely in relation to Claims or Interests that are not Investor Claims (“Non-Investor Claims”) may file a motion pursuant to Bankruptcy Rule 3018(a) for an order temporarily allowing such party’s Non-Investor Claim in a different amount for purposes of voting to accept or reject the Plan (a “Non-Investor Rule 3018 Motion”). Any Non-Investor Rule 3018 Motion must be filed and served on the Plan Proponents so as to be received by **January 21, 2026**; and any objections to any Non-Investor Rule 3018 Motion must be filed no later than **January 28, 2026**. If any objections are filed to the Non-Investor Rule 3018 Motion, the Non-Investor Rule 3018 Motion will be heard at the Confirmation Hearing or any later date selected by the Plan Proponents.

n. With respect to Class 3 Secured Lender Claims, if a Holder of a Class 3 Claim is paid in full between the Voting Record Date and the Confirmation Date, the Holder’s Class 3 vote on the Plan will not be counted. The Plan Proponents may file any claim objections against a Secured Lender Claim for Plan voting purposes no later than 14 days before the Confirmation Hearing, with any responses by the applicable Secured Lenders due no later than 7 days before the Confirmation Hearing, with a hearing to be held on any unresolved objections at the Confirmation Hearing or a later date selected by the Plan Proponents. The Plan Proponents may enter into stipulations with Secured Lenders allowing their Class 3 Claims for voting purposes.

Applicable to Class 5 (Investor Claims):

- ~~Unless otherwise provided in the tabulation rules described below,~~ Claims of Investors in the Debtors’ enterprise will be estimated solely for voting purposes in the amount set forth in Item 1 of the Investors’ Class 5 Ballot (the “Proposed Claim Amount(s)”), which is ~~based on the Debtors’ records and analysis by the Debtors’ and Committee’s professionals. If, however, the Investor disputes the Proposed Claim Amount, and wishes to assert a higher amount, the Investor must carefully follow the instructions set forth below and on the Investor’s Class 5 Ballot, including submitting additional documents or evidence in support of the asserted claim amount (the “Asserted Claim Amount”), under penalty of perjury. Investors are encouraged to keep a copy of their submitted Ballot and all attachments for their records. Investors’ Asserted Claim Amounts are subject to the Debtors’ rights to dispute such claims, with any unresolved disputes to be heard at the Confirmation Hearing or at a later date~~

~~selected by the Plan Proponents.~~ the proposed Investor Tranche 1 Claim for such Investor. In accordance with the Plan and Ninth Circuit law, the Proposed Claim Amount is calculated as:

- ~~• If any Investor seeks to challenge the amount of its Claim for voting purposes, the Investor must write in a modified amount and return such modified Ballot to the Voting Agent by either mail, overnight courier, or by personal delivery so as to be received by the Voting Agent on or before the Voting Deadline. Modified Ballots shall not be accepted electronically. Any Ballot with a modified amount timely received shall be deemed an objection to the Proposed Claim Amount.~~
 - the actual amount of money contributed by or on behalf of an Investor, including the value of any initial contributions made through a 1031 exchange intermediary, retirement rollover contributions from another financial institution, or direct cash contributions (via check, wire, ACH);
 - less all transfers to an Investor before September 12, 2024 that represent a return of principal, including (i) proceeds from cash-out refinancings, (ii) proceeds from property sales, and (iii) other substantial one-time payments;
 - less Prepetition Ponzi Distributions.
- ~~If any Investor sets~~ Notwithstanding the above, if an Investor Tranche 1 Claim amount on its Ballot that is less than the ~~is calculated as equal to \$0.00, such Investor's Proposed Claim Amount, the Class 5 Investor Claim will~~ shall ~~be temporarily allowed for voting purposes in the lesser amount only, and not for purposes of allowance or distribution, at \$1.00.~~
- The Plan Proponents may enter into stipulations with Investors allowing their claims for voting purposes.

General Rules for Counting Votes to Accept or Reject Plan:

In tabulating the Ballots, the following additional procedures will apply:

1. Any Ballot that is properly completed, executed, and timely returned to the Balloting Agent, but does not indicate the acceptance or rejection of the Plan, or indicates both, will not be counted.
2. If a party casts more than one Ballot voting the same claim or interest before the Voting Deadline, the last properly executed Ballot received before the Voting Deadline will be deemed to reflect the voter's intent and, thus, will supersede any prior Ballots.
3. Parties will be required to vote all of their claims or interests under the Plan either to accept or reject the Plan and may not split their votes.
4. Where any portion of a single claim has been transferred to a transferee, all holders of any portion of such single claim will be (i) treated as a single creditor for purposes of the numerosity requirements in section 1126(c) of the Bankruptcy Code

(and for the other voting and solicitation procedures set forth herein) and (ii) required to vote every portion of such claim collectively either to accept or reject the Plan.

5. In the event that a Ballot or a group of Ballots within a Class received from a single party partially rejects and partially accepts the Plan, such Ballots will not be counted.

EXHIBIT H

Comparison of Proposed Notice of Non-Voting Status

1 **PLEASE TAKE NOTICE THAT:**

2 1. On December 1, 2025, LeFever Mattson, KS Mattson Partners LP, and their
3 affiliated debtors and debtors in possession (collectively, “LFM” or the “Debtors”) and the
4 Official Committee of Unsecured Creditors (the “Committee” and together with the Debtors, the
5 “Plan Proponents”) filed the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation of the
6 Debtors [Docket No. ~~2944~~2945] (including all exhibits thereto and as amended, modified or
7 supplemented from time to time, the “Plan”).

8 2. On December 1, 2025, the Plan Proponents filed (a) a summary of the Plan for
9 Investors in Class 5 under the Plan (as amended, the “Plan Summary”); and (b) a related Third
10 Amended Disclosure Statement in Support of ~~Second~~Third Amended Joint Chapter 11 Plan of
11 Liquidation of the Debtors [Docket No. ~~2945~~2945] (including all exhibits thereto and as amended,
12 modified or supplemented from time to time, the “Disclosure Statement”) under section 1125 of
13 the Bankruptcy Code.

14 3. By an Order dated December __, 2025 (the “Solicitation Procedures Order”), the
15 Bankruptcy Court approved the Disclosure Statement as containing adequate information within
16 the meaning of section 1125 of the Bankruptcy Code and approved certain procedures
17 (collectively, the “Solicitation Procedures”) for the solicitation and tabulation of votes to accept or
18 reject the Plan, and scheduled hearings on confirmation of the Plan.

19 4. The Plan Proponents (a) are required to mail voting materials to all creditors and
20 equity interest holders entitled to vote on the Plan and (b) are not required to provide voting
21 materials to such holders that are conclusively presumed to either accept or reject the Plan
22 (collectively, the “Non-Voting Classes”). Accordingly, you are receiving this Notice of
23 Non-Voting Status for the Plan instead of voting materials containing the Disclosure Statement
24 and the Plan.

25 5. **If you wish to challenge the classification of your claim or interest *except with***
26 ***respect to any Investor Claims*** ~~that are subject to certain other procedures set forth in the~~
27 ~~**Solicitation Procedures Order**~~, you, pursuant to Bankruptcy Rule 3018(a), must file a motion (a
28

1 “Rule 3018 Motion”) for an order temporarily allowing your claim in an amount for purposes of
2 voting and serve such motion on the parties listed below so that it is received by **January 21,**
3 **2026.** The request for relief sought in such Rule 3018 Motion will be heard at the Confirmation
4 Hearing (as defined below) or other date selected by the Plan Proponents or pursuant to further
5 order of the Court. Rule 3018 Motions that are not timely filed and served in the manner as set
6 forth above will not be considered.

7 6. The Plan Supplement will be filed by the Debtors and the Committee by December
8 19, 2025, which will be served on all parties that have requested special notice in the cases under
9 Bankruptcy Rule 2002, and will be available to review and download for free from the Voting
10 Agent’s website at <https://veritaglobal.net/LM> on and after the filing of the Plan Supplement.

11 10. On **January 23, 2026 at 11:00 a.m. (Pacific Time),** ~~or as soon~~
12 ~~thereafter as counsel may be heard,~~ a **status conference** (“Confirmation Status Conference”) will
13 be held before the Honorable Charles Novack, United States Bankruptcy Judge to determine
14 ~~whether~~the date for the hearing on confirmation of the Plan ~~will take place on February 5, 2026~~
15 ~~at 9:00 a.m. (Pacific Time) or March 5, 2026 at 9:00 a.m. (Pacific Time)~~ (the “Confirmation
16 Hearing”) and certain other deadlines related to confirmation of the Plan. Counsel and interested
17 parties may appear at the Confirmation Status Conference and Confirmation Hearing in person in
18 Courtroom 215 of the United States Bankruptcy Court, 1300 Clay Street in Oakland, California or
19 via Zoom video or telephone. The Zoom information will be included in each calendar posted
20 weekly, as applicable.

21 7. The Confirmation Hearing may be adjourned from time to time, without further
22 notice. The Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of
23 Bankruptcy Procedure, the Plan and other applicable law, without further notice, prior to or as a
24 result of the Confirmation Hearing.

25 8. Objections, if any, to the confirmation of the Plan must (a) be in writing; (b) state
26 the name and address of the objecting party and the nature of the claim or interest of such party;
27 (c) state with particularity the basis and nature of any objection; and (d) be filed with the
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1 Bankruptcy Court at the address set forth below and served on the following **so that any such**
2 **objections are received no later than January 21, 2026:** (a) Counsel to the LFM Debtors: Keller
3 Benvenuti Kim LLP, Attn: Tobias Keller, David Taylor, Dara Silveira and Thomas Rupp
4 (tkeller@kbbkllp.com, dtaylor@kbbkllp.com, dsilveira@kbbkllp.com, trupp@kbbkllp.com), 101
5 Montgomery St., Suite 1950, San Francisco, CA 94104; (b) counsel to KSMP: Hogan Lovells US
6 LLP, Attn: Richard Wynne, Erin Brady, and Edward McNeilly
7 (richard.wynne@hoganlovells.com, erin.brady@hoganlovells.com,
8 edward.mcneilly@hoganlovells.com); (c) counsel to the Committee: Pachulski Stang Ziehl &
9 Jones LLP, Attn: Debra Grassgreen, Jason Rosell and Steven Golden (dgrassgreen@pszjlaw.com,
10 jrosell@pszjlaw.com, sgolden@pszjlaw.com), One Sansome St., Suite 3430, San Francisco, CA
11 94104-4436; (d) Office of the United States Trustee, Northern District of California, 450 Golden
12 Gate Avenue, Room 05-0153, San Francisco, CA 94102 (Attn: Jared A. Day)
13 (jared.a.day@usdoj.gov); and (e) all other parties in interest that have filed requests for notice
14 pursuant to Bankruptcy Rule 2002 in the Debtors' chapter 11 cases.

15 9. In accordance with Bankruptcy Rule 3017(a), requests for copies of the Disclosure
16 Statement, the Plan, or the Motion by parties in interest may be made in writing to Debtors'
17 counsel or Verita Global by submitting an inquiry at <https://veritaglobal.net/lm/inquiry>. Copies of
18 the Disclosure Statement and the Plan (along with exhibits to each as they are filed with the
19 Bankruptcy Court) and the Motion are available for review, at no charge, at
20 <https://veritaglobal.net/lm/inquiry>.

21 *[Signature page to follow]*
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1 Dated: December __, 2025

KELLER BENVENUTTI KIM LLP

2

3

By: /s/ DRAFT

4

Tobias S. Keller

5

David A. Taylor

6

Thomas B. Rupp

7

Counsel to the LFM Debtors

8

PACHULSKI STANG ZIEHL & JONES LLP

9

10

By: /s/ DRAFT

11

Debra Grassgreen

12

John D. Fiero

13

Jason H. Rosell

14

*Counsel to the Official Committee
of Unsecured Creditors*

15

HOGAN LOVELLS US LLP

16

17

By: /s/ DRAFT

18

Richard L. Wynne

19

Erin N. Brady

20

Edward J. McNeilly

21

Counsel to KS Mattson Partners, LP

22

23

24

25

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27

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EXHIBIT I

Comparison of Solicitation Package Cover Letter

December [●], 2025

Via First-Class Mail / Email

RE: LeFever Mattson, et al., Chapter 11 Case No. 24-10545 (CN) (Jointly Administered)

To All Holders of Claims Entitled to Vote on the Plan:

You have received this letter and the enclosed materials because you are entitled to vote on the ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation [Docket No. ●] (as may be altered, amended, modified, or supplemented from time to time, the “Plan”).¹

LeFever Mattson, a California corporation, (“LFM”) and certain of its affiliated debtors and debtors in possession (collectively, the “LFM Debtors”) filed voluntary petitions for relief under chapter 11 of ~~title~~Title 11 of the United States Code in the United States Bankruptcy Court for the Northern District of California (the “Bankruptcy Court”) on August 6, 2024; September 12, 2024; and October 2, 2024. On November 22, 2024, LFM and Debtor Windtree, LP filed an involuntary chapter 11 petition against KS Mattson Partners, LP (“KSMP,” and together with the LFM Debtors, the “Debtors”), and an order for relief granting the involuntary petition was entered by the Bankruptcy Court on June 9, 2025.

On [●], 2025, the Bankruptcy Court entered an order [Docket No. [●]] (the “Disclosure StatementSolicitation Procedures Order”) (a) authorizing the Debtors and the Official Committee of Unsecured Creditors (the “Committee,” and together with the Debtors, the “Plan Proponents”) to solicit votes on the Plan; (b) approving the Third Amended Disclosure Statement in Support of ~~Second~~Third Amended Joint Chapter 11 Plan of Liquidation [Docket No. ●] (as may be amended, supplemented, or modified from time to time, the “Disclosure Statement”) as containing “adequate information” pursuant to section 1125 of the Bankruptcy Code; (c) approving the solicitation materials and documents to be included in the solicitation packages (the “Solicitation Packages”); and (d) approving procedures for soliciting, receiving, and tabulating votes on the Plan.

YOU ARE RECEIVING THIS LETTER BECAUSE YOU ARE ENTITLED TO VOTE ON THE PLAN. THEREFORE, YOU SHOULD READ THIS LETTER CAREFULLY AND DISCUSS IT WITH YOUR ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.

In addition to this cover letter, the enclosed materials comprise your Solicitation Package and were approved by the Bankruptcy Court for distribution to Holders of Claims in connection with the solicitation of votes to accept or reject the Plan. **The Disclosure Statement and the Plan are available free of charge on the Debtors’ case website at <https://veritaglobal.net/lm>. If you would like to receive paper copies of any of these documents, please reach out to the Claims and Noticing Agent (as defined below) using their below contact information.** The Solicitation Package consists of the following, as applicable:

1. this letter;

¹ Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Plan or the Disclosure Statement, as applicable.

2. the ~~Bankruptcy Court order approving the Disclosure Statement~~Solicitation Procedures Order (excluding exhibits);
3. the Plan Summary – only in Solicitation Packages served on Investors in Class 5;
4. the Confirmation~~Hearing~~ Notice;
5. a Ballot for holders of claims in Classes entitled to vote, including instructions set forth therein regarding how to complete the Ballot;
6. a Ballot return envelope; and
7. Investor Claim Settlement Offer Letter – only in Solicitation Packages served on Investors in Class 5.

The Debtors and the Committee believe that the Plan, as proposed, provides the best possible outcome for all investor and creditor constituencies, and that the acceptance of the Plan is in the best interests of the Debtors' estates, Holders of Claims, including Investors, and all other parties-in-interest. Moreover, the Debtors and the Committee believe that any alternative other than confirmation of the Plan is not feasible and would result in extensive delays, increased administrative expenses, and lesser recoveries than those contemplated under the Plan.

**THE DEBTORS AND COMMITTEE STRONGLY URGE YOU TO PROPERLY AND TIMELY
SUBMIT YOUR BALLOT CASTING A VOTE TO ACCEPT THE PLAN IN ACCORDANCE
WITH THE INSTRUCTIONS IN YOUR BALLOT.**

THE VOTING DEADLINE IS JANUARY 21, 2026 AT 11:59 P.M. (PACIFIC TIME).

The materials in the Solicitation Package are intended to be self-explanatory. If you should have any questions, however, please feel free to contact Verita Global, the Claims and Noticing Agent retained by the Debtors in the Chapter 11 Cases (the "Claims and Noticing Agent"), by: (a) calling 1-877-709-4751 (U.S. / Canada), or 1-424-236-7231 (International); or (b) submitting an inquiry at: <https://veritaglobal.net/lm/inquiry>.

Please be advised that the Claims and Noticing Agent is authorized to answer questions about the Solicitation Packages and provide additional copies of the Solicitation Packages, Plan, and Disclosure Statement, but may *not* advise you as to whether you should vote to accept or reject the Plan or provide any legal advice.

Sincerely,

**LEFEVER MATTSON,
A CALIFORNIA CORPORATION, ET AL.**

By:
Name: Bradley Sharp
Title: Chief Restructuring Officer

KS MATTSON PARTNERS, LP

By:
Name: Robbin Itkin
Title: Responsible Individual

**OFFICIAL COMMITTEE OF UNSECURED
CREDITORS**

By:
Name: Kevin Katari
Title: Chairperson

EXHIBIT J

**Comparison of Second Amended Plan to Third Amended Plan
(Certain Exhibits Excluded)**

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

<p>In re</p> <p>LEFEVER MATTSON, a California corporation, <i>et al.</i>,</p> <p style="text-align: center;">Debtors.</p>	<p>Case No. 24-10545 CN (Lead Case)</p> <p>(Jointly Administered)</p> <p>Chapter 11</p>
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<p>In re</p> <p>KS MATTSON PARTNERS, LP,</p> <p style="text-align: center;">Debtor.</p>	<p>SECOND^{THIRD} AMENDED JOINT CHAPTER 11 PLAN OF LIQUIDATION</p>
---	--

Date: December 4, 2025

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Case: 24-10545 Doc# 3060 Filed: 12/07/25 Entered: 12/07/25 22:47:01 Page 105
4907-1776-3189-10-52011-000024913-6841-6639.4 52011-000024913-6841-6639.4 of 082

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24
25
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27
28

4.6 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code..... 10

4.7 Elimination of Vacant Classes..... 11

4.8 Severability of Joint Plan..... 11

ARTICLE V. IMPLEMENTATION OF THE PLAN..... 11

5.1 Implementation of the Plan..... 11

5.2 Streamlining of the Debtors’ Corporate Affairs..... 11

5.2.1 Debtors’ Existing Directors, Officers, and Managers..... 11

5.2.2 Dissolution of the Debtors..... 11

5.2.3 Corporate Documents and Corporate Authority..... 12

5.3 Plan Recovery Trust..... 12

5.3.1 Appointment of Plan Recovery Trustee and Oversight Committee..... 12

5.3.2 Creation and Governance of the Plan Recovery Trust..... 12

5.3.3 Vesting of Plan Recovery Trust Assets..... 13

5.3.4 Investor Forfeiture Fund..... 13

5.3.5 Purpose of the Plan Recovery Trust..... 13

5.3.6 Authority..... 14

5.3.7 Limitation of Liability..... 15

5.3.8 Indemnification..... 15

5.3.9 Insurance..... 16

5.3.10 Tax Reporting..... 16

5.3.11 Distributions to Plan Recovery Trust Beneficiaries..... 16

5.3.12 Cash Investments..... 17

5.3.13 Registration and Transfer of the Plan Recovery Trust Units..... 17

5.3.14 Exemption..... 17

5.3.15 Contribution of Contributed Claims..... 18

5.3.16 Pursuit and Resolution of Plan Recovery Trust Actions..... 18

5.3.17 Termination of the Plan Recovery Trust..... 18

1	5.3.18 Control Provision.....	19
2	5.4 Preservation of Privileges and Defenses.....	19
3	5.5 Preservation of Rights of Action.....	19
4	5.5.1 Maintenance of Avoidance Actions and Causes of Action.....	19
5	5.5.2 Preservation of All Plan Recovery Trust Actions Not Expressly	
6	Settled or Released.....	19
7	5.6 Cancellation of Instruments.....	20
8	5.7 Substantive Consolidation.....	20
9	ARTICLE VI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	21
10	6.1 Assumption of Certain Executory Contracts and Unexpired Leases.....	21
11	6.1.1 Assumption of Agreements.....	21
12	6.1.2 Cure Payments.....	22
13	6.1.3 Objections to Assumption or Cure Payments.....	22
14	6.1.4 Resolution of Claims Relating to Assumed Executory Contracts.....	22
15	6.2 Rejection of Executory Contracts and Unexpired Leases.....	23
16	6.2.1 Rejected Agreements.....	23
17	6.2.2 Rejection Claims Bar Date.....	23
18	ARTICLE VII. PROVISIONS GOVERNING DISTRIBUTIONS.....	24
19	7.1 Timing of Distributions for Allowed Claims.....	24
20	7.2 Calculating Distributions and Related Matters.....	24
21	7.3 Interest and Other Amounts Regarding Claims.....	24
22	7.4 Means of Cash Payment.....	24
23	7.5 Form of Currency for Distributions.....	24
24	7.6 Fractional Distributions.....	25
25	7.7 No Distributions With Respect to Certain Claims.....	25
26	7.8 Delivery of Distributions.....	25
27	7.9 Application of Distribution Record Date and Other Transfer Restrictions.....	26
28	7.10 Withholding, Payment, and Reporting Requirements Regarding	

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Exhibit B – Schedule of Excluded Parties

Exhibit C – LFM Debtors

INTRODUCTION¹

The LFM Debtors, KSMP, and the Committee jointly hereby propose the Plan, which provides for the resolution of the outstanding Claims asserted against and Equity Interests asserted in the Debtors. Provided herewith as a separate enclosure is a brief summary of the Plan (the “Plan Summary”), which all Investors are encouraged to read in its entirety in conjunction with the Plan and other documents referenced herein.²

This Plan, ~~together with the Investor Settlement Amount Procedures Order~~, represents a global settlement (the “Global Settlement”) of the complex issues in these Chapter 11 Cases, including (a) substantive consolidation of the Debtors and the KSMP Investment Entities, (b) the Ponzi determination, and (c) the allowance and treatment of all claims of Investors and other third parties. The Global Settlement, which was negotiated by the LFM Debtors, KSMP, and the Committee, provides for a “single pot,” such that all assets and liabilities of all Debtors and the KSMP Investment Entities are pooled and consolidated for distribution purposes, through substantive consolidation under this Plan. Pursuant to applicable law, all Investors and other holders of Investor Claims are treated the same, as holders of tort claims, regardless of the type of documentation or instrument held. Pursuant to the Global Settlement, each Investor will receive a claim for money (or value of property) it invested in the Debtors and the KSMP Investment Entities over time less any distributions the Investor received over the seven years prior to the Petition Date. This claim will receive a *pro rata* distribution of available assets and, only after such claim is paid in full, will there be any recovery on claims for profits, pursuant to the principles of “netting” in Ponzi scheme cases. However, as part of the Global Settlement, rather than netting from the suspected Ponzi scheme start date, the ~~proposed Investor Settlement Amount Procedures Order will provide~~ Plan provides that only payments made to Investors seven years prior to September 12, 2024, will be offset/netted in calculating the Investor Claims.³

The Plan further provides that Trade Claims are separately classified in Class 4. If Class 4 (Trade Claims) votes to accept the Plan, holders of Trade Claims will receive their *pro rata* share of the Trade Claims Settlement Fund (up to 100% of the amount of their Allowed Trade Claim). If Class 4 votes to reject the Plan, the Trade Claims Settlement Fund will not be established and holders of Trade Claims will receive their *pro rata* beneficial interest in the Plan Recovery Trust, which will be treated *pari passu* with Investor Tranche 1 Claims.

Further reference is made to the Disclosure Statement for (i) a discussion of the Debtors’ history, businesses, assets, results of operations, and other financial information; (ii) a summary and analysis of the Plan; and (iii) certain related matters, including risk factors relating to the consummation of the Plan and Distributions to be made under the Plan.

The Debtors and the Committee are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and Section 4.6, Section 4.8, and

¹ A capitalized term used but not defined in this Introduction shall have the meaning ascribed to it in Article I and Exhibit A.

² In the event of any inconsistencies between the terms of the Plan and the information and descriptions in the Plan Summary, the terms of the Plan shall control.

³ Investors will also receive *pro rata* distributions from the Investor Forfeiture Fund in the event that there is any Forfeiture Property obtained by the DOJ, the SEC, or another Governmental Unit.

Section 12.5 of the Plan, the Plan Proponents reserve the right to alter, amend, modify, revoke, or withdraw the Plan prior to its substantial consummation.

No solicitation materials, other than the Disclosure Statement and related materials transmitted therewith, have been approved for use in soliciting acceptances of the Plan. Nothing in the Plan should be construed as constituting a solicitation of acceptances of the Plan unless and until the Disclosure Statement has been approved and distributed to Holders of Claims and Equity Interests to the extent required by section 1125 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO CAREFULLY READ THE PLAN AND THE DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS AND SCHEDULES THERETO), EACH IN ITS ENTIRETY, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I.

DEFINED TERMS AND RULES OF INTERPRETATION

For purposes of the Plan, except as expressly provided or unless the context otherwise requires: (i) capitalized terms used herein shall have the meanings ascribed to them on Exhibit A annexed hereto; (ii) any capitalized term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (iii) whenever the context requires, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter; (iv) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (v) any reference in the Plan to an existing document or exhibit means such document or exhibit as it may be amended, modified, or supplemented from time to time; (vi) unless otherwise specified, all references in the Plan to sections, articles, schedules, and exhibits are references to sections, articles, schedules, and exhibits of or to the Plan; (vii) the words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan in its entirety rather than to any particular paragraph, subparagraph, or clause contained in the Plan; (viii) captions and headings to articles and sections are inserted for convenience of reference only and shall not limit or otherwise affect the provisions hereof or the interpretation of the Plan; and (ix) the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

ARTICLE II.

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

2.1 Summary and Classification of Claims and Equity Interests.

This Section classifies Claims – except for Administrative Expense Claims, DIP Facility Claims, Professional Fee Claims, Involuntary Gap Claims, and Priority Tax Claims, which are not classified – for all purposes, including confirmation, Distributions, and voting. A Claim is classified in a particular Class only to the extent that the Claim falls within the Class description. To the extent that part of a Claim falls within a different Class description, that part of the Claim is classified in that different Class. The following table summarizes the Classes of Claims and Equity Interests under the Plan.

CLASS	DESCRIPTION	IMPAIRED STATUS	VOTING STATUS
Class 1	Priority Claims	Unimpaired	Not Entitled to Vote

CLASS	DESCRIPTION	IMPAIRED STATUS	VOTING STATUS
			(deemed to accept)
Class 2	Other Secured Claims	Unimpaired	Not Entitled to Vote (deemed to accept)
Class 3	Secured Lender Claims ⁴	Impaired	Entitled to Vote
Class 4	Trade Claims	Impaired	Entitled to Vote
Class 5	Investor Claims	Impaired	Entitled to Vote
Class 6	Intercompany Claims	Impaired	Not Entitled to Vote (deemed to reject)
Class 7	Equitably Subordinated Claims	Impaired	Not Entitled to Vote (deemed to reject)
Class 8	Equitably Subordinated Interests	Impaired	Not Entitled to Vote (deemed to reject)

ARTICLE III.
TREATMENT OF CLAIMS AND EQUITY INTERESTS

3.1 Comprehensive Settlement of Claims and Controversies.

Pursuant to sections 1123(a)(5), 1123(b)(3), and 1123(b)(6) of the Bankruptcy Code, as well as Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good-faith compromise and settlement of all claims and controversies relating to the rights that a Holder of a Claim or an Equity Interest may have against any Debtor with respect to any Claim, any Equity Interest, or any Distribution on account thereof, as well as of all potential Intercompany Claims, Intercompany Liens, and Causes of Action against any Debtor. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise and settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises and settlements are (i) in the best interest of the Debtors, the Estates, the KSMP Investment Entities, and their respective stakeholders; and (ii) fair, equitable, and reasonable. This comprehensive compromise and settlement is a critical component of the Plan and is designed to provide a resolution of myriad disputed Claims, Liens, and Causes of Action that otherwise could take years to resolve, which would both delay and reduce the Distributions ultimately available for Creditors.

As discussed above, the Global Settlement embodied in this Plan resolves the complex issues in these Chapter 11 Cases, including (a) substantive consolidation of the Debtors and the KSMP Investment Entities, (b) the Ponzi determination, and (c) the allowance and treatment of the Investor Claims. The Global Settlement, which was negotiated by the LFM Debtors, KSMP, and the Committee, provides for a “single pot,” such that all assets and liabilities of all Debtors and the KSMP Investment Entities are pooled and consolidated for distribution purposes, through substantive consolidation under this Plan. Pursuant to applicable law, all Investors are treated the same, as holders of tort claims, regardless of the type of documentation or instrument held. Pursuant to the Global Settlement, each Investor will receive a claim for money (or value of property) it invested in the Debtors and the KSMP Investment Entities over time less any distributions the Investor received over the seven years prior to the Petition Date. This claim will receive a *pro rata* distribution of available assets and, only after such claim is paid in full, will there be any recovery on claims for expected profits, pursuant to the principles of “netting” in Ponzi scheme cases. However, as part of the Global Settlement, rather than netting from the suspected Ponzi scheme start date, the ~~proposed Investor Settlement Amount Procedures Order will provide~~Plan provides that only payments made to Investors seven years prior to September 12, 2024, will be offset/netted in calculating Investor Claims. Further reference is made to the Disclosure Statement for (i) a discussion of the Debtors’ history, businesses, assets, results of operations, and other financial information; (ii) a summary and analysis of the Plan; and (iii) certain related matters, including risk factors relating to the consummation of the Plan and Distributions to be made under the Plan.

1 **3.2 Special Provisions Relating to Investor-Specific Claims.** Nothing in the Plan will
2 impair the right of an Investor to independently pursue claims against third parties for which it
3 has independent legal standing that are unique to such Investor (“Investor-Specific Claims”). By
4 way of example, and not limitation, such unique claims include claims based on loss of lien or
5 loss of lien priority, claims against an Investor’s own professional advisors, claims against
6 retirement servicers, and similar claims that may be asserted based on such Investor’s particular
7 circumstances. The Investor-Specific Claims do not include (i) Claims common to all Investors,
8 (ii) Claims to recover commissions or referral fees paid by the Debtors to third parties in
9 connection with an Investor’s investment with the Debtors or the KSMP Investment Entities, or
10 (iii) Contributed Claims.

11 **3.3 Unclassified Claims**

12 **3.3.1 Administrative Expense Claims**

13 Except as otherwise provided for herein, and subject to the requirements of the Plan, on
14 or as soon as reasonably practicable after the later of (a) the Effective Date, (b) thirty (30)
15 calendar days following the date on which an Administrative Expense Claim becomes an
16 Allowed Administrative Expense Claim, (c) the date on which such Allowed Administrative
17 Expense Claim is otherwise due and payable, or (d) such other date as may be mutually agreed to
18 by the Plan Recovery Trustee and the Holder of such Allowed Administrative Expense Claim,
19 the Holder of such Allowed Administrative Expense Claim shall receive, in full satisfaction,
20 settlement, and release of and in exchange for such Allowed Administrative Expense Claim, (a)
21 Cash equal to the unpaid portion of such Allowed Administrative Expense Claim or (b) such
22 other less favorable treatment as to which such Holder and the Plan Recovery Trustee shall have
23 agreed upon in writing.

24 All requests for payment of an Administrative Expense Claim must be Filed with the
25 Bankruptcy Court no later than the Administrative Expense Claims Bar Date. In the event of an
26 objection to Allowance of an Administrative Expense Claim, the Bankruptcy Court shall
27 determine the Allowed amount of such Administrative Expense Claim. Notwithstanding
28 anything to the contrary contained herein, postpetition statutory tax claims shall not be subject to
any Administrative Claims Bar Date.

**THE FAILURE TO FILE A MOTION REQUESTING ALLOWANCE OF AN
ADMINISTRATIVE EXPENSE CLAIM ON OR BEFORE THE ADMINISTRATIVE
EXPENSE CLAIMS BAR DATE, OR THE FAILURE TO SERVE SUCH MOTION
TIMELY AND PROPERLY, SHALL RESULT IN THE ADMINISTRATIVE EXPENSE
CLAIM BEING FOREVER BARRED AND DISALLOWED WITHOUT FURTHER
ORDER OF THE BANKRUPTCY COURT.**

29 **3.3.2 DIP Facility Claims**

30 The DIP Facility Claims shall be deemed to be Allowed Claims in the full amount
31 outstanding under the DIP Credit Agreements as of the Effective Date (including any unpaid
32 accrued interest and unpaid fees, expenses, and other obligations under the DIP Credit
33 Agreements as of the Effective Date). On the Effective Date, in full and complete satisfaction of
34 the DIP Facility Claims, the DIP Lender will receive Cash equal to the unpaid portion of the DIP
35 Facility Claims.

36 **3.3.3 Professional Fee Claims**

37 All final requests for payment of Professional Fee Claims pursuant to sections 327, 328,
38 330, 331, 363, 503(b), or 1103 of the Bankruptcy Code must be made by application Filed with
the Bankruptcy Court no later than forty-five (45) calendar days after the Effective Date.

1 Objections to such applications must be Filed and served on counsel to the Plan Recovery
2 Trustee, counsel to the U.S. Trustee, and the requesting Professional in accordance with the
3 Local Rules. All Professional Fee Claims shall be promptly paid from the Plan Recovery Trust to
4 the extent approved by Final Order of the Bankruptcy Court. On the Effective Date, the Plan
5 Recovery Trust shall establish the Professional Fee Reserve. The Professional Fee Reserve shall
6 vest in the Plan Recovery Trust and shall be maintained by the Plan Recovery Trustee in
7 accordance with the Plan. The Plan Recovery Trust shall fully fund the Professional Fee Reserve
8 on the Effective Date in an amount that is determined by the Plan Proponents prior to the
9 Confirmation Hearing and that approximates the total projected amount of unpaid Professional
10 Fee Claims on the Effective Date. All Professional Fee Claims that have not previously been
11 paid, otherwise satisfied, or withdrawn shall be paid first from the Professional Fee Reserve;
12 *provided, however*, that the Professional Fee Reserve is an estimate and shall not be construed as
13 a cap on the rights of a Holder of an Allowed Professional Fee Claim to receive payment in full
14 on account of such Claim from the Plan Recovery Trust. Any excess funds in the Professional
15 Fee Reserve shall be released to the Plan Recovery Trust to be used for other purposes consistent
16 with the Plan.

17 3.3.4 Involuntary Gap Claims

18 To be eligible to receive Distributions under the Plan on account of an Involuntary Gap
19 Claim, a proof of claim must be Filed or deemed Filed with the Bankruptcy Court so as to be
20 received on or before the applicable Claims Bar Date. Any Holder of an Involuntary Gap Claim
21 that does not properly assert such Claim shall have its Claim deemed Disallowed under the Plan
22 and be forever barred from asserting such Claim against Debtor KSMP, any of the other Debtors,
23 or any of their respective Estates, assets, or property. Any such Claim shall be Disallowed, and
24 the Holder thereof shall be enjoined from commencing or continuing any action, employment of
25 process or act to collect, offset, recoup, or recover such Claim. Except as otherwise provided for
26 herein, and subject to the requirements of the Plan, on or as soon as reasonably practicable after
27 the later of (i) the Effective Date and (ii) thirty (30) calendar days following the date on which an
28 Involuntary Gap Claim becomes Allowed, the Holder of such Allowed Involuntary Gap Claim
shall receive, in full satisfaction, settlement, and release of and in exchange for such Allowed
Involuntary Gap Claim, (a) Cash equal to the unpaid portion of such Allowed Involuntary Gap
Claim or (b) such other less favorable treatment as to which such Holder and the Plan Recovery
Trust shall have agreed upon in writing.

3.3.5 Priority Tax Claims

In full satisfaction, settlement, and release of and in exchange for such Claims, Allowed
Priority Tax Claims shall be paid, at the Plan Recovery Trustee's option, as follows: (a) Cash
equal to the unpaid portion of such Allowed Priority Tax Claim on the later of the Effective Date
and thirty (30) calendar days following the date on which such Priority Tax Claim becomes an
Allowed Priority Tax Claim; (b) in regular installment payments in Cash over a period not
exceeding five (5) years after the Petition Date, plus interest on the unpaid portion thereof at the
rate determined under applicable non-bankruptcy law as of the calendar month in which the
Effective Date occurs (*provided* that such election shall be without prejudice to the right to
prepay any such Allowed Priority Tax Claim in full or in part without penalty); or (c) such other
treatment as to which the Holder of an Allowed Priority Tax Claim and the Plan Recovery Trust
shall have agreed upon in writing.

3.4 Class 1: Priority Claims

Classification. Class 1 consists of all Priority Claims.

Treatment. On, or as soon as reasonably practicable after, the later of (i) the Effective
Date and (ii) the date on which a Priority Claim becomes payable pursuant to and as specified by

an order of the Bankruptcy Court, the Holder of such Allowed Class 1 Claim shall receive, in full satisfaction, settlement, and release of and in exchange for such Allowed Class 1 Claim, either (a) Cash from the Plan Recovery Trust equal to the unpaid portion of such Allowed Class 1 Claim or (b) such other less favorable treatment from the Plan Recovery Trust to which such Holder and the Plan Recovery Trust shall have agreed upon in writing.

Impairment and Voting. Class 1 is Unimpaired. Holders of Class 1 Claims (Priority Claims) are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

3.5 Class 2: Other Secured Claims

Classification. Class 2 consists of all Other Secured Claims. For voting purposes, and to comply with section 1122(a) of the Bankruptcy Code, each Allowed Other Secured Claim shall be deemed to be in its own subclass.

Treatment. In full and final satisfaction, settlement, release, and discharge of any Allowed Class 2 Claim, except to the extent that the Plan Recovery Trustee and a holder of an Allowed Class 2 Claim agree to a less favorable treatment of such Claim, each holder of an Allowed Class 2 Claim shall, at the option of the Plan Recovery Trustee, (i) retain its Class 2 Claim and the Collateral securing such Claim; (ii) receive Cash in an amount equal to such Allowed Class 2 Claim, including the payment of any interest due and payable under section 506(b) of the Bankruptcy Code, on the Effective Date or as soon as reasonably practicable thereafter, but in no event later than thirty (30) days after the later to occur of (A) the Effective Date and (B) the date such Claim becomes an Allowed Claim; or (iii) receive treatment of such Allowed Class 2 Claim in any other manner that is necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event a Class 2 Claim is treated under clause (ii) of this Section 3.5, the Liens securing such Class 2 Claim shall be deemed released immediately upon payment.

Impairment and Voting. Class 2 is Unimpaired. Holders of Class 2 Claims (Other Secured Claims) are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and are not entitled to vote to accept or reject the Plan.

3.6 Class 3: Secured Lender Claims

Classification. Class 3 consists of all Secured Lender Claims. For voting purposes, and to comply with section 1122(a) of the Bankruptcy Code, each Allowed Secured Lender Claim shall be deemed to be in its own subclass (Class 3-A, 3-B, *etc.*).

Treatment. In full and final satisfaction, settlement, release, and discharge of any Allowed Class 3 Claim, except to the extent that the Plan Recovery Trustee and a holder of an Allowed Class 3 Claim agree to a less favorable treatment of such Claim, each Holder of an Allowed Class 3 Claim shall receive one of the following treatments, as applicable:

(i) Escrowed Sale Proceeds: If the Real Property securing the applicable Class 3 Claim has been sold pursuant to an order of the Bankruptcy Court prior to the Effective Date, the Holder of a Class 3 Claim shall receive Cash in an amount equal to such Allowed Class 3 Claim on the Effective Date or as soon as reasonably practicable thereafter. The purpose of this subsection is to address any sale proceeds of sold Real Property that have been escrowed prior to the Effective Date.

(ii) Retained Real Properties: If the Real Property securing the applicable Class 3 Claim is Retained Real Property, the Holder of the Class 3 Claim shall receive Cash in an amount equal to such Allowed Secured Lender Claim from the proceeds of the

1 sale of the applicable Retained Real Property as soon as reasonably practicable, but no
2 later than thirty (30) days after the later to occur of (A) the closing of the sale of the
3 Retained Real Property and (B) the date such Claim becomes an Allowed Secured Lender
4 Claim; *provided that* pending and prior to such sale, the Holder will retain its lien in the
applicable Retained Real Property after the Effective Date, but after the sale, the Holder
will have a lien in only the net sale proceeds with the same validity and priority as it had
in the Retained Real Property as of the Petition Date.

5 (iii) Settling Secured Lenders: If the Holder of a Class 3 Claim has entered
6 into a Secured Lender Settlement Agreement prior to the Effective Date, the Holder of
7 the Class 3 Claim shall receive, subject to the terms of this Plan and the applicable
8 Secured Lender Settlement Agreement, the treatment expressly provided for in the
Secured Lender Settlement Agreement. To the extent of any inconsistency or conflict
between the terms of this Plan and the applicable Secured Lender Settlement Agreement,
the Secured Lender Settlement Agreement shall control.

9 Impairment and Voting. Class 3 is Impaired and entitled to vote to accept or reject the
10 Plan, and the votes of such Holders will be solicited with respect to such Allowed Class 3
11 Claims; *provided that* the Plan Proponents reserve the right to assert that the treatment provided
12 to the Holders of Class 3 Claims pursuant to this Plan renders such Claims unimpaired, and
13 *provided further*, if a Holder's Class 3 Claim is paid in full between the Voting Record Date and
the Confirmation Date, the Holder's Class 3 vote on the Plan will not be counted. A Secured
Lender whose asserted Secured Lender Claim was paid in full in the asserted amount at closing
of the sale of the Real Property does **not** hold a Class 3 Claim and is not entitled to vote on the
Plan.

14 **3.7 Class 4: Trade Claims**

15 Classification. Class 4 consists of all Trade Claims.

16 Treatment. On the Effective Date, or as soon as practicable thereafter, each Holder of an
17 Allowed Class 4 Claim will receive:

18 (i) *If Class 4 votes to accept the Plan*, each Holder of an Allowed Trade
19 Claim shall receive its Pro Rata share of the Trade Claims Settlement Fund, in full and final
satisfaction, settlement, and release of and in exchange for such Allowed Trade Claims; or

20 (ii) *If Class 4 votes to reject the Plan*, each Holder of an Allowed Trade
21 Claim shall receive from the Plan Recovery Trust on account of its Allowed Class 4 Claim, its
22 Pro Rata distribution of the Class A Plan Recovery Trust Units. The issuance of the Class A Plan
Recovery Trust Units is in full and complete satisfaction of Allowed Class 4 Claims in the event
Class 4 rejects the Plan.

23 Impairment and Voting. Class 4 is Impaired under the Plan and entitled to vote to accept
24 or reject the Plan, and the votes of such Holders will be solicited with respect to such Allowed
Class 4 Claims.

25 **3.8 Class 5: Investor Claims**

26 Classification. Class 5 consists of all Investor Claims.

27 Treatment.

28 (i) Plan Recovery Trust Units. On the Effective Date, or as soon as
practicable thereafter, in full satisfaction, settlement, and release of and in exchange for such

Investor Claims, each Holder of an Allowed Class 5 Claim will receive its (i) Pro Rata distribution of Class A Plan Recovery Trust Units on account of its Allowed Investor Tranche 1 Claim (Pro Rata with Holders of Allowed Trade Claims if Class 4 votes to reject the Plan) and (ii) Pro Rata distribution of Class B Plan Recovery Trust Units on account of its Allowed Investor Tranche 2 Claim, if any; and

(ii) Investor Forfeiture Fund. The Plan Recovery Trustee shall distribute the Cash proceeds in the Investor Forfeiture Fund to (a) the Holders of Allowed Investor Tranche 1 Claims on account of such Claims on a Pro Rata basis, and (b) after all Allowed Investor Tranche 1 Claims have been paid in full, the Holders of Allowed Investor Tranche 2 Claims on account of such Claims on a Pro Rata basis.

Contributed Claim Election. Each Holder of an Investor Claim that **accepts the Plan and does not opt-out of the Contributed Claim Election** shall (i) be deemed to contribute its Contributed Claims to the Plan Recovery Trust and (ii) on the Effective Date, or as soon as practicable thereafter, receive a Pro Rata Distribution of Class C Plan Recovery Trust Units. The Pro Rata Distribution of Class C Plan Recovery Trust Units shall be the ratio of (a) such Holder's Allowed Investor Claim to (b) the total Allowed Investor Claims of all Holders that make the Contributed Claim Election. By accepting the Plan, the Holder of an Investor Claim agrees that, subject to the occurrence of the Effective Date and the formation of the Plan Recovery Trust, it will be deemed, without further action, (i) to have irrevocably contributed its Contributed Claims to the Plan Recovery Trust and (ii) to have agreed to execute any documents reasonably requested to memorialize such contribution. All Causes of Action identified on the Schedule of Disclaimed Contributed Claims will not be Contributed Claims for purposes of the Plan.

Impairment and Voting. Class 5 is Impaired under the Plan and entitled to vote to accept or reject the Plan.

3.9 Class 6: Intercompany Claims

Classification. Class 6 consists of all Intercompany Claims.

Treatment. As of the Effective Date, all Intercompany Claims shall be deemed void, cancelled, and of no further force and effect. On and after the Effective Date, the Holders of Class 8 Claims shall not be entitled to, and shall not receive or retain, any property or interest in property under the Plan on account of such Allowed Class 8 Claims.

Impairment and Voting. Class 6 is Impaired under the Plan, deemed to reject the Plan, and not entitled to vote to accept or reject the Plan.

3.10 Class 7: Equitably Subordinated Claims.

Classification. Class 7 consists of all Equitably Subordinated Claims.

Treatment. The Holders of Allowed Class 7 Claims will retain a residual right to receive Available Cash that remains in the Plan Recovery Trust after the final administration of all Plan Recovery Trust Assets and the complete satisfaction of all senior payment rights within the Plan Recovery Trust Waterfall, including satisfaction of all Investor Claims. Any such recovery will be shared Pro Rata with Holders of Allowed Equitably Subordinated Interests.

Impairment and Voting. Class 7 is Impaired under the Plan, estimated to receive zero recovery under the Plan and therefore deemed to reject the Plan, and not entitled to vote to accept or reject the Plan.

1 **3.11 Class 8: Equitably Subordinated Interests**

2 Classification. Class 8 consists of all Equitably Subordinated Interests in the Debtors.

3 Treatment. The Holders of Allowed Class 8 Interests will retain a residual right to
4 receive Available Cash that remains in the Plan Recovery Trust after the final administration of
5 all Plan Recovery Trust Assets and the complete satisfaction of all senior payment rights within
6 the Plan Recovery Trust Waterfall, including satisfaction of all Investor Claims. Any such
7 recovery will be shared Pro Rata with Holders of Allowed Equitably Subordinated Claims.

6 Impairment and Voting. Class 8 is Impaired under the Plan, estimated to receive zero
7 recovery under the Plan and therefore deemed to reject the Plan, and not entitled to vote to accept
8 or reject the Plan.

8 **ARTICLE IV.**

9 **ACCEPTANCE OR REJECTION OF THE PLAN**

10 **4.1 Impaired Classes Entitled to Vote.**

11 Only the votes of Holders of Allowed Claims in Class 3, Class 4, and Class 5 shall be
12 solicited with respect to the Plan.

12 **4.2 Acceptance by an Impaired Class of Claims.**

13 In accordance with section 1126(c) of the Bankruptcy Code, and except as provided in
14 section 1126(e) of the Bankruptcy Code, the Holders of Claims in any Class of Claims (including
15 any subclass) entitled to vote on the Plan shall have accepted the Plan if the Plan is accepted by
16 the Holders of at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of
17 the Allowed Claims in such Class (or subclass) that have timely and properly voted to accept or
18 reject the Plan.

17 **4.3 Presumed Acceptances by Unimpaired Classes.**

18 Class 1 and Class 2 are Unimpaired under the Plan. Under section 1126(f) of the
19 Bankruptcy Code, the Holders of Claims in such Unimpaired Classes are conclusively presumed
20 to have accepted the Plan, and, therefore, the votes of such Holders shall not be solicited.

20 **4.4 Impaired Classes Deemed to Reject Plan.**

21 Holders of Claims in Class 6 (Intercompany Claims) are not entitled to receive or retain
22 any property or interests in property under the Plan. Under section 1126(g) of the Bankruptcy
23 Code, such Holders are deemed to have rejected the Plan, and, therefore, the votes of such
24 Holders shall not be solicited.

23 Holders of Claims in Class 7 and Equitably Subordinated Interests in Class 8 are
24 estimated to receive zero recovery under the Plan, deemed to have rejected the Plan, and the
25 votes of such Holders shall not be solicited.

25 **4.5 Modifications of Votes.**

26 Following the Voting Deadline, no Holders of Claims entitled to vote on the Plan will be
27 able to change their votes cast on the Plan or any attendant elections or preferences without the
28 written consent of the Plan Proponents, which consent may be given or withheld in the Plan
Proponents' reasonable discretion.

1 file any certificates of cancellation or other documents as may be appropriate in connection with
2 dissolution of the Debtors. On and as of the earlier of the Closing Date and the date on which the
3 Plan Recovery Trustee Files with the Bankruptcy Court a notice of dissolution as to a Debtor,
4 such Debtor will be dissolved automatically without the need for any Corporate Action, without
5 the need for any corporate, limited liability company, or limited partnership filings, and without
6 the need for any other or further actions to be taken by or on behalf of such dissolving Debtor or
7 any other Person or any payments to be made in connection therewith; *provided, however*, that
8 the Plan Recovery Trustee may in its discretion file any certificates of cancellation or dissolution
9 as may be appropriate in connection with dissolution of any Debtors.

10 **5.2.3 Corporate Documents and Corporate Authority.**

11 On the Effective Date, the certificates of incorporation, bylaws, operating agreements,
12 partnership agreements, and articles of organization, as applicable, of all the Debtors shall be
13 deemed amended to the extent necessary to carry out the provisions of the Plan. The entry of the
14 Confirmation Order shall constitute authorization for the Debtors and the Plan Recovery Trustee,
15 as applicable, to take or cause to be taken all actions (including, if applicable, Corporate Actions)
16 necessary or appropriate to implement all provisions of, and to consummate, the Plan prior to,
17 on, and after the Effective Date, and all such actions taken or caused to be taken shall be deemed
18 to have been authorized and approved by the Bankruptcy Court without further approval, act, or
19 action under any applicable law, order, rule, or regulation.

20 **5.3 Plan Recovery Trust.**

21 **5.3.1 Appointment of Plan Recovery Trustee and Oversight Committee.**

22 On and after the Effective Date, the Plan Recovery Trustee shall become and serve as the
23 trustee of the Plan Recovery Trust. The Plan Recovery Trustee's compensation and other related
24 information will be more specifically set forth in the Plan Recovery Trust Agreement. The Plan
25 Recovery Trustee may resign at any time upon thirty (30) days' written notice filed with the
26 Bankruptcy Court, provided that such resignation shall only become effective upon the
27 appointment of a permanent or interim successor Plan Recovery Trustee. The Bankruptcy Court
28 may remove the Plan Recovery Trustee solely for cause, upon motion and after notice and a
hearing. In the event of the resignation or removal, death or incapacity of the Plan Recovery
Trustee, the Bankruptcy Court shall designate another person to serve as Plan Recovery Trustee
and thereupon the successor Plan Recovery Trustee shall become fully vested with all of the
rights, powers, duties and obligations of its predecessor.

On and after the Effective Date, the initial Oversight Committee shall begin to serve
without further action, consistent with the Plan and the Plan Recovery Trust Agreement, and
shall oversee the Plan Recovery Trustee's performance of its duties and otherwise serve the
functions described in the Plan and the Plan Recovery Trust Agreement. The Oversight
Committee members shall serve on a voluntary basis without compensation, but they shall be
reimbursed from the Plan Recovery Trust for any reasonable expenses in accordance with the
Plan Recovery Trust Agreement.

24 **5.3.2 Creation and Governance of the Plan Recovery Trust.**

25 On the Effective Date, the Plan Recovery Trustee shall execute the Plan Recovery Trust
26 Agreement and shall take any other action necessary to establish the Plan Recovery Trust in
27 accordance with the Plan and the beneficial interests therein. For federal income tax purposes,
28 the transfer of the assets to the Plan Recovery Trust will be treated as a sale or other disposition
of assets (except for the assets transferred to the Disputed Ownership Fund as provided in
Section 7.7 of the Plan) to the Plan Recovery Trust Beneficiaries in exchange for their claims
and interests in the Chapter 11 Cases. Any income or loss from the transfer of assets to the Plan

1 Recovery Trust shall flow through to the ultimate taxpaying member of each Debtor who will be
2 responsible to pay the tax liability, if any. For federal income tax purposes, the Plan Recovery
3 Trust Beneficiaries shall be treated as the grantors of the Plan Recovery Trust and deemed to be
4 the owners of the assets of the Plan Recovery Trust. The transfer of the Plan Recovery Trust
5 Assets to the Plan Recovery Trust shall be deemed a transfer to the Plan Recovery Trust
6 Beneficiaries by the Debtors, followed by a deemed transfer by such Plan Recovery Trust
7 Beneficiaries to the Plan Recovery Trust. The Debtors, the Plan Recovery Trust Beneficiaries,
8 and the Plan Recovery Trust will consistently report the valuation of the assets transferred to the
9 Plan Recovery Trust. Such consistent valuations and revised reporting will be used for all federal
10 income tax purposes. Income deductions, gain, or loss from the Plan Recovery Trust shall be
11 reported to the Plan Recovery Trust Beneficiaries in conjunction with the filing of the Plan
12 Recovery Trust's income tax returns. Each Plan Recovery Trust Beneficiary shall report income,
13 deductions, gain, or loss on such Plan Recovery Trust Beneficiary's income tax returns. The Plan
14 Recovery Trust shall be governed by the Plan Recovery Trust Agreement and administered by
15 the Plan Recovery Trustee. The powers, rights, and responsibilities of the Plan Recovery Trustee
16 shall be specified in the Plan Recovery Trust Agreement. After an objection to a Disputed Claim
17 is resolved or a Contingent Claim or Unliquidated Claim has been determined in whole or in part
18 by a Final Order or by agreement, the Plan Recovery Trust Units or Cash held in the Disputed
19 Ownership Fund shall be transferred as described in the Plan Recovery Trust Agreement.

11 **5.3.3 Vesting of Plan Recovery Trust Assets.**

12 On the Effective Date, the Plan Recovery Trust shall be automatically vested with all of
13 the Debtors' and the Estates' respective rights, title, and interest in and to all Plan Recovery
14 Trust Assets. Except as specifically provided in the Plan or the Confirmation Order, in
15 accordance with section 1141 of the Bankruptcy Code, the Plan Recovery Trust Assets shall
16 automatically vest in the Plan Recovery Trust free and clear of all Claims, Liens, or interests,
17 subject only to the Plan Recovery Trust Units, and the Plan Recovery Trust Expenses, as
18 provided for in the Plan Recovery Trust Agreement, and such vesting shall be exempt from any
19 stamp, real estate transfer, other transfer, mortgage reporting, sales, use, or other similar tax. The
20 Plan Recovery Trustee shall be the exclusive trustee of the Plan Recovery Trust Assets for
21 purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the
22 Estates appointed pursuant to section 1123(b)(3) of the Bankruptcy Code regarding all Plan
23 Recovery Trust Assets. The Plan Recovery Trust shall hold and distribute the Plan Recovery
24 Trust Assets in accordance with the provisions of the Plan and the Plan Recovery Trust
25 Agreement.

19 **5.3.4 Investor Forfeiture Fund.**

20 In the event that any Forfeiture Property obtained by the DOJ, the SEC, or another
21 Governmental Unit is transferred to the Plan Recovery Trust for administration for the benefit of
22 Investors, such Forfeiture Property shall be deposited in, and become property of, the Investor
23 Forfeiture Fund. The Investor Forfeiture Fund shall be free and clear of any and all claims and
24 liens, and shall not constitute property of the Debtors or the Plan Recovery Trust. All Cash in the
25 Investor Forfeiture Fund shall be distributed solely to Investors on a Pro Rata basis on account of
26 their Allowed Investor Tranche 1 Claims and Investor Tranche 2 Claims, in accordance with the
27 Plan. The Plan Recovery Trustee is authorized to and shall distribute all Cash in the Investor
28 Forfeiture Fund only to Investors who are Holders of Allowed Class A Plan Recovery Trust
Units or Class B Plan Recovery Trust Units on account thereof, subject to the Plan and the Plan
Recovery Trust Agreement; *provided that* the Plan Recovery Trustee and its agents will be
reimbursed from the Investor Forfeiture Fund for reasonable costs and expenses incurred by said
parties related to the Plan Recovery Trustee's collection, administration, and distribution of such
Cash to the applicable Investors.

1 **5.3.5 Purpose of the Plan Recovery Trust.**

2 The Plan Recovery Trust shall be established for the purpose of pursuing, collecting, or
3 monetizing the Plan Recovery Trust Assets and making Distributions from the proceeds of such
4 assets to the Plan Recovery Trust Beneficiaries in accordance with Treasury Regulation section
5 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

6 **5.3.6 Authority.**

7 Subject to the authority and supervision of the Oversight Committee as set forth in the
8 Plan Recovery Trust Agreement, the Plan Recovery Trustee shall have the authority and right on
9 behalf of the Plan Recovery Trust, without the need for Bankruptcy Court approval (in each case,
10 unless otherwise provided in the Plan and the Plan Recovery Trust Agreement), to carry out and
11 implement all applicable provisions of the Plan, including to:

- 12 (a) appear on behalf of the Plan Recovery Trust in the Chapter 11 Cases and any
13 proceedings related thereto;
- 14 (b) review, reconcile, compromise, settle, or object to Claims and Equity Interests
15 and resolve such objections as set forth in the Plan, free of any restrictions of the
16 Bankruptcy Code or the Bankruptcy Rules;
- 17 (c) calculate and make Distributions (including, without limitation, to Holders of
18 Allowed Class 4 Claims of the Trade Claims Settlement Fund if Class 4 votes to
19 accept the Plan, and to Investors from the Investor Forfeiture Fund) and calculate
20 and establish reserves under and in accordance with the Plan;
- 21 (d) retain, compensate, and employ professionals and other Persons to represent the
22 Plan Recovery Trustee with respect to and in connection with its rights and
23 responsibilities;
- 24 (e) establish, maintain, and administer documents and accounts of the Debtors as
25 appropriate, which shall be segregated to the extent appropriate in accordance
26 with the Plan;
- 27 (f) maintain, conserve, collect, settle, and protect the Plan Recovery Trust Assets,
28 including, without limitation, any Retained Real Properties, whether wholly or
 jointly owned (subject to the limitations described herein and in the Plan
 Recovery Trust Agreement);
- (g) sell, monetize, transfer, assign, distribute, abandon, or otherwise dispose of the
 Plan Recovery Trust Assets (including, without limitation, any Retained Real
 Properties, whether wholly or jointly owned) or any part thereof or interest therein
 upon such terms as the Plan Recovery Trustee determines to be necessary,
 appropriate, or desirable, subject to the provisions of the Plan and the Plan
 Recovery Trust Agreement;
- (h) pursue, prosecute, settle, or abandon any Plan Recovery Trust Actions in
 Bankruptcy Court or any other court;
- (i) negotiate and enter into litigation or operational funding arrangements upon such
 terms as the Plan Recovery Trustee determines to be necessary, appropriate, or
 otherwise desirable and in the best interests of Plan Recovery Trust Beneficiaries,
 subject to the provisions of the Plan Recovery Trust Agreement;

Recovery Trust shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless the Plan Recovery Trust Indemnified Parties, from and against and with respect to any and all liabilities, losses, damages, claims, costs, and expenses, including attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Plan Recovery Trust or the implementation or administration of the Plan if the Plan Recovery Trust Indemnified Party acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the Plan Recovery Trust. To the extent the Plan Recovery Trust indemnifies, defends, and holds harmless any Plan Recovery Trust Indemnified Party as provided above, the legal fees and related costs incurred by counsel to the Plan Recovery Trustee in monitoring or participating in the defense of such claims giving rise to the right of indemnification shall be paid as Plan Recovery Trust Expenses. The costs and expenses incurred in enforcing the right of indemnification in this Section shall be paid from the Plan Recovery Trust.

5.3.9 Insurance.

The Plan Recovery Trustee shall be authorized, but not required, to obtain any insurance coverage that it deems necessary, at the Plan Recovery Trust's sole expense, for itself and its agents, and the Oversight Committee, including coverage with respect to the liabilities, duties, and obligations of the Plan Recovery Trustee and the Oversight Committee, which insurance coverage may, at the sole discretion of the Plan Recovery Trustee, be extended for a reasonable period after the termination of the Plan Recovery Trust.

5.3.10 Tax Reporting.

- (a) The Plan Recovery Trustee shall timely file tax returns for the Plan Recovery Trust treating the Plan Recovery Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a).
- (b) The Plan Recovery Trustee shall be responsible for timely payment of all taxes (if any) imposed on and payable by the Plan Recovery Trust or any Plan Recovery Trust Assets.
- (c) The Plan Recovery Trustee shall distribute such tax-related notices, beneficiary statements, and information returns, as applicable, to the applicable Holders of Allowed Claims as are required by applicable law or that the Plan Recovery Trustee determines are otherwise necessary or desirable.
- (d) The Plan Recovery Trustee is authorized to file a request for expedited determination under section 505(b) of the Bankruptcy Code for any tax returns filed with respect to the Debtors.

5.3.11 Distributions to Plan Recovery Trust Beneficiaries.

- (a) After the payment of or reserve for (i) all administrative and priority claims (including, without limitation, Administrative Expense Claims, [Professional Fee Claims](#), Involuntary Gap Claims, Priority Tax Claims, and Priority Claims) in accordance with the Plan and the Plan Recovery Trust Agreement, and (ii) all Plan Recovery Trust expenses, including any litigation financing expenses, the Plan Recovery Trust will make Distributions of Available Cash to the Plan Recovery Trust Beneficiaries pursuant to the following waterfall and related provisions (the “**Plan Recovery Trust Waterfall**”):
- (i) **Class A Plan Recovery Trust Units.** *First*, the Plan Recovery Trust shall distribute the proceeds of the Plan Recovery Trust Assets to each Holder

of Class A Plan Recovery Trust Units on a Pro Rata basis until all Allowed Trade Claims (if applicable) and Investor Tranche 1 Claims have been paid in full;

(ii) Class B Plan Recovery Trust Units. *Second*, the Plan Recovery Trust shall distribute the proceeds of the Plan Recovery Trust Assets to each Holder of Class B Plan Recovery Trust Units on a Pro Rata basis until all Investor Tranche 2 Claims have been paid in full;

(iii) Class C Plan Recovery Trust Units. Notwithstanding anything to the contrary contained herein or in the Confirmation Order, the Plan Recovery Trust shall distribute the net proceeds of any Contributed Claims solely to Holders of Class C Plan Recovery Trust Units on a Pro Rata basis.

(b) The Plan Recovery Trust, in the Plan Recovery Trustee's discretion, may make periodic Distributions to the Plan Recovery Trust Beneficiaries at any time following the Effective Date, provided that such Distributions are otherwise permitted under, and not inconsistent with, the Plan Recovery Trust Waterfall, the other terms of the Plan, the Plan Recovery Trust Agreement, and applicable law.

(c) No later than (i) the first Business Day that is at least 180 calendar days after the Effective Date and (ii) the last Business Day of each subsequent 180-calendar-day period after the Effective Date until the Closing Date, the Plan Recovery Trustee shall calculate the Distributions that could potentially be made to the Plan Recovery Trust Beneficiaries based on the amount of Available Cash as of such date and, based on such calculation, promptly thereafter may make Distributions, if any, of the amount so determined.

5.3.12 Cash Investments.

Except as may be otherwise provided in the Plan Recovery Trust Agreement, the Plan Recovery Trustee may invest Cash of the Plan Recovery Trust, including any earnings thereon or proceeds therefrom and any Cash realized from the monetization of the Plan Recovery Trust Assets, which investments will not be required to comply with section 345(b) of the Bankruptcy Code; *provided, however*, that such investments must be investments that are permitted to be made by a “liquidating trust” within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable guidelines, rulings, or other controlling authorities, except as may be otherwise provided in the Plan Recovery Trust Agreement.

5.3.13 Registration and Transfer of the Plan Recovery Trust Units.

(a) The record holders of the Plan Recovery Trust Units shall be recorded and set forth in a registry maintained by, or at the direction of, the Plan Recovery Trustee expressly for such purpose.

(b) Upon their issuance as of the Effective Date, and thereafter, the Plan Recovery Trust Units will be subject to restrictions on transfer under the Plan Recovery Trust Agreement, which restrictions shall prohibit the Plan Recovery Trust Units from being certificated or transferable except by operation of law or by will or the laws of descent and distribution, in each case following written notice to the Plan Recovery Trustee.

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period before such fifth anniversary (and, in the event of further extension, by order of the Bankruptcy Court, upon motion made within the six-month period before the end of the preceding extension), determines that a fixed-period extension (subject to the terms of the Plan Recovery Trust Agreement) is necessary to facilitate or complete the recovery on, and monetization of, the Plan Recovery Trust Assets. Notwithstanding the foregoing, and without further order of the Bankruptcy Court, upon the fifth anniversary of the Plan Recovery Trust, and continuing each year thereafter, the termination date of the Plan Recovery Trust shall automatically extend by 1-year if any Plan Recovery Trust Actions are pending as of such anniversary date. Upon termination of the Plan Recovery Trust, any remaining Plan Recovery Trust Assets that exceed the amounts required to be paid under the Plan may be transferred by the Plan Recovery Trustee to a non-profit organization of its choosing.

5.3.18 Control Provision.

To the extent there is any inconsistency between the Plan as it relates to the Plan Recovery Trust and the Plan Recovery Trust Agreement, the specific provisions in the Plan Recovery Trust Agreement shall control.

5.4 Preservation of Privileges and Defenses.

The actions taken by the Debtors, the Plan Recovery Trust, or any of their respective Related Parties in connection with the Plan shall not be (or be deemed to be) a waiver of any privilege or defense of the Debtors, the KSMP Investment Entities, or the Plan Recovery Trust, as applicable, including any attorney-client privilege or work-product doctrine. Notwithstanding any Debtors providing any privileged information related to any Plan Recovery Trust Actions to the Plan Recovery Trustee, the Plan Recovery Trust, or any Person associated with any of the foregoing, such privileged information shall be without waiver in recognition of the joint, common, or successor interest in prosecuting the Plan Recovery Trust Actions and shall remain privileged. The Plan Recovery Trust shall retain the right to waive its own privileges. Only the Plan Recovery Trustee shall have the right to waive the attorney-client privilege, work-product doctrine, or other protections as to the Debtors, the KSMP Investment Entities, and the Plan Recovery Trust.

5.5 Preservation of Rights of Action.

5.5.1 Maintenance of Avoidance Actions and Causes of Action.

Except as otherwise provided in the Plan or the Confirmation Order, from and after the Effective Date, the Plan Recovery Trust will retain all rights to institute, commence, file, pursue, prosecute, enforce, abandon, settle, compromise, release, waive, dismiss, or withdraw, as appropriate, any and all of the Debtors', Estates', or KSMP Investment Entities' Causes of Action and Causes of Action that are Contributed Claims (whether existing as of the Petition Date or thereafter arising), and all Avoidance Actions, all as Plan Recovery Trust Actions, in each case in any court or other tribunal, including in an adversary proceeding Filed in the Chapter 11 Cases, subject to the requirements set forth in the Plan and the Plan Recovery Trust Agreement. The Plan Recovery Trust shall have the exclusive right, power, and interest on behalf of itself, the Debtors, the Estates, the KSMP Investment Entities, and the Contributing Claimants to enforce, sue on, settle, compromise, transfer, or assign (or decline to do any of the foregoing) any or all of the Plan Recovery Trust Actions without notice to or approval from the Bankruptcy Court, subject to the Plan Recovery Trust Agreement. In accordance with the Plan, and pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, from and after the Effective Date, the Plan Recovery Trust may compromise and settle Plan Recovery Trust Actions, subject to the Plan Recovery Trust Agreement.

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5.6 Cancellation of Instruments.

5.7 Substantive Consolidation.

- Case: 24-10545 Doc# 3060 Filed: 12/07/25 Entered: 12/07/25 22:47:01 Page 130
4907-1776-3189-10-52011-000024913-6841-6639.4 52011-000024913-6841-6639.4 20

1 actual substantive consolidation of entities, particularly for tax purposes, shall be
2 at the option of the Debtors or the Plan Recovery Trustee and (ii) any and all TIC
3 Interests in the Real Properties that are held by any Debtor shall not be
4 substantively consolidated. Notwithstanding the substantive consolidation to be
5 implemented under the Plan, fees payable pursuant to 28 U.S.C. § 1930 shall be
6 due and payable by each individual Debtor through the Effective Date.

7 (c) The substantive consolidation effected pursuant to the Plan shall not affect,
8 without limitation, (i) the Debtors', the KSMP Investment Entities', or the Plan
9 Recovery Trust's defenses to any Claim, Avoidance Action, or other Cause of
10 Action, including the ability to assert any counterclaim; (ii) the Debtors', the
11 KSMP Investment Entities', or the Plan Recovery Trust's setoff or recoupment
12 rights; (iii) requirements for any third party to establish mutuality prior to
13 substantive consolidation in order to assert a right of setoff against the Debtors,
14 the KSMP Investment Entities, or the Plan Recovery Trust; or (iv) distributions to
15 the Debtors, the Estates, the KSMP Investment Entities, or the Plan Recovery
16 Trust out of any insurance policies or proceeds of such policies.

17 (d) Notwithstanding anything to the contrary contained herein, the substantive
18 consolidation of the Debtors and the KSMP Investment Entities shall not: (i)
19 affect the separate legal existence of the Debtors and the KSMP Investment
20 Entities for purposes other than implementation of the Plan pursuant to its terms,
21 including the ability of the Plan Recovery Trustee to bring any Plan Recovery
22 Trust Action in the name of an individual Debtor or KSMP Investment Entity; (ii)
23 impair, prejudice, or otherwise affect any individual Debtor's or KSMP
24 Investment Entity's Causes of Action, including Avoidance Actions, against any
25 Person that vest in the Plan Recovery Trust; (iii) constitute or give rise to any
26 defense, counterclaim, or right of netting or setoff with respect to any Cause of
27 Action vesting in the Plan Recovery Trust that could not have been asserted
28 against the consolidated Debtors and KSMP Investment Entities; or (iii) give rise
to any right under any executory contract, insurance contract, or other contract to
which a consolidated Debtor or KSMP Investment Entity is party, except to the
extent required by section 365 of the Bankruptcy Code in connection with the
assumption of such contract by the applicable Debtors. The substantive
consolidation of the Debtors and the KSMP Investment Entities shall also not
impair or otherwise affect any ~~third-party~~ Person's defenses, claims,
counterclaims, or other rights that may be asserted by such ~~third-party~~ Person in
connection with any ~~related~~ litigation commenced by the Debtors or the Plan
Recovery Trustee (or any estate representative or other successor).

21 (e) The Disclosure Statement and the Plan shall be deemed to be a motion requesting
22 that the Bankruptcy Court approve the substantive consolidation contemplated by
23 the Plan. Unless an objection to the proposed substantive consolidation is made in
24 writing by any Creditor purportedly affected by such substantive consolidation on
25 or before the deadline to object to Confirmation of the Plan, or such other date as
26 may be fixed by the Bankruptcy Court, the substantive consolidation
27 contemplated by the Plan may be approved by the Bankruptcy Court at the
28 Confirmation Hearing.

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ARTICLE VI.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 Assumption of Certain Executory Contracts and Unexpired Leases.

6.1.1 Assumption of Agreements.

On the Effective Date, the Debtors shall assume all executory contracts and unexpired leases that are listed on the Schedule of Assumed Agreements and shall assign such contracts and leases to the Plan Recovery Trust or its designee. The Confirmation Order will constitute a Bankruptcy Court order approving the assumption and assignment or rejection, as applicable, of executory contracts and unexpired leases consistent with the foregoing.

The Plan Proponents reserve the right to amend the Schedule of Assumed Agreements at any time prior to the Effective Date (i) to delete any executory contract or unexpired lease and provide for its rejection under the Plan or otherwise, or (ii) to add any executory contract or unexpired lease and provide for its assumption and assignment under the Plan. The Plan Proponents will provide notice of any amendment to the Schedule of Assumed Agreements to the party or parties to those agreements affected by such amendment.

Unless otherwise specified on the Schedule of Assumed Agreements, each executory contract and unexpired lease listed or to be listed therein shall include any and all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument, or other document is also listed on the Schedule of Assumed Agreements.

6.1.2 Cure Payments.

Any amount that must be paid under section 365(b)(1) of the Bankruptcy Code to cure a default under and compensate the non-debtor party to an executory contract or unexpired lease to be assumed under the Plan is identified as the "Cure Payment" on the Schedule of Assumed Agreements. Unless the parties mutually agree to a different date, such payment shall be made in Cash within thirty (30) days following the later of: (i) the Effective Date and (ii) entry of a Final Order resolving any disputes regarding (A) the amount of any Cure Payment, (B) the ability of the Debtors or the Plan Recovery Trustee to provide "adequate assurance of future performance" within the meaning of section 365 of the Bankruptcy Code with respect to a contract or lease to be assumed, to the extent required, or (C) any other matter pertaining to assumption and assignment.

Pending the Bankruptcy Court's ruling on any such dispute, the executory contract or unexpired lease at issue shall be deemed assumed by the Debtors, unless otherwise agreed by the parties or ordered by the Bankruptcy Court.

6.1.3 Objections to Assumption or Cure Payments.

Any party to an executory contract or unexpired lease that is proposed to be assumed, or assumed and assigned, under the Plan that objects to such assumption, or assumption and assignment (including the proposed Cure Payment), must File with the Bankruptcy Court and serve on parties entitled to notice a written objection with any factual contentions therein supported by declarations or references to the record. Such objection must be Filed and served on or before the deadline established by the Solicitation Procedures Order. Any Person that fails to timely File and serve such objection shall be deemed to waive any and all objections to the

1 proposed assumption, or assumption and assignment (including the proposed Cure Payment), of
2 its contract or lease.

3 In the absence of a timely objection by a party to an executory contract or unexpired
4 lease, the Confirmation Order shall constitute a conclusive determination regarding the amount
5 of any Cure Payment and compensation due under the applicable executory contract or unexpired
6 lease, as well as a conclusive finding that adequate assurance of future performance with respect
7 to such executory contract or unexpired lease has been demonstrated, to the extent required.

6.1.4 Resolution of Claims Relating to Assumed Executory Contracts.

8 Payment of the Cure Payment established under the Plan, by the Confirmation Order, or
9 by any other order of the Bankruptcy Court, with respect to an assumed, or assumed and
10 assigned, executory contract or unexpired lease, shall be deemed to satisfy, in full, any
11 prepetition or post-petition arrearage or other Claim (including any Claim asserted in a Filed
12 proof of claim or listed on the Schedules) with respect to such contract or lease (irrespective of
13 whether the Cure Payment is less than the amount set forth in such proof of claim or the
14 Schedules). Upon the tendering of the Cure Payment, any such Filed or Scheduled Claim shall be
15 disallowed with prejudice, without further order of the Bankruptcy Court or action by any
16 Person.

6.2 Rejection of Executory Contracts and Unexpired Leases.

6.2.1 Rejected Agreements.

17 On the Effective Date, all executory contracts and unexpired leases of the Debtors shall
18 be rejected except for (i) executory contracts and unexpired leases that have been previously
19 assumed or rejected by the Debtors, (ii) all executory contracts and unexpired leases specified as
20 to be assumed in Section 6.1.1 above (including all contracts and leases set forth in the Schedule
21 of Assumed Agreements, as may be amended), and (iii) any agreement, obligation, security
22 interest, transaction, or similar undertaking that the Debtors believe is not executory or a lease,
23 but that is later determined by the Bankruptcy Court to be an executory contract or unexpired
24 lease that is subject to assumption or rejection under section 365 of the Bankruptcy Code.
25 Executory contracts and unexpired leases that have been previously assumed, or assumed and
26 assigned, pursuant to an order of the Bankruptcy Court shall not be affected by the Plan. The
27 Confirmation Order will constitute a Bankruptcy Court order approving the rejection, on the
28 Effective Date, of the executory contracts and unexpired leases to be rejected under the Plan.

6.2.2 Rejection Claims Bar Date.

21 Any Rejection Claim or other Claim for damages arising from the rejection under the
22 Plan of an executory contract or unexpired lease must be Filed and served no later than the
23 Rejection Claims Bar Date. Any such Rejection Claim that is not timely Filed and served will be
24 forever disallowed, barred, and unenforceable, and the Holder of such Claim will not receive and
25 be barred from receiving any Distributions on account of such untimely Claim. The Plan
26 Recovery Trustee may object to any Rejection Claim by the Claim Objection Deadline. The
27 Rejection Claims Bar Date established by the Plan does not alter any rejection claims bar date
28 established by an order of the Bankruptcy Court with respect to any executory contract or
unexpired lease that was previously rejected in the Chapter 11 Cases.

ARTICLE VII.
PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Timing of Distributions for Allowed Claims.

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all Distributions to Holders of Allowed Claims and Plan Recovery Trust Units as of the applicable Distribution Date shall be made on or as soon as practicable after the applicable Distribution Date; *provided, however*, that the Plan Recovery Trustee, in its discretion, may defer Distributions to a Holder of Plan Recovery Trust Units (other than the final Distribution) if the amount available for Distribution to such Holder is not at least \$100. Notwithstanding anything else to the contrary in the Plan, and as provided in section 502(d) of the Bankruptcy Code, the Plan Recovery Trustee is not required to make any Distributions on account of Allowed Claims or Equity Interests, and no such Claims or Equity Interests shall be deemed Allowed, unless and until such Holder has paid the Net Prepetition Investor Recovery, or such portion thereof as agreed to as a compromise and settlement, to the Plan Recovery Trust or until any Plan Recovery Trust Action seeking recovery of the Net Prepetition Investor Recovery is disallowed in its entirety by a Final Order. Distributions on account of Claims or Equity Interests that first become Allowed Claims or Equity Interests after the applicable Distribution Date shall be made pursuant to Section 7.3 of the Plan and on the day selected by the Plan Recovery Trustee. Distributions made as soon as reasonably practicable after the Effective Date or such other date set forth herein shall be deemed to have been made on such date.

7.2 Calculating Distributions and Related Matters.

The Plan Recovery Trust shall hold back from Distributions reasonable reserves when calculating Distributions (and amounts to hold in Distribution Reserves).

7.3 Interest and Other Amounts Regarding Claims.

Except to the extent provided (i) in section 506(b) of the Bankruptcy Code and Allowed by a Final Order or otherwise agreed, (ii) in the Plan, or (iii) in the Confirmation Order, postpetition interest shall not accrue or be paid on any Claims, and no Holder of an Allowed Claim shall be entitled to interest, penalties, including, without limitation, prepayment penalties, fees, or late charges accruing or chargeable on any Claim from and after the Petition Date.

7.4 Means of Cash Payment.

Cash payments under the Plan shall be made, in the sole discretion of the Plan Recovery Trustee, by check, wire transfer, electronic funds transfer, or ACH from a domestic bank. Cash payments to foreign Holders of Allowed Claims or Plan Recovery Trust Units may be made, in the sole discretion of the Plan Recovery Trustee, by such means as are necessary or customary in a particular foreign jurisdiction. Cash payments made pursuant to the Plan in the form of checks shall be null and void if not cashed within 180 calendar days of the date of issuance. Requests for reissuance of any check within 180 calendar days of the date of issuance shall be made in writing to the Plan Recovery Trustee.

7.5 Form of Currency for Distributions.

All Distributions under the Plan shall be made in U.S. Dollars. Where a Claim has been denominated in foreign currency on a proof of claim, the Allowed amount of such Claim shall be calculated in U.S. Dollars based upon the currency conversion rate in place as of the Petition Date and in accordance with section 502(b) of the Bankruptcy Code.

Distributions are claimed by such Holder and (ii) 180 calendar days after the date that the undeliverable Distributions were made.

7.9 Application of Distribution Record Date and Other Transfer Restrictions.

At the close of business on the Distribution Record Date, the claims registers for all Claims and Equity Interests shall be closed, and there shall be no further changes in the record holders of any Claims or Equity Interests. Except as provided herein, the Plan Recovery Trust shall have no obligation to recognize any putative transfer of a Claim or Equity Interest or portion thereof occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the claims registers as of the close of business on the Distribution Record Date irrespective of the number of Distributions to be made under the Plan to such Persons or the date of such Distributions.

7.10 Withholding, Payment, and Reporting Requirements Regarding Distributions.

All Distributions under the Plan shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all Distributions shall be subject to any such withholding, payment, and reporting requirements. The Plan Recovery Trust shall be authorized to take any and all actions that may be necessary or appropriate to comply with such tax withholding, payment, and reporting requirements, including, to the extent such information is not already available to the Plan Recovery Trust, requiring each Holder of a Plan Recovery Trust Unit or Claim to provide an executed current Form W-9, Form W-8, or similar tax form as a prerequisite to receiving a Distribution. Notwithstanding any other provision of the Plan, (a) each Holder of a Plan Recovery Trust Unit or an Allowed Claim that is to receive a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such Distribution, and including, in the case of any Holder of a Disputed Claim that has become an Allowed Claim, any tax obligation that would be imposed on the Plan Recovery Trust in connection with such Distribution; and (b) no Distribution shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements reasonably satisfactory to the Plan Recovery Trust for the payment and satisfaction of such withholding tax obligations or such tax obligation that would be imposed in connection with such Distribution.

7.11 Defenses and Setoffs.

On and after the Effective Date, the Plan Recovery Trust shall have all of the Debtors' and the Estates' rights and defenses under section 558 of the Bankruptcy Code. Nothing under the Plan shall affect the rights and defenses of the Debtors, the Estates, or the Plan Recovery Trust on account of any Claim or Equity Interest, including all rights with respect to legal and equitable objections, defenses, setoffs, or recoupment against such Claims and Equity Interests. Accordingly, the Plan Recovery Trust may, but shall not be required to, set off against any Claim or Equity Interest or any Allowed Claim or Equity Interest, and the payments or other Distributions to be made pursuant to the Plan on account of such Claim or Equity Interest, claims, rights, or defenses of any nature whatsoever that the Debtors, the Estates, or the Plan Recovery Trust, as applicable, may have against the Holder of such Claim or Equity Interest; *provided, however*, that neither the failure to do so nor the allowance of any Claim or Equity Interest hereunder shall constitute a waiver or release of any such claims, rights, or defenses that may exist against such Holder.

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- (d) all governmental and material third-party approvals and consents necessary in connection with the transactions contemplated by the Plan, if any, shall have been obtained and be in full force and effect;
- (e) all actions and all agreements, instruments, or other documents necessary to implement the terms and provisions of the Plan shall have been effected or executed and delivered, as applicable;
- (f) the Professional Fee Reserve shall have been funded pursuant to Section 3.3.3 of the Plan; and
- (g) the Committee shall have chosen the members of the Oversight Committee.

9.2 Waiver of Conditions to the Effective Date.

The conditions to the Effective Date set forth in Section 9.1 of the Plan may be waived in writing by agreement of each of the Plan Proponents in their reasonable discretion, at any time without further order.

9.3 Effect of Non-Occurrence of Conditions to the Effective Date.

If any condition to the Effective Date is not satisfied or duly waived in accordance with Section 9.1 and Section 9.2 of the Plan, upon notification Filed by the Debtors with the Bankruptcy Court, (i) the Confirmation Order shall be vacated; (ii) no Distributions shall be made; (iii) the Debtors, the Estates, the Committee and all Creditors shall be restored to the *status quo* as of the day immediately preceding the Confirmation Hearing as though the Confirmation Order was not entered; and (iv) all of the Debtors' and the Estates' obligations with respect to Claims or Equity Interests shall remain unchanged and nothing contained in the Plan shall constitute a waiver or release of any Causes of Action by or against the Debtors, the Estates, the KSMP Investment Entities, or any other Person or prejudice in any manner the rights, claims, or defenses of the Debtors, the Estates, the KSMP Investment Entities, or any other Person.

9.4 Notice of the Effective Date.

Promptly after the occurrence of the Effective Date, the Plan Recovery Trustee or its agents shall mail or cause to be mailed to all Creditors a notice that informs such Creditors of (i) entry of the Confirmation Order and the resulting confirmation of the Plan; (ii) the occurrence of the Effective Date; (iii) the assumption, assignment, and rejection of executory contracts and unexpired leases pursuant to the Plan, as well as the deadline for the filing of resulting Rejection Claims; (iv) the deadline established under the Plan for the filing of Administrative Expense Claims; and (v) such other matters as the Plan Recovery Trustee finds appropriate.

ARTICLE X.

RETENTION OF JURISDICTION AND POWER

10.1 Scope of Retained Jurisdiction and Power.

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain jurisdiction and power over all matters arising in, arising under, or related to the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including jurisdiction and power to do the following:

contract, instrument, release, or other agreement or document created, executed, or contemplated in connection with any of the foregoing documents and orders;

- (l) enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings associated with the Plan or otherwise entered in connection with the Chapter 11 Cases (whether or not any or all of the Chapter 11 Cases have been closed);
- (m) except as otherwise limited herein, recover all Estate Assets, wherever located;
- (n) hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (o) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, the Bankruptcy Code and title 28 of the United States Code;
- (p) resolve any cases, controversies, suits, or disputes related to the Plan Recovery Trust, the Oversight Committee, or the Plan Recovery Trustee; and
- (q) enter a Final Decree closing the Chapter 11 Cases of the Debtors.

10.2 Reserved Rights to Seek Bankruptcy Court Approval.

Even if the Plan allows an action to be taken without Bankruptcy Court approval, the Plan Recovery Trustee may seek explicit approval from the Bankruptcy Court for such an action, including the administration, distribution, or proposed sale of any of the Plan Recovery Trust Assets. The Bankruptcy Court shall retain jurisdiction and power for such purposes and shall approve or disapprove any such proposed action upon motion Filed by the Plan Recovery Trustee.

10.3 Non-Exercise of Jurisdiction.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, including the matters set forth in Section 10.1 of the Plan, the provisions of this Article X shall have no effect on, and shall not control, limit, or prohibit the exercise of jurisdiction by any other court having competent jurisdiction with respect to, such matter.

ARTICLE XI.

RELEASES; INJUNCTION

11.1 Non-Discharge of the Debtors.

In accordance with section 1141(d)(3)(A) of the Bankruptcy Code, the Plan does not discharge the Debtors. Section 1141(c) of the Bankruptcy Code nevertheless provides, among other things, that the property dealt with by the Plan, including, without limitation, the Retained Real Properties, is free and clear of all claims and interests of creditors, equity security holders, and of general partners in the Debtors. Accordingly, as of the Effective Date, all Entities are precluded and barred from asserting against any property to be distributed under the Plan any Claims, rights, Causes of Action, liabilities, Equity Interests, or other action or remedy based on any act, omission, transaction, or other

activity that occurred before the Effective Date, except as expressly provided in the Plan or the Confirmation Order.

11.2 Debtors' Releases.

- (a) On the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each of the Debtors shall be deemed to have forever released, waived, and discharged each of the other Debtors from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities whatsoever, whether known or unknown, whether foreseen or unforeseen, whether liquidated or unliquidated, whether fixed or contingent, whether matured or unmatured, existing or hereafter arising, at law, in equity, or otherwise, that are based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the conduct of the Debtors' businesses, the Chapter 11 Cases, or the Plan.
- (b) Entry of the Confirmation Order shall constitute (i) the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases set forth in this Section 11.2; and (ii) the Bankruptcy Court's findings that such releases are (1) in exchange for good and valuable consideration provided by the Debtors (including performance of the terms of the Plan), and a good-faith settlement and compromise of the released claims, (2) in the best interests of the Debtors and their Estates, (3) fair, equitable, and reasonable, and (4) given and made after due notice and opportunity for hearing.

11.3 Exculpation.

On the Effective Date, to the maximum extent permitted by law, no Exculpated Party shall have or incur, and each Exculpated Party is hereby exculpated from, any Claim, interest, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, loss, remedy, or liability to any Person or Entity, including to any Holder of a Claim or Equity Interest, for any claim (including, but not limited to, any claim for breach of any fiduciary duty or any similar duty), for any act or omission in connection with, relating to, or arising out of the Chapter 11 Cases, including the formulation, negotiation, preparation, dissemination, solicitation of acceptances, implementation, confirmation, or consummation of the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document created, executed, or contemplated in connection with the Plan, or the administration of the Plan, or the administration of the Chapter 11 cases, or the operation of the Debtors' businesses during the Chapter 11 Cases, or the disposition of property and cash to be distributed during the Chapter 11 Cases or to be distributed under the Plan; *provided, however*, that the exculpation provisions of this Section 11.3 shall only apply, with respect to the Responsible Individual and its Professionals, to acts or omissions occurring after the Order for Relief Date; *provided, further*, that the exculpation provisions of this Section 11.3 shall not apply to acts or omissions constituting gross negligence, intentional fraud, or willful misconduct by such Exculpated Party as determined by a Final Order. For purposes of the foregoing, it is expressly understood that any act or omission effected with the approval of the Bankruptcy Court will be conclusively presumed not to constitute intentional fraud or willful misconduct unless the approval of the Bankruptcy Court was obtained by intentional fraud or intentional misrepresentation, and the Exculpated Parties shall be entitled in all respects to rely on the written advice of counsel with respect to their duties and responsibilities under, or in connection with, the Chapter 11 Cases, the Plan, and administration thereof. This exculpation shall be in addition to, and

not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.

11.4 Injunctions Related to Releases and Exculpation.

All Persons and Entities are permanently enjoined from: commencing or prosecuting, whether directly, derivatively, or otherwise, any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses, or liabilities released or exculpated pursuant to this Plan. Prior to commencing an action against an Exculpated Party in any way related to or connected with the Chapter 11 Cases, any Person or Entity must first seek a determination that the claims asserted in such action are excluded from the exculpation provisions herein and permission from the Bankruptcy Court to prosecute such action. The Bankruptcy Court shall retain exclusive jurisdiction to determine the scope and effect of any release or exculpation provided herein.

ARTICLE XII.

MISCELLANEOUS PROVISIONS

12.1 Payment of Statutory Fees.

All fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid by the Debtors on or before the Effective Date. All such fees that arise after the Effective Date shall be paid from the Plan Recovery Trust.

12.2 SEC-Related Provisions.

Notwithstanding any provision herein to the contrary or an abstention from voting on the Plan, no provision of the Plan, or any order confirming the Plan: (i) releases any non-debtor Person or Entity from any claim or cause of action of the SEC; or (ii) enjoins, limits, impairs, or delays the SEC from commencing or continuing any claims, causes of action, proceedings, or investigations against any non-debtor person or entity in any forum.

12.3 Post-Effective-Date Reporting.

- (a) Beginning the first quarter-end following the Effective Date and continuing on each quarter-end thereafter until the Closing Date, within thirty (30) calendar days after the end of such period, the Plan Recovery Trustee shall File quarterly reports with the Bankruptcy Court. Each quarterly report shall contain financial, Distributions, settlement, sale, and such other information as provided for in the Plan Recovery Trust Agreement.
- (b) The Plan Recovery Trustee shall, as soon as practicable after the end of each calendar year and upon termination of the Plan Recovery Trust, provide or make available a written report and account to the Plan Recovery Trust Beneficiaries which report and account sets forth (i) the assets and liabilities of the Plan Recovery Trust at the end of such calendar year or upon termination, (ii) the receipts and disbursements of the Plan Recovery Trust for such calendar year or period, and (iii) changes in the Plan Recovery Trust Assets and actions taken by the Plan Recovery Trustee in the performance of its duties under the Plan or the Plan Recovery Trust Agreement that the Plan Recovery Trustee determines in its discretion may be relevant to Plan Recovery Trust Beneficiaries, such as material changes or actions that, in the opinion of the Plan Recovery Trustee, may have a material effect on the Plan Recovery Trust Assets that were not previously reported. Such reports may be provided or made available to the Plan Recovery

1 Trust Beneficiaries, in the discretion of the Plan Recovery Trustee, by any
2 reasonable means, including U.S. mail, electronic transmission, or a virtual data
3 room to which Plan Recovery Trust Beneficiaries shall have access, or publication
4 to a publicly-available website or by press release distributed via a generally
5 recognized business news service. The Plan Recovery Trustee may provide or
6 make available to the Plan Recovery Trust Beneficiaries similar reports for such
7 interim periods during the calendar year as the Plan Recovery Trustee deems
8 advisable.

9 **12.4 Dissolution of the Committee.**

10 The Committee shall be automatically dissolved on the Effective Date and, on the
11 Effective Date, each member thereof and each Professional retained by the Committee shall be
12 released and discharged from all rights, duties, responsibilities, and obligations arising from, or
13 related to, the Debtors, their membership on the Committee, the Plan, or the Chapter 11 Cases,
14 except with respect to the rights (if any) of former members of the Committee to select successor
15 designees on the Oversight Committee in accordance with the terms of the Plan Recovery Trust
16 Agreement.

17 **12.5 Modifications and Amendments.**

- 18 (a) In the Plan Proponents' reasonable discretion, the Plan Proponents may alter,
19 amend, or modify the Plan under section 1127(a) of the Bankruptcy Code at any
20 time at or prior to the conclusion of the Confirmation Hearing, provided that the
21 Schedule of Assumed Contracts may be altered, amended, or modified up until
22 the Effective Date or by further order of the Bankruptcy Court. All alterations,
23 amendments, or modifications to the Plan must comply with section 1127 of the
24 Bankruptcy Code. The Debtors shall provide parties in interest with notice of such
25 alterations, amendments, or modifications as may be required by the Bankruptcy
26 Rules or order of the Bankruptcy Court. A Creditor that has accepted the Plan
27 shall be deemed to have accepted the Plan, as altered, amended, or modified, if
28 the proposed alteration, amendment, or modification does not materially and
adversely change the treatment of the Claim or Equity Interest of such Creditor.
- (b) After entry of the Confirmation Order and prior to substantial consummation of
the Plan (as defined in section 1101(2) of the Bankruptcy Code), the Plan
Proponents or the Plan Recovery Trust, as applicable, may, under section 1127(b)
of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy
any defect or omission or to reconcile any inconsistencies in the Plan, the
Disclosure Statement approved with respect to the Plan, or the Confirmation
Order, and such matters as may be necessary to carry out the purpose and effect of
the Plan so long as such proceedings do not adversely affect the treatment of
Holders of Claims or Equity Interests under the Plan. Such proceedings must
comply with section 1127 of the Bankruptcy Code. To the extent required, notice
of such proceedings shall be served in accordance with the Bankruptcy Rules or
an order of the Bankruptcy Court. A Creditor that has accepted the Plan shall be
deemed to have accepted the Plan, as altered, amended, or modified, if the
proposed alteration, amendment, or modification does not materially and
adversely change the treatment of the Claim or Equity Interests of such Creditor.

29 **12.6 Severability of Plan Provisions.**

30 If, at or before the Confirmation Hearing, the Bankruptcy Court holds that any Plan term
or provision is invalid, void, or unenforceable, the Bankruptcy Court may alter or interpret that
term or provision so that it is valid and enforceable to the maximum extent possible consistent

1 with the original purpose of that term or provision. That term or provision will then be applicable
2 as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the
3 Plan's remaining terms and provisions will remain in full force and effect and will in no way be
4 affected, impaired, or invalidated. The Confirmation Order will constitute a judicial
5 determination providing that each Plan term and provision, as it may have been altered or
6 interpreted in accordance with this Section, is valid and enforceable under its terms.

12.7 Compromises and Settlements.

7 From and after the Effective Date, the Plan Recovery Trustee, subject to the terms of the
8 Plan Recovery Trust Agreement, may compromise and settle disputes with respect to any Claim
9 or Equity Interest or any Plan Recovery Trust Action without any further approval by the
10 Bankruptcy Court. Until the Effective Date, the Debtors expressly reserve the right to
11 compromise and settle, subject to the approval of the Bankruptcy Court, any Claim against them,
12 any Equity Interest asserted in them, or any Avoidance Action or Cause of Action belonging to
13 the Estates.

12.8 Binding Effect of Plan.

14 Upon the Effective Date, section 1141 of the Bankruptcy Code shall become applicable
15 with respect to the Plan, and the Plan shall be binding on all Entities to the fullest extent
16 permitted by section 1141(a) of the Bankruptcy Code. Confirmation of the Plan binds each
17 Holder of a Claim or Equity Interest to all the terms and conditions of the Plan, whether or not
18 such Holder's Claim or Equity Interest is Allowed, whether or not such Holder holds a Claim or
19 Equity Interest that is in a Class that is Impaired under the Plan, and whether or not such Holder
20 has accepted the Plan.

12.9 Term of Injunctions or Stays.

21 Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays in
22 the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and extant
23 as of the Confirmation Hearing (excluding any injunctions or stays contained in or arising from
24 the Plan or the Confirmation Order), shall remain in full force and effect through the Effective
25 Date.

12.10 Revocation, Withdrawal, or Non-Consummation.

26 The Plan Proponents reserve the right to revoke or withdraw the Plan at any time prior to
27 the Confirmation Hearing and to File subsequent plans. If the Plan Proponents revoke or
28 withdraw the Plan prior to the Confirmation Hearing, or if the Effective Date does not occur,
29 then (a) the Plan shall be null and void in all respects; and (b) nothing contained in the Plan, and
30 no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to
31 constitute a waiver or release of any Claims against, or any Equity Interests in, any Debtor, or
32 any Causes of Action by or against any Debtor or any other Entity, (ii) prejudice in any manner
33 the rights of any Debtor or any other Entity in any further proceedings involving a Debtor, or (iii)
34 constitute an admission of any sort by any Debtor or any other Entity.

12.11 Exemption from Transfer Taxes.

35 Pursuant to section 1146 of the Bankruptcy Code, the vesting of the Plan Recovery Trust
36 Assets in the Plan Recovery Trust, the issuance, transfer, or exchange of notes or equity
37 securities under the Plan, the creation of any mortgage, deed of trust, lien, pledge, or other
38 security interest, or the making or assignment of any lease or sublease, or making or delivery of

any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

12.12 Computation of Time.

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

12.13 Transactions on Business Days.

If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a date that is not a Business Day, any transactions or other actions contemplated by the Plan to occur on such date shall instead occur on the next Business Day.

12.14 Good Faith.

Confirmation of the Plan shall constitute a conclusive determination that: (a) the Plan, and all the transactions and settlements contemplated thereby, have been proposed in good faith and in compliance with all applicable provisions of the Bankruptcy Code and the Bankruptcy Rules; and (b) the solicitation of acceptances or rejections of the Plan has been in good faith and in compliance with all applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and, in each case, that the Plan Proponents and their respective Related Parties have acted in good faith in connection therewith.

12.15 Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), (a) the laws of the State of California shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan (except as may be provided otherwise in any such agreements, documents, or instruments) and (b) the laws of the state of incorporation or formation of each Debtor shall govern corporate, limited liability company, or limited partnership governance matters with respect to such Debtor; in each case without giving effect to the principles of conflicts of law thereof. Any applicable non-bankruptcy law that would prohibit, limit, or otherwise restrict implementation of the Plan based on (i) the commencement of the Chapter 11 Cases, (ii) the appointment of the Plan Recovery Trustee, (iii) the wind down of the Debtors, (iv) the monetization of some or all of the Plan Recovery Trust Assets, or (v) any other act or action to be done pursuant to or contemplated by the Plan is superseded and rendered inoperative by the Plan and federal bankruptcy law.

12.16 Notices.

Following the Effective Date, all pleadings and notices Filed in the Chapter 11 Cases shall be served solely on (a) the Plan Recovery Trust and its counsel, (b) the U.S. Trustee, (c) any Person whose rights are affected by the applicable pleading or notice, and (d) any Person Filing a specific request for notices and papers on and after the Effective Date.

12.17 Final Decree.

Upon the Plan Recovery Trustee's determination that all Claims and Equity Interests have been Allowed, disallowed, expunged, or withdrawn and that all Plan Recovery Trust Assets have been monetized, abandoned, or otherwise administered, the Plan Recovery Trust shall move for the entry of the Final Decree. On entry of the Final Decree, the Plan Recovery Trustee and

the Oversight Committee shall be deemed discharged and have no further duties or obligations to the Plan Recovery Trust or any other Entity.

12.18 Additional Documents.

On or before the Effective Date, the Plan Proponents may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors and the Plan Recovery Trust, as applicable, and all Holders receiving Distributions pursuant to the Plan and all other parties in interest may, from time to time, prepare, execute, and deliver any agreements or documents and take any other acts as may be necessary or advisable to effectuate the provisions and intent of the Plan.

12.19 Conflicts with the Plan.

In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, any other order entered in the Chapter 11 Cases, or any other agreement to be executed by any Person pursuant to the Plan, the provisions of the Plan shall control and take precedence; *provided, however*, that if there is any inconsistency between the Plan, the provisions of the Disclosure Statement, and any other order entered in the Chapter 11 Cases, on the one hand, and the Plan Recovery Trust Agreement regarding the protocols, authority and decision-making power of the Oversight Committee, on the other hand, the specific provisions in the Plan Recovery Trust Agreement regarding the Oversight Committee shall control; *provided, further*, that the Confirmation Order shall control and take precedence in the event of any inconsistency between the Confirmation Order, any provision of the Plan, and any of the foregoing documents.

ARTICLE XIII.

REQUEST FOR CONFIRMATION AND RECOMMENDATION

13.1 Request for Confirmation.

The Plan Proponents request confirmation of the Plan in accordance with section 1129 of the Bankruptcy Code.

13.2 Recommendation.

The Plan Proponents believe that confirmation and implementation of the Plan are the best alternative under the circumstances and urge all Holders of Claims and Equity Interests entitled to vote on the Plan to vote in favor of and support confirmation of the Plan.

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Respectfully submitted,

**LEFEVER MATTSON,
A CALIFORNIA CORPORATION, ET AL.**

By: /s/ Bradley Sharp
Name: Bradley Sharp
Title: Chief Restructuring Officer

KS MATTSON PARTNERS, LP

By: /s/ Robbin Itkin
Name: Robbin Itkin
Title: Responsible Individual

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: /s/ Kevin Katari
Name: Kevin Katari
Title: Chairperson

1 **EXHIBIT A**

2 **Defined Terms**

3 1. **“Administrative Expense Claim”** means a Claim, to the extent not previously
4 paid, otherwise satisfied, or withdrawn, for costs and expenses of administration of the Chapter
5 11 Cases pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code,
6 including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date
7 or the Order for Relief Date, as applicable, until and including the Effective Date, of preserving
the Estates and operating the Debtors’ businesses; (b) all fees and charges assessed against the
Estates under chapter 123 of Title 28 of the United States Code; and (c) all Section 503(b)(9)
Claims.

8 2. **“Administrative Expense Claims Bar Date”** means the last date by which any
9 Person must File a request for payment of an Administrative Expense Claim other than a
10 Professional Fee Claim, which date shall be the first Business Day that is at least thirty (30)
11 calendar days after the Effective Date. Post-petition statutory tax Claims shall not be subject to
the Administrative Expense Claims Bar Date. In the case of the LFM Debtors, the Claims Bar
Date for Section 503(b)(9) Claims is the LFM General Claims Bar Date. In the case of KSMP,
the Claims Bar Date for Section 503(b)(9) Claims is the Administrative Expense Claims Bar
Date.

12 3. **“Allowed, Allowed Claim, or Allowed [] Claim”** means:

- 13 (a) with respect to a Claim arising prior to the Petition Date (including, in the case of
14 the LFM Debtors, a Section 503(b)(9) Claim):
- 15 (i) either (A) a proof of claim was timely Filed by the applicable Claims Bar
16 Date, or (B) a proof of claim is deemed timely Filed either as a result of
such Claim being Scheduled or by a Final Order; and
- 17 (ii) either (A) the Claim is not a Contingent Claim, a Disputed Claim, an
18 Unliquidated Claim, or a Disallowed Claim; or (B) the Claim is expressly
allowed by a Final Order or under the Plan;
- 19 (b) with respect to a Claim arising on or after the Petition Date (excluding, in the case
20 of the LFM Debtors, a Section 503(b)(9) Claim), a Claim that has been allowed
by a Final Order or under the Plan.

21 ~~Unless otherwise specified in the Plan or by a Final Order, an “Allowed Administrative~~
22 ~~Expense Claim” or “Allowed Claim” shall not, for any purpose under the Plan, include interest,~~
23 ~~penalties, fees, or late charges on such Administrative Expense Claim or Claim from and after~~
24 ~~the Petition Date. Moreover, any portion of a Claim that is withdrawn, expunged, satisfied,~~
25 ~~released, or waived during the Chapter 11 Cases or following the Effective Date is not an~~
~~Allowed Claim. Any and all Claims allowed solely for the purpose of voting to accept or reject~~
~~the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed Claims”~~
~~hereunder. Notwithstanding any of the foregoing, Investor Claims will be Allowed as set forth in~~
~~the Investor Settlement Amount Procedures Order, the LFM Bar Date Order and/or any other~~
~~subsequent orders of the Court.~~

26 4. **“Allowed Equity Interest”** means an Equity Interest that is not a Disputed Equity
27 Interest or Disallowed Equity Interest.

28 5. **“Available Cash”** means all Cash held by the Debtors and the KSMP Investment
Entities on the Effective Date or by the Plan Recovery Trust from the Effective Date; in each

case, after payments, allocations, or reserves in accordance with the Plan and the Plan Recovery Trust Agreement.

6. “**Avoidance Actions**” means any and all causes of action, claims, remedies, or rights that may be brought by or on behalf of the Debtors or the Estates under sections 506(c), 510, 542, 544, 545, 547, 548, 549, 550, 551, 552(b) or 553 of the Bankruptcy Code, or under related state or federal statutes, or pursuant to any theory or cause of action under common law, regardless whether such action has been commenced prior to the Effective Date.

7. “**Ballot**” means the ballot form distributed to each Holder of a Claim or Equity Interest entitled to vote to accept or reject the Plan.

8. “**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as the same may be amended from time to time to the extent applicable to the Chapter 11 Cases.

9. “**Bankruptcy Court**” means the United States Bankruptcy Court for the Northern District of California, or in the event such court ceases to exercise jurisdiction over any Chapter 11 Case, such other court or adjunct thereof that exercises jurisdiction over such Chapter 11 Case in lieu of the United States Bankruptcy Court for the Northern District of California.

10. “**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure promulgated by the Supreme Court of the United States under 28 U.S.C. § 2075, as the same may be amended from time to time to the extent applicable to the Chapter 11 Cases.

11. “**Business Day**” means any day other than a Saturday, a Sunday, a “legal holiday” (as defined in Bankruptcy Rule 9006(a)), or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

12. “**Cash**” means cash and cash equivalents, including bank deposits, wire transfers, checks representing good funds, and legal tender of the United States of America or instrumentalities thereof.

13. “**Causes of Action**” means any and all claims, rights, actions, causes of action, liabilities, obligations, suits, debts, remedies, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, rights of setoff, third-party claims, subordination claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims, and cross claims, damages, or judgments whatsoever, whether known or unknown, reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, foreseen or unforeseen, asserted or unasserted, existing or hereafter arising, in law, at equity, by statute, whether for tort, fraud, contract, or otherwise.

14. “**Chapter 11 Cases**” means the chapter 11 bankruptcy cases commenced by the Debtors, which are being jointly administered under the case caption *In re LeFever Mattson, et al.*, Case No. 24-10545 (Bankr. N.D. Cal.).

15. “**Claim**” means any “claim,” as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors or against property of any of the Debtors.

16. “**Claim Objection Deadline**” means subject to extension as set forth in Section 8.2 of the Plan, the date that is the first Business Day that is at least 180 calendar days after the Effective Date. The Claim Objection Deadline may be extended by order of the Bankruptcy Court.

1 17. **“Claims Agent”** means Kurtzman Carson Consultants, LLC dba Verita Global,
2 the Debtors’ court-appointed claims, noticing, and balloting agent.

3 18. **“Claims Bar Date”** means, as applicable, the Administrative Expense Claims Bar
4 Date, the Governmental Claims Bar Date, the KSMP Bar Date, the LFM General Claims Bar
5 Date, or the Rejection Claims Bar Date.

6 19. **“Class”** means a category of Claims or Equity Interests designated pursuant to the
7 Plan, or any subclass thereof.

8 20. **“Class A Plan Recovery Trust Units”** means the Plan Recovery Trust Units to
9 be distributed on a Pro Rata basis to Holders of (i) Allowed Trade Claims (if Class 4 votes to
10 reject the Plan) on account of their Allowed Trade Claims, and (ii) Allowed Investor Claims on
11 account of their Investor Tranche 1 Claims, pursuant to the Plan and the Plan Recovery Trust
12 Agreement.

13 21. **“Class B Plan Recovery Trust Units”** means the Plan Recovery Trust Units to
14 be distributed to Investors under the Plan and the Plan Recovery Trust Agreement on account of
15 their Investor Tranche 2 Claims.

16 22. **“Class C Plan Recovery Trust Units”** means the Plan Recovery Trust Units to
17 be distributed to Investors under the Plan and the Plan Recovery Trust Agreement on account of
18 their Contributed Claims.

19 23. **“Closing Date”** means the date on which all of the Chapter 11 Cases have been
20 closed in accordance with Section 12.17 of the Plan.

21 24. **“Collateral”** means any Estate Asset that is subject to a Lien to secure the
22 payment or performance of a Claim, which Lien is perfected and not subject to avoidance under
23 the Bankruptcy Code or otherwise invalid or unenforceable under the Bankruptcy Code or
24 applicable non-bankruptcy law.

25 25. **“Committee”** means the official committee of unsecured creditors, as provided
26 for under section 1102 of the Bankruptcy Code, which was appointed in the Chapter 11 Cases, as
27 it may be reconstituted from time to time.

28 26. **“Confirmation”** means entry by the Bankruptcy Court of the Confirmation Order.

 27. **“Confirmation Hearing”** means the hearing or hearings held by the Bankruptcy
Court to consider Confirmation of the Plan as required by section 1128(a) of the Bankruptcy
Code, as such hearing may be continued from time to time.

 28. **“Confirmation Order”** means the order of the Bankruptcy Court confirming the
Plan pursuant to section 1129 of the Bankruptcy Code in a form reasonably acceptable to the
Plan Proponents.

 29. **“Contingent Claim”** means any Claim that is Scheduled or Filed as contingent.

 30. **“Contributed Claim Election”** means an election by an Investor, as indicated on
an Investor Ballot, to contribute its Contributed Claims to the Plan Recovery Trust pursuant to
the terms of this Plan.

 31. **“Contributed Claims”** means all Causes of Action of a Contributing Claimant
that are legally assignable (including Causes of Action that are legally assignable solely because
of the preemptive effect of the Plan) that an Investor has against any Person that is not a Debtor

1 and that are related in any way to the Debtors, their predecessors, their respective affiliates, or
2 any Excluded Parties, including (a) all Causes of Action based on, arising out of, or related to the
3 marketing, sale, and issuance of any investments related to the Debtors; (b) all Causes of Action
4 for unlawful dividend, fraudulent conveyance, fraudulent transfer, voidable transaction, or other
5 avoidance claims under state or federal law; (c) all Causes of Action based on, arising out of, or
6 related to the misrepresentation of any of the Debtors' financial information, business operations,
7 or related internal controls; (d) all Causes of Action based on, arising out of, or related to any
8 failure to disclose, or actual or attempted cover up or obfuscation of, any of the wrongful conduct
9 described in the Disclosure Statement, including with respect to any alleged fraud related thereto;
10 and (e) all Causes of Action based on aiding or abetting, entering into a conspiracy with, or
11 otherwise supporting torts committed by the Debtors or their agents; *provided that* if a particular
12 Cause of Action is identified on the Schedule of Disclaimed Contributed Claims by (a) the Plan
13 Proponents prior to the Effective Date or (b) the Plan Recovery Trustee on and after the Effective
14 Date, then such Cause of Action will not be a Contributed Claim.

15 32. **"Contributing Claimants"** means any and all Holders of Investor Claims that (i)
16 affirmatively cast a Ballot on account of an Investor Claim to **accept** the Plan and (ii) **did not**
17 **opt-out** of the Contributed Claim Election.

18 33. **"Corporate Action"** means any action, approval, authorization, decision, or other
19 act of any kind that would be necessary on the part of any Person for any corporation, limited
20 liability company, limited partnership, or other Person to in turn act.

21 34. **"Creditor"** means any Holder of a Claim.

22 35. **"Cure Payment"** means the payment of Cash or the distribution of other property
23 (as the parties may agree or the Bankruptcy Court may order) that is necessary to cure any and all
24 defaults under an executory contract or unexpired lease so that such contract or lease may be
25 assumed, or assumed and assigned, pursuant to section 1123(b)(2) of the Bankruptcy Code.

26 36. **"Debtor"** or **"Debtors"** means, individually and collectively, each of the LFM
27 Debtors and KSMP.

28 37. **"Defined Term"** means any capitalized term that is defined in this Exhibit A of
the Plan.

38. **"DIP Credit Agreements"** means, collectively, the definitive form of loan and
security agreements entered into by the applicable Debtors in accordance with the DIP Orders.

39. **"DIP Facility Claims"** means a Claim arising under, relating to, derived from,
based upon, or secured pursuant to the DIP Facilities, including, Claims for all principal amounts
outstanding, interest, fees, expenses, costs, indemnification obligations, reimbursement
obligations, and any other charges arising thereunder, in each case, with respect to the DIP
Facilities.

40. **"DIP Facilities"** means the debtor-in-possession credit facilities provided to the
Debtors on the terms and conditions set forth in the DIP Credit Agreements and the DIP Orders.

41. **"DIP Lender"** means Serene Investment Management LLC.

42. **"DIP Orders"** means (a) the final order entered by the Bankruptcy Court on
January 23, 2025 [Docket No. 643] and (b) the final ordered entered by the Bankruptcy Court on
September 25, 2025 [Docket No. 2414].

43. **"Disallowed Claim"** means any Claim that (a) is not Scheduled, or is listed on the

Schedules as contingent, unliquidated, disputed, or in an amount equal to zero, unknown, undetermined, or similar, and whose Holder failed to timely File a proof of claim by the applicable Claims Bar Date (unless the late filing was permitted by a Bankruptcy Court order), but excluding any Claim that is expressly Allowed by a Final Order or under the Plan; or (b) has been disallowed pursuant to an order of the Bankruptcy Court.

44. **“Disallowed Equity Interest”** means any Equity Interest that (a) is not listed on the *Omnibus List of Equity Security Holders* [Docket No. 353] and whose Holder failed to timely File a proof of interest by the applicable Claims Bar Date (unless the late filing was permitted by a Bankruptcy Court order), but excluding any Equity Interest that is expressly Allowed by a Final Order or under the Plan; or (b) has been disallowed pursuant to an order of the Bankruptcy Court.

45. **“Disclosure Statement”** means that certain disclosure statement relating to the Plan, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as it subsequently may be amended, modified, or supplemented by the Plan Proponents.

46. **“Disputed”** means, as to a Claim or an Equity Interest, any Claim or Equity Interest (or portion thereof): (a) that is not Allowed; (b) that is not disallowed by the Plan, the Bankruptcy Code, or a Final Order, as applicable; and (c) with respect to which a party in interest has Filed a Proof of Claim or Proof of Interest or otherwise made a written request to a Debtor for payment, without any further notice to or action, order, or approval of the Bankruptcy Court.

47. **“Distribution”** means any issuance, payment, or transfer of consideration made under the Plan or the Plan Recovery Trust Agreement.

48. **“Distribution Agent”** means (i) the Plan Recovery Trustee solely in its capacity as distribution agent under the Plan with respect to Distributions to Holders of Allowed Administrative Expense Claims (including Professional Fee Claims), Involuntary Gap Claims, Priority Tax Claims, and Claims in Classes 1, 2, 3, 4 and 5 on account of such Allowed Claims, or (ii) any party designated by the Plan Recovery Trustee to serve in such capacity.

49. **“Distribution Date”** means any date on which a Distribution is made.

50. **“Distribution Record Date”** means the record date for determining entitlement of Holders of Claims to receive Distributions under the Plan, which date shall be the Effective Date.

51. **“Distribution Reserve”** means one or more reserves established by the Plan Recovery Trustee on account of Contingent Claims, Disputed Claims, or Unliquidated Claims.

52. **“DOJ”** means the U.S. Department of Justice.

53. **“Effective Date”** means the date that is the first Business Day on which each condition set forth in Article IX of the Plan has been satisfied or waived as set forth therein.

54. **“Entity”** means any “entity,” as defined in section 101(15) of the Bankruptcy Code.

55. **“Equitably Subordinated Claim”** means any claim of any kind or nature whatsoever held by any Entity against any of the Debtors and the KSMP Investment Entities that the Bankruptcy Court has determined to be equitably subordinated pursuant to section 510(c) of the Bankruptcy Code.

1 56. **“Equitably Subordinated Interest”** means any interest of any kind or nature
2 whatsoever held by any Entity in any of the Debtors and the KSMP Investment Entities that the
3 Bankruptcy Court has determined to be equitably subordinated pursuant to section 510(c) of the
4 Bankruptcy Code.

5 57. **“Equity Interests”** means all previously issued and outstanding stock,
6 membership, partnership, or other ownership interests in any of the Debtors or the KSMP
7 Investment Entities outstanding immediately prior to the Effective Date, including agreements of
8 any character to convert, exchange, exercise for, or otherwise receive any such stock,
9 membership, partnership, or other ownership interests.

10 58. **“Estate Assets”** means, collectively, (a) any and all right, title, and interest of the
11 Debtors, the Estates, and the KSMP Investment Entities in and to property of whatever type or
12 nature, including books and records, the Real Properties, and all Avoidance Actions and Causes
13 of Action as of the Effective Date; and (b) any assets contributed to or recovered by the Plan
14 Recovery Trust on or after the Effective Date.

15 59. **“Estates”** means the chapter 11 estates of the Debtors created by section 541(a) of
16 the Bankruptcy Code.

17 60. **“Excluded Parties”** means, collectively, the Persons and Entities identified on
18 the Schedule of Excluded Parties.

19 61. **“Exculpated Parties”** means, collectively, and in each case in its capacity as
20 such: (a) the Debtors; (b) the Committee, including its current and former members; (c)
21 Professionals for (a) and (b); (d) the Responsible Individual; (e) all officers and directors of any
22 of the Debtors serving in such capacity on or after the Petition Date and before the Effective
23 Date; and (f) persons who acted as agents for (a) and (b) and, in doing so, assumed fiduciary
24 obligations of the principal. The definition of Exculpated Parties excludes all Excluded Parties.

25 62. **“File,” “Filed,” or “Filing”** means duly and properly filed with the Bankruptcy
26 Court and reflected on the docket of the Chapter 11 Cases, except with respect to proofs of claim
27 that may be filed with the Claims Agent, in which case “File” or “Filed” means duly and
28 properly filed with the Claims Agent or the Bankruptcy Court and reflected on the official claims
register maintained by the Claims Agent.

 63. **“Final Decree”** means an order entered pursuant to section 350 of the Bankruptcy
Code, Bankruptcy Rule 3022, and Local Rule 3022-1 closing the Chapter 11 Cases.

 64. **“Final Order”** means an order or judgment of the Bankruptcy Court entered on
the docket of the Chapter 11 Cases:

(a) that has not been reversed, rescinded, stayed, modified, vacated, or amended;

(b) that is in full force and effect; and

(c) with respect to which (i) the time to appeal or to seek review, rehearing, remand,
or a writ of certiorari has expired and as to which no timely filed appeal or
petition for review, rehearing, remand, or writ of certiorari is pending; or (ii) any
such appeal or petition has been dismissed or resolved by the highest court to
which the order or judgment was appealed or from which review, rehearing,
remand, or a writ of certiorari was sought.

No order shall fail to be a Final Order solely because of the possibility that a motion pursuant to
section 502(j) of the Bankruptcy Code, Rule 59 or Rule 60 of the Federal Rules of Civil

Procedure, or Bankruptcy Rules 9023 or 9024 may be or has been filed with respect to such order.

65. **“Forfeiture Property”** means any property and proceeds recovered or to be recovered, and claimed by, the DOJ, the SEC, or any other Governmental Unit, to be subject to forfeiture in connection with any civil forfeiture proceedings or criminal actions against (i) Kenneth W. Mattson (including *United States v. Kenneth W. Mattson*, Case No. 25-cr-00126-CRB (N.D. Cal.), and *SEC v. Kenneth Mattson and Relief Defendant KS Mattson Partners LP*, No. 3:25-cv-04387 (N.D. Cal.)) or (ii) any other Excluded Parties to the extent relating to the Debtors, Investor Claims, and the KSMP Investment Entities, or any Investments.

66. **“Governmental Claims Bar Date”** means, with respect to each applicable Debtor, the date that is 180 days after the applicable Order for Relief Date, as calculated pursuant to Bankruptcy Rule 9006.

67. **“Governmental Unit”** means any “governmental unit,” as defined in section 101(27) of the Bankruptcy Code.

68. **“Holder”** means the Person that is the owner of record of a Claim, Equity Interest, or Plan Recovery Trust Unit, as applicable.

69. **“Impaired”** means any Class of Claims or Equity Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.

70. **“Insider”** means any “insider,” as defined in section 101(31) of the Bankruptcy Code, and with respect to a limited liability company or limited partnership, any director, officer, person in control or relative of any of the foregoing.

71. **“Intercompany Claim”** means any Claim of one Debtor against another Debtor.

72. **“Intercompany Lien”** means any Lien securing an Intercompany Claim.

73. **“Investment”** means any investment or investment product offered by any Debtor (whether directly or through an agent), including, without limitation, any investments, interests, or other rights with respect to any Debtor that were styled, marketed, or sold as, among others, partnership interests in limited partnerships, TIC Interests, or other interests in any real property (including the purchase or sale of a real property).

74. **“Investor”** means a Person or Entity that holds an Investor Claim.

75. “**Investor Claim**” means any Claim arising from or relating to an Investment, including, without limitation, (a) all Claims (including any contract or related Claims) based on, arising out of, or related to any Investments including the validity, marketing, sale, and issuance thereof; (b) all Claims for fraud, unlawful dividend, fraudulent conveyance, fraudulent transfer, voidable transaction, or other avoidance claims under state or federal law; (c) all Claims arising from or related to the preparation or filing of the Debtors’ and/or their affiliates’ (including the KSMP Investment Entities’) federal, state, local, or other tax returns, forms, and other filings; (d) all Claims based on, arising out of, or related to the misrepresentation of any of the Debtors’ or the KSMP Investment Entities’ financial information, assets and properties, business operations, or related internal controls; (e) all Claims based on, arising out of, or related to any failure to disclose, or actual or attempted cover up or obfuscation of, any of the wrongful conduct described in the Disclosure Statement, including with respect to any alleged fraud related thereto and undisclosed loans; (f) all Claims based on aiding or abetting, entering into a conspiracy with, or otherwise supporting Investment-related torts committed by the Debtors, the KSMP Investment Entities, or their agents; and (g) any Claims arising from or relating to TIC Interests;

1 provided that any and all Equity Interests asserted by a Person or Entity in the Debtors via a
2 Proof of Interest shall be deemed to be an Investor Claim for purposes of classification and
distributions under the Plan, without any further notice, motion, complaint, objection, or other
action or order of the Court.

3
4 76. **“Investor Ballot”** means the ballot form distributed to each Holder of an Investor
Claim entitled to vote to accept or reject the Plan.

5 78. **“Investor Forfeiture Fund”** means a fund to be held in a separate account and
6 administered by the Plan Recovery Trustee for the sole benefit of Investors, comprised of any
and all Forfeiture Property and any proceeds thereof, which shall be free and clear of any and all
7 claims and liens. The Investor Forfeiture Fund shall not constitute property of the Debtors, the
KSMP Investment Entities, or the Plan Recovery Trust. All Cash in the Investor Forfeiture Fund
8 shall be distributed solely to Investors on a Pro Rata basis on account of their Allowed Investor
Tranche 1 Claims and Investor Tranche 2 Claims, in accordance with the Plan.

9 79. **“Investor Lookback Period”** means the prepetition period commencing
10 ~~September 12, 2017.~~

11 ~~80. **“Investor Settlement Amount Procedures Order”** means the Order Approving
Settlement Procedures With Respect to Investor Claims entered by the Bankruptcy Court at
Docket No. ● on the Ponzi Start Date.~~

12 80. ~~81.~~ **“Investor-Specific Claims”** is as defined in Section 3.2 of the Plan.

13 ~~81. 82. **“Investor Tranche 1 Claim”** means the Investor Tranche 1 Claim Amount
for each Investor as defined in, and as determined by, either (i) the Investor Settlement Amount
Procedures Order or (ii) further order(s) of the Court including any entered after the Effective
Date.;~~

16 (a) the actual amount of money contributed by or on behalf of an
Investor, including the value of any initial contributions made
17 through a 1031 exchange intermediary, retirement rollover
contributions from another financial institution, or direct cash
18 contributions (via check, wire, ACH);

19 (b) less all transfers to an Investor before September 12, 2024 that
20 represent a return of principal, including (i) proceeds from
cash-out refinancings, (ii) proceeds from property sales, and (iii)
21 other substantial one-time payments;

22 (c) less Prepetition Ponzi Distributions.

23 ~~82. 83. **“Investor Tranche 2 Claim”** means the Investor Tranche 2 Claim Amount
for each Investor as defined in, and as determined by, either (i) the Investor Settlement Amount
Procedures Order or (ii) further order(s) of the Court including any entered after the Effective
24 Date.~~ amount of Prepetition Ponzi Distributions.

25 83. 84. **“Involuntary Gap Claim”** means a Claim specified in section 502(f) of the
Bankruptcy Code and entitled to priority against Debtor KSMP and its Estate under section
26 507(a)(3) of the Bankruptcy Code.

27 84. ~~85.~~ **“KSMP”** means KS Mattson Partners, LP.

1 85. ~~86.~~ “**KSMP Bar Date**” means October 3, 2025.

2 86. ~~87.~~ “**KSMP Investment Entities**” means, individually and collectively, (i)
3 Specialty Properties Partners, LP; (ii) Treehouse Investments, LP; and (iii) Perris Freeway Plaza,
LP.

4 87. ~~88.~~ “**LFM Bar Date Order**” means the order [Docket No. 459] of the
5 Bankruptcy Court setting and establishing, among other things, the LFM General Claims Bar
Date.

6 88. ~~89.~~ “**LFM Debtor**” or “**LFM Debtors**” means, individually and collectively, each
7 of the entities listed on Exhibit C hereto, as the same may be amended from time to time.

8 89. ~~90.~~ “**LFM General Claims Bar Date**” means February 14, 2025.

9 90. ~~91.~~ “**Lien**” means any “lien,” as defined in section 101(37) of the Bankruptcy
Code.

10 91. ~~92.~~ “**Local Rules**” means the Bankruptcy Local Rules for the Northern District of
11 California, as amended from time to time.

12 92. ~~93.~~ “**Net Prepetition Investor Recovery**” means, if applicable, with respect to a
13 specific Investor, (a) the total Cash value remitted to the Investor during the Investor Lookback
Period (whether the payment was considered a return on the investment, a referral fee, or a
14 repayment of principal) minus (b) the total Cash value invested prepetition as principal by the
Investor, provided that the value of (a) is greater than the value of (b).

15 93. ~~94.~~ “**Order for Relief Date**” means June 9, 2025, when used in reference to
KSMP. For any other Debtor, the Order for Relief Date is the same date as the Petition Date for
16 such Debtor.

17 94. ~~95.~~ “**Other Secured Claim**” means any Secured Claim of an Entity that is not a
Secured Lender Claim.

18 95. ~~96.~~ “**Oversight Committee**” means a board for the Plan Recovery Trust, whose
19 initial, volunteer members shall be chosen by the Committee and identified in the Plan
Supplement.

20 96. ~~97.~~ “**Person**” means any “person,” as defined in section 101(41) of the
Bankruptcy Code.

21 97. ~~98.~~ “**Petition Date**” means (a) August 6, 2024, when used in reference to
22 Windscape Apartments, LLC; (b) October 2, 2024, when used in reference to Pinewood
Condominiums, LP and Ponderosa Pines, LP; (c) November 22, 2024, when used in reference to
23 K S Mattson Partners, LP; and (d) September 12, 2024, when used in reference to all other
Debtors.

24 98. ~~99.~~ “**Plan**” means this Plan and all exhibits thereto, including the Plan
25 Supplement, as the same may be amended, modified, or supplemented in the Plan Proponents’
reasonable discretion.

26 99. ~~100.~~ “**Plan Proponents**” means the Debtors and the Committee, as proponents of
27 the Plan.

28 100. ~~101.~~ “**Plan Recovery Trust**” means a trust established on the Effective Date for

the benefit of the Plan Recovery Trust Beneficiaries in accordance with the terms of the Plan and the Plan Recovery Trust Agreement.

101. ~~102.~~ “**Plan Recovery Trust Actions**” means, collectively, all Avoidance Actions and Causes of Action held by the Debtors, the KSMP Investment Entities, or the Estates and any Causes of Action that are contributed to the Plan Recovery Trust as Contributed Claims, in each case as against any Entity that is not a Debtor.

102. ~~103.~~ **“Plan Recovery Trust Agreement”** means the agreement substantially in the form Filed with the Plan Supplement establishing and delineating the terms and conditions of the Plan Recovery Trust, including the rights and duties of the Plan Recovery Trustee and the Oversight Committee.

103. ~~104.~~ **“Plan Recovery Trust Assets”** means, collectively, (a) the Plan Recovery Trust Actions, (b) Available Cash as of the Effective Date and Available Cash that is possessed by or turned over to the Plan Recovery Trust after the Effective Date, (c) the Retained Real Properties (which shall be subject to the terms and provisions of the applicable Secured Lender Settlement Agreement in relation to the applicable Settled Secured Lender Claim), and (d) other assets that may be transferred or otherwise provided, directly or indirectly, to or for the benefit of the Plan Recovery Trust (on or after the Effective Date) by any Person. The Investor Forfeiture Fund is not a Plan Recovery Trust Asset.

104. ~~105.~~ **“Plan Recovery Trust Beneficiary”** means each Holder of a Plan Recovery Trust Unit.

105. ~~106.~~ **“Plan Recovery Trust Expenses”** means any and all reasonable fees, costs, and expenses incurred by the Plan Recovery Trustee in managing and operating the Plan Recovery Trust not inconsistent with the Plan or the Plan Recovery Trust Agreement, including the maintenance or disposition of the Plan Recovery Trust Assets (including the Plan Recovery Trustee’s fees, indemnity reserves, attorneys’ fees, the fees of professionals and other Persons retained by the Plan Recovery Trustee, personnel-related expenses, and any taxes imposed on the Plan Recovery Trust with respect to the Plan Recovery Trust Assets), and any other expenses incurred or otherwise payable in accordance with the Plan Recovery Trust Agreement.

106. ~~107.~~ **“Plan Recovery Trust Indemnified Parties”** means the Plan Recovery Trustee, the Oversight Committee members, and their respective Related Parties, each in their respective capacity as such.

107. ~~108.~~ **“Plan Recovery Trust Units”**~~109.~~ means (a) any Class A Plan Recovery Trust Units distributed to Holders of Allowed Trade Claims and Holders of Allowed Investor Tranche 1 Claims; (b) any Class B Plan Recovery Trust Units distributed to Holders of Allowed Investor Tranche 2 Claims; and (c) any Class C Plan Recovery Trust Units distributed to Investors on account of Contributed Claims, in each case in accordance with the Plan and the Plan Recovery Trust Agreement.

109. ~~H10.~~ “**Plan Recovery Trust Waterfall**” is as defined in Section 5.3.11 of the Plan.

110. ~~111.~~ **“Plan Recovery Trustee”** means the initial Plan Recovery Trustee, who was chosen by the Committee, and any successor thereto appointed pursuant to the Plan Recovery Trust Agreement, in each case acting in the capacity as trustee of the Plan Recovery Trust.

111. ~~112.~~—“**Plan Supplement**” means the ancillary documents regarding the implementation and effectuation of the Plan, which will be Filed on or before the date that is fourteen (14) calendar days prior to the Voting Deadline, as such documents may be amended

1 and supplemented prior to the Confirmation Hearing in the Plan Proponents' reasonable
2 discretion. The Plan Supplement includes, without limitation, the form of the Plan Recovery
3 Trust Agreement, the Schedule of Assumed Agreements, and additional information relating to
4 tax matters.

5 112. ~~112.~~ **"Ponzi Start Date"** means September 12, 2017.

6 113. ~~113.~~ **"Prepetition Ponzi Distributions"** means payments made to an Investor between
7 the Ponzi Start Date and September 12, 2024, which represent distributions and/or other regular
8 payments, including: (a) monthly distributions received, (b) periodic distributions posted to an
9 IRA account, and (c) any regularly scheduled payments between the Ponzi Start Date and
10 September 12, 2024.

11 114. ~~113.~~ **"Priority Claim"** means a Claim that is entitled to priority under section
12 507(a) of the Bankruptcy Code, other than Administrative Expense Claims, Professional Fee
13 Claims, Involuntary Gap Claims, and Priority Tax Claims.

14 115. ~~114.~~ **"Priority Tax Claim"** means a Claim that is entitled to priority under
15 section 507(a)(8) of the Bankruptcy Code.

16 116. ~~115.~~ **"Pro Rata"** means proportionately, so that the ratio of (a) the amount of
17 consideration distributed on account of a particular Allowed Claim or Plan Recovery Trust Unit
18 to (b) the amount or number of that Allowed Claim or Plan Recovery Trust Unit, is the same as
19 the ratio of (x) the amount of consideration available for Distribution on account of, as
20 applicable, all Allowed Claims in the Class in which the particular Allowed Claim is included or
21 all applicable Plan Recovery Trust Units to (y), as applicable, the amount of all Allowed Claims
22 of that Class or the number of applicable Plan Recovery Trust Units, as adjusted to take into
23 account any applicable Distribution Reserves.

24 117. ~~116.~~ **"Professional"** means any professional employed in the Chapter 11 Cases
25 pursuant to sections 327, 328, 363, 1103, or 1104 of the Bankruptcy Code.

26 118. ~~117.~~ **"Professional Fee Claim"** means a Claim of a Professional for
27 compensation or reimbursement of costs and expenses (or of members of the Committees for
28 reimbursement of expenses) relating to services provided during the period from the applicable
Petition Date through and including the Effective Date.

119. ~~118.~~ **"Professional Fee Reserve"** means the reserve established and funded from
the Plan Recovery Trust pursuant to Section 3.3.3 of the Plan to provide sufficient funds to
satisfy in full all unpaid Allowed Professional Fee Claims.

120. ~~119.~~ **"Real Properties"** means any and all real property in which a Debtor holds a
direct or indirect ownership interest.

121. ~~120.~~ **"Rejection Claim"** means any Claim for monetary damages as a result of the
rejection of any prepetition executory contract or unexpired lease, whether rejected pursuant to
the Confirmation Order or otherwise.

122. ~~121.~~ **"Rejection Claims Bar Date"** means, to the extent not previously
established by prior order of the Bankruptcy Court, the first Business Day that is at least thirty
(30) calendar days after the Effective Date.

123. ~~122.~~ **"Related Parties"** means, collectively, all of the respective accountants,
agents, assigns, attorneys, bankers, consultants, directors, employees, executors, financial
advisors, investment bankers, managers, members, officers, partners, predecessors, principals,

professional persons, representatives, and successors of the referenced Person; *provided, however*, that the Debtors' Related Parties will be limited to the following Persons: the independent directors, officers, attorneys, accountants, consultants, and professionals who are employed by the Debtors on the Effective Date pursuant to an order of the Bankruptcy Court.

124. ~~123.~~ “**Responsible Individual**” means Robbin L. Itkin, the appointed responsible individual of KSMP pursuant to Local Rule 4002-1.

125. ~~124.~~ **“Retained Property Secured Lender”** means a lender to a Debtor or an affiliate of a Debtor (including, without limitation, a retail or commercial bank) that is not an Investor and that purportedly holds a Secured Claim on account of a deed of trust or Lien against one or more of the Real Properties that are Estate Assets as of the Effective Date.

126. ~~125.~~ **“Retained Real Properties”** means the unsold Real Properties ~~identified in as of the Plan Supplement as Real Properties to be retained by the Debtors and~~ Effective Date ~~that will be~~ transferred to the Plan Recovery Trust upon the Effective Date.

~~126. “Schedule of Allowed Investor Amounts” means a schedule, or any applicable portion thereof, that will be established for each Investor in accordance with the Investor Settlement Amount Procedures Order.~~

127. **“Schedule of Assumed Agreements”** means the schedule of those certain executory contracts and unexpired leases that the Plan Proponents have determined that the Debtors may assume and assign to the Plan Recovery Trust on the Effective Date. The initial Schedule of Assumed Agreements will be Filed as part of the Plan Supplement, but remains subject to any modifications that may be made prior to the Effective Date pursuant to Section 6.1 of the Plan.

128. **“Schedule of Disclaimed Contributed Claims”** means the schedule of Causes of Action that will be disclaimed as not Contributed Claims by the Plan Proponents prior to the Effective Date, or the Plan Recovery Trustee after the Effective Date. All Causes of Action identified on the Schedule of Disclaimed Contributed Claims will not be Contributed Claims for purposes of the Plan.

129. “**Schedule of Excluded Parties**” means the list of Excluded Parties identified on **Exhibit B** to the Plan.

130. “**Scheduled**” means set forth in the Schedules.

131. “**Schedules**” means the respective Schedules of Assets and Liabilities and Statements of Financial Affairs Filed by the Debtors, as such Schedules may be amended from time to time in accordance with Bankruptcy Rule 1009.

132. “SEC” means the U.S. Securities and Exchange Commission.

133. “**Section 503(b)(9) Claim**” means a Claim arising under Bankruptcy Code section 503(b)(9) for the value of any goods that were received by the Debtors within twenty (20) calendar days before the applicable Petition Date and that were sold to the Debtors in the ordinary course of their business.

134. “**Secured Claim**” means a Claim that is secured by a valid, perfected, and enforceable Lien on property in which the Debtors or the Estates have an interest, which Lien is valid, perfected, and enforceable under applicable law and not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law. A Claim is a Secured Claim only to the extent of the value of the Holder’s interest in the Debtors’ interest in the Collateral or to the

extent of the amount subject to setoff against a Cause of Action held by the Debtors, whichever is applicable, and as determined under section 506(a) of the Bankruptcy Code. No Investor Claim shall be defined, classified, or treated as a Secured Claim under the Plan.

135. **“Secured Lender Claims”** means the Secured Claims of Retained Property Secured Lenders, Sold Real Property Secured Lenders, and Settling Secured Lenders.

136. **“Secured Lender Settlement Agreement”** means any and all settlement agreements between the Plan Proponents and a Settling Secured Lender resolving the treatment of the Settling Secured Lender’s Secured Claim. The Socotra Settlement Agreement is a Secured Lender Settlement Agreement.

137. “**Secured Lenders**” means the Retained Property Secured Lenders, the Settling Secured Lenders, and the Sold Real Property Secured Lenders. A Schedule of Secured Lender ~~Claims~~Subclasses is provided in Exhibit E to the Disclosure Statement.

138. **“Securities Act”** means the Securities Act of 1933, as amended.

139. **“Settling Secured Lender”** means any Holder of a Secured Claim that enters into a Secured Lender Settlement Agreement prior to the Effective Date. Socotra is a Settling Secured Lender.

140. “**Socotra**” means Socotra Capital, Inc. and its affiliates identified in the Socotra Settlement Agreement.

141. “**Socotra Claims**” means all Claims of Socotra identified in the Socotra Settlement Agreement.

142. “**Socotra Settlement Agreement**” means that certain *Settlement Agreement* dated as of October 14, 2025 by and among the Debtors, the Committee and Socotra [Docket No. 2556], approved by and subject to the Socotra Settlement Order.

143. “**Socotra Settlement Order**” means the Court’s Order entered on November 14, 2025 [Docket No. 2852], approving the Socotra Settlement Agreement and granting related relief.

144. **“Sold Real Properties”** means the Real Properties that are not identified in the Plan Supplement as Real Properties to be retained by the Debtors and transferred to the Plan Recovery Trust upon the Effective Date, or that otherwise have been sold or transferred by the Debtors to a third party prior to the Effective Date.

145. **“Sold Real Property Secured Lender”** means a lender to a Debtor or an affiliate of a Debtor (including, without limitation, a retail or commercial bank) that is not an Investor and that purportedly held a Secured Claim on account of a deed of trust or Lien against one or more of the Real Properties sold by the Debtors prior to the Effective Date.

146. **“Solicitation Procedures Order”** means the order approving the Disclosure Statement, authorizing the Plan Proponents to solicit acceptances of the Plan, and establishing certain related procedures and deadlines.

147. **“TIC Interest”** means respective tenant-in-common interests of non-debtor parties in Real Properties owned in part by the Debtors.

148. **“Trade Claims”** means all non-priority unsecured Claims that are not Investor Claims, including, without limitation, (i) all such Claims owed to the Debtors’ and the KSMP

Investment Entities' vendors, suppliers and providers of goods and services received by the Debtors and the KSMP Investment Entities during the ordinary course of business prepetition on account of or relating to such goods and services, and (ii) Rejection Claims.

149. **“Trade Claims Settlement Fund”** means \$4,000,000 in Cash, free and clear of all claims and interests, funded from Available Cash of the Debtors on the Effective Date, which will fund a payment of Cash on a Pro Rata basis to Holders of Allowed Class 4 Claims in accordance with the Plan if Class 4 votes to accept the Plan; *provided that* if Class 4 votes to reject the Plan, there will be no Trade Claims Settlement Fund. The Trade Claims Settlement Fund will be administered by the Plan Recovery Trustee.

150. **“Treasury Rate”** means the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the Effective Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Effective Date to the Maturity Date; *provided, that* if no published maturity exactly corresponds with such period, then the Treasury Rate shall be interpolated or extrapolated on a straight-line basis from the arithmetic mean of the yields for the next shortest and next longest published maturities.

151. “**Unimpaired**” means any Class of Claims that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

152. **“Unliquidated Claim”** means any Claim that is Scheduled as unliquidated or that was Filed in an unliquidated amount.

153. **“U.S. Trustee”** The United States Trustee for Region 17.

154. **“Voting Deadline”** means the date and time by which all Ballots to accept or reject the Plan must be received in order to be counted under the Solicitation Procedures Order.

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EXHIBIT C

LFM Debtors

Debtor Name	Petition Date	Tax ID	Case No.
Apan Partners LLC	9/12/2024	N/A	24-10487
Autumn Wood I, LP	9/12/2024	20-0164208	24-10488
Bay Tree, LP	9/12/2024	82-1071378	24-10489
Beach Pine, LP	9/12/2024	83-2643272	24-10490
Bishop Pine, LP	9/12/2024	83-2643038	24-10491
Black Walnut, LP	9/12/2024	47-2451858	24-10492
Buck Avenue Apartments, LP	9/12/2024	54-2090323	24-10493
Buckeye Tree, LP	9/12/2024	88-2980108	24-10494
Bur Oak, LP	9/12/2024	87-4699497	24-10495
Butcher Road Partners, LLC	9/12/2024	45-5159521	24-10496
California Investment Properties, a California corporation	9/12/2024	30-0289474	24-10543
Cambria Pine, LP	9/12/2024	83-2644771	24-10497
Chestnut Oak, LP	9/12/2024	87-4702239	24-10498
Country Oaks I, LP	9/12/2024	26-0860694	24-10499
Divi Divi Tree, L.P.	9/12/2024	71-0926806	24-10500
Douglas Fir Investments, LP	9/12/2024	47-4674444	24-10501
Firetree I, LP	9/12/2024	82-3519393	24-10502
Firetree II, LP	9/12/2024	82-3519554	24-10503
Firetree III, LP	9/12/2024	82-3919655	24-10504
Foxtail Pine, LP	9/12/2024	83-2643197	24-10505
Ginko Tree, LP	9/12/2024	88-2960976	24-10506
Golden Tree, LP	9/12/2024	82-1060045	24-10507
Hagar Properties, LP	9/12/2024	04-3598044	24-10508
Heacock Park Apartments, LP	9/12/2024	46-3737509	24-10509
Home Tax Service of America, Inc.	9/12/2024	68-0262554	24-10544
LeFever Mattson I, LLC	9/12/2024	47-4960075	24-10510
LeFever Mattson, a California corporation	9/12/2024	68-0197537	24-10545
Live Oak Investments, LP	9/12/2024	47-3786181	24-10511
Monterey Pine, LP	9/12/2024	83-2644824	24-10512
Napa Elm, LP	9/12/2024	54-2090332	24-10513
Nut Pine, LP	9/12/2024	83-2661795	24-10514
Pinecone, LP	9/12/2024	84-2395880	24-10515
Pinewood Condominiums, LP	10/2/2024	54-2090329	24-10598
Ponderosa Pines, LP	10/2/2024	81-2078820	24-10599
Red Cedar Tree, LP	9/12/2024	88-3572519	24-10517
Red Mulberry Tree, LP	9/12/2024	88-3572594	24-10518
Red Oak Tree, LP	9/12/2024	92-1008382	24-10520

EXHIBIT K

**Comparison of Second Amended Disclosure Statement to
Third Amended Disclosure Statement
(Certain Exhibits Omitted)**

THIS DOCUMENT IS NOT A SOLICITATION OF VOTES ON THE PLAN. VOTES MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED A DISCLOSURE STATEMENT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. ALL OF THE INFORMATION IN THIS PROPOSED DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re
LEFEVER MATTSON,
a California corporation, *et al.*,

Debtors.

Case No. 24-10545 CN (Lead Case)

(Jointly Administered)

Chapter 11

In re
KS MATTSON PARTNERS, LP,

Debtor.

**~~SECOND~~^{THIRD} AMENDED
DISCLOSURE STATEMENT IN
SUPPORT OF ~~SECOND~~^{THIRD}
AMENDED JOINT CHAPTER 11 PLAN
OF LIQUIDATION**

~~Date: December 3, 2025~~
~~Time: 11:00 a.m. (Pacific Time)~~
~~Place: United States Bankruptcy Court~~
~~1300 Clay Street, Courtroom 215~~
~~Oakland, CA 94612~~
~~Judge: Hon. Charles Novack~~

JOINT PLAN PROPONENTS

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DISCLAIMER

THIS DISCLOSURE STATEMENT PROVIDES INFORMATION REGARDING THE **SECOND** **THIRD** AMENDED JOINT CHAPTER 11 PLAN OF LEFEVER MATTSON, KS MATTSON PARTNERS, AND THEIR AFFILIATED DEBTORS PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS, WHICH PLAN THE LFM DEBTORS, THE KSMP DEBTORS, AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS ARE SEEKING TO HAVE CONFIRMED BY THE BANKRUPTCY COURT. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES TO, AND CONFIRMATION OF, THE PLAN AND MAY NOT BE RELIED ON FOR ANY OTHER PURPOSE. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION OR RECOMMENDATION BY THE BANKRUPTCY COURT REGARDING THE FAIRNESS OR THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN DOCUMENTS RELATING TO THE PLAN. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY, OR DISCREPANCY BETWEEN THE TERMS AND PROVISIONS IN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN SHALL GOVERN FOR ALL PURPOSES. ALL HOLDERS OF CLAIMS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

THE STATEMENTS CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN. ALTHOUGH THE LFM DEBTORS AND THE KSMP DEBTORS (COLLECTIVELY, THE “DEBTORS”) HAVE MADE AN EFFORT TO DISCLOSE WHERE CHANGES IN PRESENT CIRCUMSTANCES COULD REASONABLY BE EXPECTED TO AFFECT MATERIALLY THE RECOVERIES UNDER THE PLAN, THIS DISCLOSURE STATEMENT IS QUALIFIED TO THE EXTENT CERTAIN EVENTS DO OR DO NOT OCCUR.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR ANY OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AGENCY, NOR HAS THE SEC OR ANY OTHER SUCH AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. ALL PERSONS OR ENTITIES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE SPECIFIC PURPOSE FOR WHICH THE DOCUMENTS WERE PREPARED.

THE PLAN PROPONENTS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT

1 THAT MAY BE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER THE
2 FEDERAL SECURITIES LAWS. STATEMENTS CONCERNING THESE AND OTHER
3 MATTERS ARE NOT GUARANTEES AND REPRESENT THE DEBTORS' ESTIMATES
4 AND ASSUMPTIONS ONLY AS OF THE DATE SUCH STATEMENTS WERE MADE
5 AND INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER
6 UNKNOWN FACTORS THAT COULD IMPACT THE PLAN PROPONENTS' PLAN OR
7 DISTRIBUTIONS THEREUNDER. IN ADDITION TO STATEMENTS THAT
8 EXPLICITLY DESCRIBE SUCH RISKS AND UNCERTAINTIES, READERS ARE URGED
9 TO CONSIDER STATEMENTS LABELED WITH THE TERMS "BELIEVES," "BELIEF,"
10 "EXPECTS," "INTENDS," "ANTICIPATES," "PLANS," OR SIMILAR TERMS TO BE
11 UNCERTAIN AND FORWARD-LOOKING. CREDITORS AND OTHER INTERESTED
12 PARTIES SHOULD ALSO REVIEW THE SECTION OF THIS DISCLOSURE
13 STATEMENT ENTITLED "RISK FACTORS" FOR A DISCUSSION OF CERTAIN
14 FACTORS THAT MAY AFFECT THE PLAN AND DISTRIBUTIONS THEREUNDER.
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TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	Overview of the Plan.....	2
1.	General Structure of the Plan.....	2
2.	Summary of Treatment of Claims and Equity Interests Under the Plan.....	5
B.	Plan Voting Instructions and Procedures.....	6
1.	Voting Rights.....	6
2.	Solicitation Materials.....	8
3.	Election on Investor Ballots to Contribute Certain Claims.....	10
4.	Confirmation Hearing and Deadline for Objections to Confirmation.....	11
II.	BACKGROUND.....	11
A.	Overview of Debtors' Organizational Structure, History, and Business.....	11
1.	The LFM Debtors.....	11
2.	The KSMP Debtors.....	13
B.	Debtors' Secured and Unsecured Debt.....	14
1.	The LFM Debtors.....	14
2.	The KSMP Debtors.....	14
3.	KSMP Investment Entities.....	15
C.	Mattson Chapter 11 Case.....	15
D.	Mr. Mattson's Fraudulent Scheme.....	15
E.	Criminal and SEC Proceedings Against Mattson.....	16
1.	Mattson Indictment.....	16
2.	Mattson SEC Complaint.....	16
F.	Events Immediately Preceding the LFM Debtors' Chapter 11 Filing.....	16
III.	THE CHAPTER 11 CASES.....	17
A.	First-Day and Other Routine Orders and Employment Applications.....	17
B.	Use of Cash Collateral / DIP Financing.....	18
1.	The LFM Debtors.....	18
2.	KSMP.....	19

C.	Appointment of the Unsecured Creditors' Committee	20
D.	Schedules and Statements of Financial Affairs	20
E.	Claims Bar Dates	21
F.	Asset Sales	21
G.	Committee's Motion for Substantive Consolidation of LFM and KSMP	22
H.	Committee Standing Stipulations	22
I.	Motion to Appoint Trustee for Live Oak Investments, LP	23
J.	Settlement with Socotra	23
IV.	OVERVIEW OF THE PLAN AND PROVISIONS RELATING TO THE GLOBAL SETTLEMENT	24 <u>23</u>
A.	Comprehensive Compromise and Settlement Under the Plan	24
1.	Substantive Consolidation Issues	25
2.	Ponzi Scheme Issues	27
3.	Position of the Tillman Opposing Investors (not the Plan Proponents)	<u>29</u>
B.	The Settlement Provisions in the Plan Are Fair and Reasonable and in the Best Interest of All Investors and Other Creditors.	32 <u>31</u>
C.	Plan Recovery Trust	<u>31</u>
D.	Secured Lender Claims	32
D <u>E.</u>	Distributions to Holders of Trade Claims and Plan Recovery Trust Beneficiaries	33 <u>32</u>
E <u>F.</u>	Investor-Specific Claims	34 <u>33</u>
1.	Contributed Claim Election	34
F <u>G.</u>	Discharge, Injunctions, Releases, and Exculpation	35
1.	Non-Discharge of the Debtors	35
2.	Debtors' Releases	36 <u>35</u>
3.	Exculpation and Limitation of Liability	36
4.	Injunctions Related to Releases and Exculpation.	37
V.	RISK FACTORS	37
A.	Parties May Object to the Plan's Classification of Claims and Equity Interests	38 <u>37</u>
B.	The Plan Proponents May Not Be Able to Obtain Confirmation of the Plan	38 <u>37</u>
C.	The Proposed Ponzi Findings May Be Contested	38
<u>C.</u>	<u>The Proposed Ponzi Findings May Be Contested</u>	<u>38</u>

D.	The Conditions Precedent to the Effective Date of the Plan May Not Occur.....	39
D E.	Claims Estimation and Allowance of Claims.....	39
E F.	Potential Pursuit of Plan Recovery Trust Actions Against Creditors and Others.....	40
F G.	Risks Regarding Real Estate.....	41
VI.	CONFIRMATION OF the PLAN.....	41
A.	The Confirmation Hearing.....	41
B.	Requirements for Confirmation of the Plan.....	42
C.	Best Interests of Creditors.....	43
D.	Feasibility.....	45 <u>44</u>
E.	Acceptance by Impaired Classes.....	45
F.	Confirmation Without Acceptance by All Impaired Classes.....	45
1.	No Unfair Discrimination.....	46
2.	Fair and Equitable Test.....	46
G.	Alternatives to Confirmation and Consummation of the Plan.....	47
VII.	CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN.....	47
B.	Certain U.S. Federal Income Tax Consequences of the Plan Recovery Trust.....	51
C.	Consequences to Holders of Claims Generally.....	53
D.	Consequences to Plan Recovery Trust Beneficiaries.....	55
E.	Withholding on Distributions and Information Reporting.....	58
VIII.	RECOMMENDATION.....	59

EXHIBITS & SCHEDULES

<u>EXHIBIT A</u>	Second <u>Third</u> Amended Joint Chapter 11 Plan of Liquidation
<u>EXHIBIT B</u>	Corporate Organizational Charts
<u>EXHIBIT C</u>	Liquidation and Recovery Analysis
<u>EXHIBIT D</u>	Non-Exclusive Description of Preserved Trust Actions
<u>EXHIBIT E</u>	Schedule of Secured Lender Subclasses

THE EXHIBITS ATTACHED TO THIS DISCLOSURE STATEMENT ARE INCORPORATED BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN

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I.

INTRODUCTION

LeFever Mattson, a California corporation ("LFM"), its affiliated debtors and debtors in possession (collectively with LFM, the "LFM Debtors"); KS Mattson Partners, LP ("KSMP" and, together with the LFM Debtors, the "Debtors"); and the Official Committee of Unsecured Creditors appointed in the above-captioned chapter 11 cases (the "Cases") to represent the interests of unsecured creditors and investors of the Debtors (the "Committee" and, together with the Debtors, the "Plan Proponents") hereby submit this Disclosure Statement pursuant to sections 1125 and 1126(b) of the Bankruptcy Code, in connection with the solicitation of votes on the ~~Second~~Third *Amended Joint Chapter 11 Plan of Liquidation* [Docket No. ~~2944~~3054] (as amended, modified, or supplemented from time to time pursuant to its terms, the "Plan"). A copy of the Plan is attached hereto as **Exhibit A**.¹ **The Debtors and the Committee support confirmation of the Plan.**

This Disclosure Statement describes the historical background that led to the commencement of the Cases, explains what has happened during the Cases, and sets forth the Plan's proposed treatment of creditors, including those holding or asserting investments in or with the Debtors and/or claims related to such investments ("Investors").² The purpose of this Disclosure Statement is to enable Investors and other creditors whose claims are impaired under the Plan and who are entitled

¹ The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between the summary herein and the Plan, the Plan shall govern. All capitalized terms used but not defined herein shall have the meanings provided to such terms in the Plan.

² The Plan more specifically defines an "Investor" as a Person or Entity that holds an Investor Claim. "Investor Claims" are defined in the Plan as "any Claim arising from or relating to an Investment, including, without limitation, (a) all Claims (including any contract or related Claims) based on, arising out of, or related to any Investments including the validity, marketing, sale, and issuance thereof; (b) all Claims for fraud, unlawful dividend, fraudulent conveyance, fraudulent transfer, voidable transaction, or other avoidance claims under state or federal law; (c) all Claims arising from or related to the preparation or filing of the Debtors' and/or their affiliates' (including the KSMP Investment Entities') federal, state, local, or other tax returns, forms, and other filings; (d) all Claims based on, arising out of, or related to the misrepresentation of any of the Debtors' or the KSMP Investment Entities' financial information, assets and properties, business operations, or related internal controls; (e) all Claims based on, arising out of, or related to any failure to disclose, or actual or attempted cover up or obfuscation of, any of the wrongful conduct described in the Disclosure Statement, including with respect to any alleged fraud related thereto and undisclosed loans; (f) all Claims based on aiding or abetting, entering into a conspiracy with, or otherwise supporting Investment-related torts committed by the Debtors, the KSMP Investment Entities, or their agents; and (g) any Claims arising from or relating to TIC Interests; provided that any and all Equity Interests asserted by a Person or Entity in the Debtors via a Proof of Interest shall be deemed to be an Investor Claim for purposes of classification and distributions under the Plan, without any further notice, motion, complaint, objection, or other action or order of the Court."

1 to vote on the Plan to make an informed decision when choosing to accept or reject the Plan. This
2 Disclosure Statement describes the terms and provisions of the Plan, the effects of confirmation of
3 the Plan, the risk factors associated with the Plan, and the manner in which distributions will be
4 made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and
5 the voting and election procedures that Investors and other creditors entitled to vote under the Plan
6 must follow for their votes to be counted.

7 **A. Overview of the Plan**

8 **1. General Structure of the Plan**

9 A bankruptcy plan is a vehicle for satisfying the rights of holders of claims against and equity
10 interests in a debtor. Confirmation of a plan is the overriding purpose of a chapter 11 case. Upon
11 confirmation and effectiveness, a plan becomes binding on the debtor and all of its creditors and
12 equity interest holders, whether or not they voted to accept the plan.

13 Since the Committee's appointment, the Debtors and the Committee, through months of
14 cooperation, information gathering, and negotiation for the benefit of all Investors and other
15 creditors, reached a global resolution, embodied in the proposed Plan, aimed at: (i) mitigating the
16 damage inflicted on Investors by Mr. Kenneth Mattson's financial misconduct and (ii) developing a
17 level playing field that treats Investors as equally and fairly as possible and provides them a recovery
18 as quickly as possible.

19 The Debtors and the Committee have conducted a comprehensive joint investigation into the
20 prepetition conduct of the Debtors, their principals, and relevant third parties (the "Investigation").
21 As part of their Investigation, the Plan Proponents have issued more than 30 subpoenas, collected
22 more than one million documents, and engaged in a process to review the approximately 1,152 filed
23 proofs of claim and approximately 817 filed proofs of interest (asserting over 1,800 subclaims).

24 As a result of the Investigation, the Debtors and the Committee have reached the following
25 material conclusions, among others:

- 26 1. The Debtors operated a **Ponzi scheme**, a central feature of which was a bank account
27 maintained at Bank of the West (subsequently acquired by BMO Bank) ending in
28 1059 and primarily controlled by Mr. Mattson (the "1059 Account").

2. The Debtors' books and records are **incomplete**, such that determining with certainty the ownership structure of each Debtor would be cost prohibitive *and may not be possible*.

3. The Debtors' prepetition operations involved a **vast array of intercompany transactions and transfers** among the Debtors that would be cost-prohibitive to untangle and validate, *if such disentanglement is even possible*.

4. The Debtors **routinely moved real estate from one entity to another entity**, which may have also artificially inflated the value of certain properties and enabled Mr. Mattson to place **undisclosed loans** on properties.

Under the circumstances, the Debtors and the Committee have determined that it is in the best interests of Investors and other creditors to propose a global settlement (the "**Global Settlement**")—to be effectuated through the Plan—that treats Investors and other creditors fairly without incurring the considerable additional professional fees and costs that would be necessary to attempt to fully disentangle the Debtors. A comprehensive discussion of the facts and circumstances supporting the Global Settlement has been separately filed with the Court at Docket No. 2568 (the "**Investigation Report**"), which can be accessed from the Debtors' restructuring website at <https://veritaglobal.net/LM>.

The Debtors and the Committee have negotiated the Plan and Global Settlement. The Global Settlement avoids the delay, risk, and cost of litigating substantive consolidation (as defined below) and the scope and start date of the Ponzi scheme. The Global Settlement embodied in the Plan acknowledges the wide-ranging Ponzi scheme and provides for substantive consolidation of all the Debtors' estates, as well as three non-debtor entities, into LFM.

The Plan provides for a single class of Investor Claims (not subclasses for each Debtor): Class 5. The Plan treats all Investors the same, as holders of tort claims against the Debtors, regardless of the nature or documentation of their investment and regardless of whether their investment is recorded in the Debtors' books and records. This Investor class will vote as one class to accept or reject the Plan, so that the overall will of the Investor community is captured. If Class 5 accepts the Plan, the Debtors and the Committee will move forward with confirmation of the Plan,

1 including the substantive consolidation of the Debtors and KSMP Investment Entities. If the Investor
2 class rejects the Plan, the Debtors and the Committee will **not** move forward with the Plan. In the
3 event Class 5 rejects the Plan, the Debtors and Committee will need to incur additional fees and
4 expenses to develop an alternative path forward.

5 The Plan is a **“single pot” plan**, meaning that it pools and consolidates all of the assets and
6 liabilities of all of the Debtors and the KSMP Investment Entities for distribution purposes.³ This
7 pooling is known as **substantive consolidation**. Under the Plan, no third parties—including Mr.
8 Mattson and Mr. Timothy LeFever—will receive a release for their conduct related to the Debtors.

9 The Plan further provides, in accordance with applicable Ponzi scheme case law, that
10 Investor claims will be “netted” to make sure all Investors are treated fairly. Specifically, pursuant to
11 the Global Settlement, each Investor will receive (a) a claim for the total amount of money (or value
12 of property) it invested in the Debtors over time *less* the total amount of any distributions the
13 Investor received over the **seven years** prior to September 12, 2024 (referred to as the **Investor**
14 **Tranche 1 Claim**) and (b) a separate claim for the amount of those deducted distributions (referred
15 to as the **Investor Tranche 2 Claim**) (if any). The Plan provides that Investors will first receive their
16 *pro rata* distribution of available assets on account of their Investor Tranche 1 Claim. If and when
17 each Investor Tranche 1 Claim is paid in full, Investors will then receive their *pro rata* distribution
18 of available assets on account of their Investor Tranche 2 Claim (if any).

19 A key consideration of the Global Settlement is that rather than net distributions from the
20 suspected Ponzi start date (more than a decade ago), the Investor Tranche 1 Claim will be calculated
21 based on payments made to Investors **seven years** prior to September 12, 2024. In other words, under
22 the Global Settlement, an Investor that has received distributions from the Debtors for 15 years will
23 have its claim reduced by the amount of distributions over the last seven years, not the full 15 years.
24 This is necessary because of the state of the business records, the costs required to net the claims
25 from an earlier date, and to assure all Investors are treated the same.

26
27 ³ By way of example, if Entity A holds \$100 of assets and owes \$0 of liabilities, and Entity B holds \$0 of assets and
28 owes \$100 of liabilities, and if those two entities are substantively consolidated, the resulting entity will hold \$100 of
assets and owe \$100 of liabilities.

1 To effectuate distributions to Investors, the Plan provides for the creation of the Plan
2 Recovery Trust. The Plan Recovery Trust will take ownership of the Debtors' assets, sell or
3 otherwise dispose of those assets to generate cash, and distribute that cash to Investors. The Plan
4 Recovery Trust also will own litigation claims against third parties, *including Mr. Mattson and Mr.*
5 *LeFever*, and may generate cash through prosecution or settlement of those claims. The Plan
6 Recovery Trust will distribute cash to Investors and creditors over time, as it monetizes the Plan
7 Recovery Trust Assets.⁴

8 The Plan Recovery Trust will also hold certain litigation claims known as "Contributed
9 Claims." Contributed Claims include all Causes of Action that are legally assignable (including
10 Causes of Action that are legally assignable solely because of the preemptive effect of the Plan) that
11 an Investor has against any Person that is not a Debtor and that are related in any way to the Debtors,
12 their predecessors, their respective affiliates, or any Excluded Parties. Investors will automatically
13 contribute their Contributed Claims to the Plan Recovery Trust—and become a Contributing
14 Claimant—if they vote to accept the Plan and do not opt out of the Contributed Claim Election,
15 unless the Investors' claims and causes of action are listed in the Schedule of Disclaimed
16 Contributed Claims. Only Contributing Claimants will be entitled to receive a *pro rata* share of
17 Class C Plan Recovery Trust Units. Investors may wish to contribute their claims because combining
18 all Contributed Claims and similar Plan Recovery Trust Actions may allow those claims to be
19 pursued and resolved more efficiently and effectively.

20 The Plan Proponents believe that the settlement reflected in the Plan provides the best
21 prospect for Investors and other creditors to maximize their recoveries from the Debtors' estates, and
22 to receive those distributions as soon as reasonably possible.

23 **2. Summary of Treatment of Claims and Equity Interests Under the Plan**

24 The table below summarizes the classification and treatment of Claims and Equity Interests
25 under the Plan. **THE PROJECTED RECOVERIES FOR CLAIMS SET FORTH IN THE**
26

27 ⁴ Under the Plan, Investors will also receive pro rata distributions from the Investor Forfeiture Fund in the event that
28 Forfeiture Property (if any) is obtained from Mattson and/or other Excluded Parties by the DOJ, the SEC or another
Governmental Unit.

TABLE BELOW ARE ESTIMATES ONLY. ACTUAL RECOVERIES MAY DIFFER.⁵ For a complete description of the classification and treatment of Claims and Equity Interests, reference should be made to the Plan.

CLASS	DESCRIPTION	IMPAIRMENT	ENTITLED TO VOTE?	PROJECTED RECOVERY
None	Administrative Claims	Unimpaired	No	100%
None	DIP Claims	Unimpaired	No	100%
None	Priority Tax Claims	Unimpaired	No	100%
Class 1	Priority Claims	Unimpaired	No	100%
Class 2	Other Secured Claims	Unimpaired	No	100%
Class 3	Secured Lender Claims ⁶	Impaired	Yes	100%
Class 4	Trade Claims	Impaired	Yes	72.7%-100% ⁷
Class 5	Investor Claims	Impaired	Yes	19.7% - 35.9% ⁸ (Tranche 1 Claims)
Class 6	Intercompany Claims	Impaired	No	0%
Class 7	Equitably Subordinated Claims	Impaired	No	0%
Class 8	Equitably Subordinated Interests	Impaired	No	0%

THE PLAN PROPONENTS BELIEVE THAT THE PLAN IS FAIR AND EQUITABLE, WILL MAXIMIZE RECOVERIES TO INVESTORS AND OTHER CREDITORS, AND IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR STAKEHOLDERS. THE PLAN ALSO IS THE PRODUCT OF THE PLAN PROPONENTS' EXTENSIVE NEGOTIATIONS.

FOR THESE REASONS, THE PLAN PROPONENTS URGE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE TO TIMELY RETURN THEIR BALLOTS AND TO VOTE TO ACCEPT THE PLAN.

B. Plan Voting Instructions and Procedures

⁵ See Liquidation and Recovery Analysis included as part of **Exhibit C** attached hereto.

⁶ For voting purposes and to comply with section 1122(a) of the Bankruptcy Code, each Allowed Secured Lender Claim shall be deemed to be in its own subclass. A Schedule of Secured Lender Subclasses, listing the subclasses and applicable voting amounts of the Secured Lenders, is provided in **Exhibit E** attached hereto. If a Holder's Class 3 Claim is paid in full between the Voting Record Date and the Confirmation Date, the Holder's Class 3 vote on the Plan will not be counted. The Plan Proponents reserve the right to assert that the treatment provided to the Holders of Class 3 Claims pursuant to the Plan renders such Claims unimpaired.

⁷ Assumes that Class 4 votes to accept the Plan.

⁸ The estimated recovery is with respect to an Investor's Allowed Investor Tranche 1 Claim. The Plan provides that Investors will first receive their *pro rata* distribution of available assets on account of their Allowed Investor Tranche 1 Claim. If and when each Allowed Investor Tranche 1 Claim is paid in full, Investors will then receive their *pro rata* distribution of available assets on account of their Allowed Investor Tranche 2 Claim (if any). There is no expected recovery under the Plan for Investors on account of their Allowed Investor Tranche 2 Claims. See Liquidation and Recovery Analysis.

1 **1. Voting Rights**

2 Under the Bankruptcy Code, only classes of claims or interests that are “impaired” and that
3 are not deemed as a matter of law to have rejected a plan under section 1126 of the Bankruptcy Code
4 are entitled to vote to accept or reject such plan. Any class that is “unimpaired” is not entitled to vote
5 to accept or reject a plan and is conclusively presumed to have accepted the plan. As set forth in
6 section 1124 of the Bankruptcy Code, a class is “impaired” if the legal, equitable, or contractual
7 rights attaching to the claims or equity interests of that class are modified or altered by the proposed
8 plan. Holders of claims or interests within an impaired class are entitled to vote to accept or reject a
9 plan if such claims or interests are “allowed” under section 502 of the Bankruptcy Code. **Simply**
10 **put:** not everyone gets to vote on the Plan. In some cases, the law already assumes an
11 answer—either yes (if one’s rights aren’t being changed) or no (if one will not receive or retain any
12 property). But if one’s rights are being changed by the Plan, and if that person’s claims qualify as
13 “allowed,” then that person will have the right to cast a vote.

14 Under the Bankruptcy Code, acceptance of a plan by a class of claims is determined by
15 calculating the number and the amount of allowed claims voting to accept the plan. Acceptance by a
16 class of claims requires (i) more than one-half of the number of total allowed claims voting in the
17 class to vote in favor of the plan *and* (ii) at least two-thirds in dollar amount of the total allowed
18 claims voting in the class to vote in favor of the plan. Only those non-insider holders that actually
19 vote to accept or reject the plan are counted for purposes of determining whether these dollar and
20 number thresholds are met. Thus, for a class to accept the Plan, it is necessary that a majority of
21 those **voting** and at least two-third of the dollars represented by those votes say “yes.”

22 Pursuant to the Plan, Claims in Class 3 (Secured Lender Claims), Class 4 (Trade Claims),
23 and Class 5 (Investor Claims) are impaired and entitled to receive distributions.⁹ Holders of Claims
24 in those Classes—as of the dates specified in the Solicitation Procedures Order (the “Voting Record
25 Date”)—may vote on the Plan.

26
27
28 ⁹ The Plan Proponents reserve the right to assert that the treatment provided to the Holders of Class 3 Claims pursuant to the Plan renders such Claims unimpaired.

Under the Plan, the remaining classes are not entitled to vote. Claims in Class 1 (Priority Claims) and Class 2 (Other Secured Claims) are unimpaired by the Plan—they will be paid in full—and are therefore conclusively presumed to have accepted the Plan without a vote. Claims in Class 6 (Intercompany Claims), Class 7 (Equitably Subordinated Claims), and Class 8 (Equitably Subordinated Interests) will not receive or retain any property under the Plan and are therefore deemed to have rejected the Plan without a vote. In short, Classes 1 and 2 are treated as if they voted “yes,” while Classes 6, 7, and 8 are treated as if they voted “no.”

2. Solicitation Materials

The Debtors, with the approval of the Bankruptcy Court, have engaged Verita Global (the “Voting Agent”) to serve as the voting agent to process and tabulate Ballots and to generally manage the voting process. The following materials constitute the solicitation package to be received by Holders of Claims entitled to vote on the Plan (the “Solicitation Package”):

- A cover letter describing the contents of the Solicitation Package and directing parties to the website at which they may view the Disclosure Statement and the exhibits thereto, including the Plan and the exhibits attached thereto;
- The Bankruptcy Court order approving this Disclosure Statement (the “Solicitation Procedures Order”) (excluding exhibits);
- For Holders of Class 5 Investor Claims only, the Plan Summary;
- The notice of, among other things, (i) the date, time, and place of the [status conference to schedule a](#) hearing to consider Confirmation of the Plan and related matters and (ii) the deadline for filing objections to Confirmation of the Plan (the “Confirmation-Hearing Notice”);
- One or more Ballots, to be used in voting to accept or to reject the Plan and, in the case of Investors the applicable instructions to vote (the “Voting Instructions”);¹⁰
- [For Holders of Class 5 Investor Claims only, an Investor Settlement Offer Letter;](#)
- A pre-addressed, postage prepaid return envelope; and
- Such other materials as the Bankruptcy Court may direct or approve.

¹⁰ ~~The amount of the Investor Claim on the Ballot is for voting purposes only. Allowed Investor Claims for distribution purposes shall be established separately in accordance with the process and procedures described in the Joint Motion for the Entry of an Order Approving Settlement Procedures with Respect to Investor Claims and/or further order(s) of the Bankruptcy Court.~~

1 The Debtors, through the Voting Agent, will distribute the Solicitation Package in
2 accordance with the Solicitation Procedures Order. The Solicitation Package, exclusive of Ballots, is
3 also available without charge on the Debtors' restructuring website at <https://veritaglobal.net/LM>.

4 Well prior to the Voting Deadline (defined below), the Plan Proponents will file a Plan
5 Supplement that will contain additional information relating to the Plan and its implementation,
6 including the Plan Recovery Trust Agreement. You are encouraged to read the Plan Supplement and
7 its attachments. As the Plan Supplement is updated or otherwise modified, it will be made available
8 without charge on the Debtors' restructuring website at <https://veritaglobal.net/LM>.

9 If you believe that you are entitled to vote on the Plan but do not receive a Ballot, if your
10 Ballot is damaged or illegible, or if you have any questions concerning voting procedures, you
11 should contact the Voting Agent by writing to:

12 LeFever Mattson Ballot Processing Center
13 c/o KCC dba Verita
14 222 N. Pacific Coast Highway, Suite 300
15 El Segundo, CA 90245
(877) 709-4751 (U.S./Canada)
(424) 236-7231 (International)

16 Copies of the Plan, Disclosure Statement, and other documents filed in these Cases also may be
17 obtained free of charge on the Debtors' restructuring website at <https://veritaglobal.net/LM>.

18 You are encouraged to read the materials in the Solicitation Package in their entirety,
19 including, without limitation, the Solicitation Procedures Order and the Voting Instructions for
20 important information about how and when to cast your vote and special procedures for estimating
21 the amount of your claim **FOR VOTING PURPOSES ONLY**, among other things.

22 **The deadline to vote on the Plan is January 21, 2026 at 11:59 p.m. (Pacific Time)** (the
23 "Voting Deadline"). In order for your vote to be counted, your Ballot must be properly completed in
24 accordance with the Voting Instructions on the Ballot and **actually received** no later than the Voting
25 Deadline.

26 **ALL BALLOTS ARE ACCOMPANIED BY VOTING INSTRUCTIONS. IT IS**
27 **IMPORTANT THAT THE HOLDER OF A CLAIM ENTITLED TO VOTE FOLLOW THE**
28 **SPECIFIC INSTRUCTIONS PROVIDED WITH EACH BALLOT.**

1 The Voting Agent will process and tabulate Ballots for the Classes entitled to vote to accept
2 or reject the Plan and will file a voting report (the “Voting Report”). The Voting Report will, among
3 other things, describe every Ballot that does not conform to the Voting Instructions or that contains
4 any form of irregularity, including, but not limited to, those Ballots that are late, illegible (in whole
5 or in material part), unidentifiable, lacking signatures, lacking necessary information, or damaged.

6 **THE PLAN PROPONENTS URGE HOLDERS OF CLAIMS WHO ARE ENTITLED**
7 **TO VOTE TO RETURN THEIR BALLOTS BY THE VOTING DEADLINE AND TO VOTE**
8 **TO ACCEPT THE PLAN.**

9 **3. Election on Investor Ballots to Contribute Certain Claims**

10 The Ballots also permit each Investor—*i.e.*, each Holder of a Class 5 Claim—to assign its
11 Contributed Claims to the Plan Recovery Trust. By casting a Ballot to accept the Plan and not opting
12 out of the Contributed Claim Election, an Investor agrees that, subject to the Effective Date and the
13 formation of the Plan Recovery Trust, it will be deemed to have assigned its Contributed Claims to
14 the Plan Recovery Trust (provided that such Claims are not listed in the Schedule of Disclaimed
15 Contributed Claims). Investors may wish to make this election because aggregating all Contributed
16 Claims and similar Plan Recovery Trust Actions can allow these claims to be pursued and resolved
17 more efficiently and effectively.

18 Pursuant to the Plan, “Contributed Claims” includes all Causes of Action that are legally
19 assignable (including Causes of Action that are legally assignable solely because of the preemptive
20 effect of the Plan) that an Investor has against any Person that is not a Debtor and that are related in
21 any way to the Debtors, their predecessors, their respective affiliates, or any Excluded Parties.

22 If an Investor elects to contribute its Contributed Claims to the Plan Recovery Trust, that
23 Investor will receive a Pro Rata Distribution of Class C Plan Recovery Trust Units on the Effective
24 Date, or as soon as practicable thereafter. The distribution will be based on the ratio of (a) the
25 Investor’s Allowed Investor Claim to (b) the total Allowed Investor Claims of all Investors that
26 make the Contributed Claims Election.

27 In the event that an Investor intends to apply certain IRS safe harbor procedures relating to
28 the deduction of losses realized by investors in certain fraudulent investment schemes, the transfer

1 by such Investor of a claim against a third party to the liquidating trust may affect the manner in
2 which such safe harbor procedures can be applied. Accordingly, Investors are urged to consult with
3 their own tax advisors regarding the potential tax consequences to them of transferring third party
4 claims to the liquidating trust, including the effect of such transfer on the manner in which the IRS
5 safe harbor procedures relating to the deduction of losses realized by investors in certain fraudulent
6 investment schemes may be applied.

7 **4. Confirmation Hearing and Deadline for Objections to Confirmation**

8 Objections to Confirmation of the Plan must be Filed and served on the Plan Proponents and
9 certain other entities, all in accordance with the Confirmation~~Hearing~~ Notice, so that such
10 objections are **actually received** by no later than **January 21, 2026 at 11:59 p.m. (Pacific Time)**.
11 Unless objections to Confirmation of the Plan are timely served and Filed in compliance with the
12 Solicitation Procedures Order, they may not be considered by the Bankruptcy Court. For further
13 information, refer to Section VI of this Disclosure Statement, "Confirmation of the Plan."

14 **II.**

15 **BACKGROUND**

16 **A. Overview of Debtors' Organizational Structure, History, and Business**

17 **1. The LFM Debtors**

18 LFM manages a large real estate portfolio. Mr. LeFever and Mr. Mattson each own 50% of
19 the equity in LFM. For decades, the company's business has been the ownership of investment real
20 estate—single family homes as well as multi-unit properties. Originally, properties were owned by
21 LFM alone or as a tenant in common with other investors. Eventually the business model shifted to
22 creating limited liability companies, and then limited partnerships, to purchase multi-family or other
23 commercial properties.¹¹¹⁰ This structure allowed LFM to pool more capital by selling limited
24 interests to a small number of accredited investors while typically reserving an ownership interest in
25 the investment entity for itself as general partner or managing member.

26
27 ¹¹¹⁰ Under this shifted business model, investors who were tenants in common often deeded their interest in the property
28 to the newly created LLC or LP, and in exchange received a membership interest or limited partnership interest,
respectively.

1 Currently, LFM directly or indirectly controls or has ownership interests in fifty limited
2 partnerships (collectively, the “LPs”) and eight limited liability companies (collectively, the
3 “LLCs”). The LFM Debtors are comprised of LFM, CIP (as defined below), the Property Manager
4 (as defined below), and the fifty-eight LPs and LLCs (the “LFM Investment Entities”) that are listed
5 on Exhibit B to the Plan.¹²¹¹ LFM, directly or indirectly, is the general partner or managing member,
6 as applicable, of each of the LFM Investment Entities.

7 LFM also has ownership interests in four California corporations: (i) debtor Home Tax
8 Service of America, Inc., dba LeFever Mattson Property Management (the “Property Manager”),
9 which provides property management services, including to those properties owned by LFM
10 Investment Entities; (ii) debtor California Investment Properties, a California corporation (“CIP”),
11 which is a real estate brokerage; and (iii) non-debtors Pineapple Bear, a California corporation
12 (which offers hospitality and catering services) and Harrow Cellars, a California corporation (which
13 operated a winery and related businesses).

14 Since 1990, LFM grew substantially and, before the bankruptcy filings, managed a portfolio
15 of, at times, more than 200 properties composed of commercial, residential, office, and mixed-use
16 real estate, as well as vacant land, located mostly in Northern California, primarily in Sonoma,
17 Sacramento, and Solano Counties (the “Properties”). The LFM Debtors generate income, in part,
18 from the Properties through rents and use the proceeds to fund part of their operations.

19 LFM has no employees. CIP, which also has no employees, is a real estate brokerage that has
20 provided services in connection with the Properties and others purchased or sold by LFM and the
21 LFM Investment Entities. The Property Manager has approximately fifty-two employees. It provides
22 property management services for the Properties and certain real properties owned by non-Debtors
23 through Property-specific management agreements, and it holds bank accounts in trust for the LFM
24 Investment Entities, for rents and expenses (the “Trust Accounts”). The Property Manager maintains
25 the books and records of each of the LFM Investment Entities (the “LFM Debtors’ Records”), except
26 as noted below with respect to the Mattson Maintained Debtors and LFM, including the identity of
27

28 ¹²¹¹ A corporate organizational chart showing the LFM Debtors’ organizational structure is attached hereto as **Exhibit B**
(the “LFM Organizational Chart”).

Record Investors in each LFM Investment Vehicle¹³¹² (the “LFM Debtors’ Investment Records”). The Property Manager also made payments to Record Investors in the LFM Investment Entities on account of their investments. However, the Property Manager did not maintain the books and records of eight of the LFM Debtors (collectively, the “Mattson Maintained Debtors”);¹⁴¹³ although LFM is the general partner or managing member of each of the Mattson Maintained Debtors, the Property Manager understood that Mattson (or KSMP) maintained the books and records for such entities and did not manage Properties for the Mattson Maintained Debtors.

Bradley D. Sharp, the President and Chief Executive Officer of Development Specialists, Inc. (“DSI”), was appointed as the Responsible Individual for each LFM Debtor pursuant to local Bankruptcy Rule 4002-1 [Docket Nos. 11, 30, 48]. Mr. Sharp is the individual with primary responsibility for the duties and obligations of each LFM Debtor during the Cases. Mr. Sharp and DSI were first engaged as financial advisors by the LFM Debtors in July 2024.

As of October 31, 2025, the LFM Debtors had approximately \$29,494,323.00 of cash on hand in the aggregate and the fair market value of their remaining real estate was approximately \$230,684,500.00 in the aggregate.

2. The KSMP Debtors

KSMP was formed as a California limited partnership on August 16, 1999, to manage and develop the Mattson family assets. KSMP’s partnership interests are held by Mr. Mattson (49%), his wife Stacy Mattson (49%), and K S Mattson Company, LLC (“KSMC”) (2%). KSMC is the general partner of KSMP; Mr. and Mrs. Mattson each hold 50% of the membership interests in KSMC, with Mr. Mattson serving as KSMC’s managing member.

On November 22, 2024, LFM and Debtor Windtree, LP filed an involuntary chapter 11 petition against KSMP, commencing Case No. 24-10715 (Bankr. N.D. Cal.) (the “KSMP Case”).¹⁵¹⁴

¹³¹² “LFM Investment Vehicle” includes not only the LFM Investment Entities, but also Properties for which LFM pooled more capital by selling limited interests to a small number of accredited investors.

¹⁴¹³ The Mattson Maintained Debtors are: Apan Partners, LLC; Bay Tree, LP; Bishop Pine, LP; Butcher Road Partners, LLC; Golden Tree, LP; Spruce Pine, LP; Watertree I, LP; and Windtree, LP.

¹⁵¹⁴ References herein to “KSMP Docket No.” are to the docket entry numbers in *In re KS Mattson Partners, LP*, No. 24-10715 (Bankr. N.D. Cal.).

1 After more than six months of contested proceedings, KSMP consented to a stipulated order
2 for relief in the KSMP Case, which was entered by the Bankruptcy Court on June 9, 2025 [KSMP
3 Docket No. 131]. Robbin Itkin has been appointed as the Responsible Individual for KSMP for
4 purposes of its bankruptcy case pursuant to local Bankruptcy Rule 4002-1 [KSMP Docket Nos. 133
5 & 172]. As the Responsible Individual, Ms. Itkin (a) is solely responsible for the duties and
6 obligations of KSMP as a debtor in possession pursuant to local Bankruptcy Rule 4002-1 and (b) is
7 vested with the authority to operate KSMP's business pursuant to section 1108 of the Bankruptcy
8 Code.

9 To the best of the Plan Proponents' knowledge, KSMP has no management or employees and
10 no traditional books and records. As discussed further below, since Ms. Itkin's appointment,
11 KSMP's advisors have obtained limited financial data about KSMP from public records, discovery,
12 due diligence, bank statements, and vendor invoices.

13 Because KSMP lacks necessary corporate records, including those of its affiliates, it was
14 unable to commence chapter 11 cases for three related entities—(i) Specialty Properties Partners,
15 L.P.; (ii) Treehouse Investments, L.P.; and (iii) Perris Freeway Plaza, LP.—before filing the Plan.
16 KSMP serves as the general partner of these entities, which the Joint Investigation shows were also
17 involved in the Ponzi scheme.

18 As of October 31, 2025, KSMP had approximately \$747,638.00 of cash on hand in the
19 aggregate and the fair market value of its remaining real estate was approximately \$76,477,000.00 in
20 the aggregate.

21 **B. Debtors' Secured and Unsecured Debt**

22 **1. The LFM Debtors**

23 The LFM Debtors have unsecured debt in the form of trade debt, unsecured notes payable,
24 prepaid rent or security deposits held for tenants of the Properties, and litigation claims.

25 As of the Petition Dates (as defined below), the LFM Debtors collectively owned
26 approximately 175 separate properties of all types: single-family, multi-family, commercial,
27 mixed-use, agricultural, and vacant land. Most of these properties are encumbered by at least one
28 deed of trust held by a secured lender. The secured lenders range from institutional banks, to private

1 hard-money lenders, to individuals. Approximately twenty-nine different secured lenders (the
2 “Lenders”) appear to hold deeds of trust and assignments of rents on the Properties. As discussed
3 herein, the original borrower on many of the loans was KSMP.

4 **2. The KSMP Debtors**

5 Like the LFM Debtors, KSMP has unsecured debt in the form of trade debt, unsecured notes
6 payable, unsecured state and municipality liabilities, and security deposits held for tenants of the
7 Properties, and litigation claims.

8 As of the date hereof, KSMP is aware of 38 properties in which KSMP holds an ownership
9 interest. Like the LFM Debtors, the properties are of various types including: single-family,
10 multi-family, commercial, mixed-use, agricultural, and vacant land. Many of these properties are
11 encumbered by at least one deed of trust held by a secured lender. The secured lenders range from
12 institutional banks, to private hard-money lenders, to individuals and trusts. Approximately 18
13 different Lenders appear to hold deeds of trust and assignments of rents on the Properties—many of
14 which also hold deeds of trust and assignments of rents on Properties owned by the LFM Debtors.

15 **3. KSMP Investment Entities**

16 The Debtors have no evidence that the KSMP Investment Entities hold any assets or that they
17 have any liabilities apart from Investor Claims.

18 **C. Mattson Chapter 11 Case**

19 On November 22, 2024, LFM filed an involuntary chapter 11 petition against Mattson,
20 commencing Case No. 24-10714 (Bankr. N.D. Cal.) (the “Mattson Case”).¹⁶¹⁵ After more than seven
21 months of contested proceedings, Mattson consented to a stipulated order for relief in the Mattson
22 Case, which was entered by the Bankruptcy Court on July 14, 2025 [Mattson Docket No. 118]. On
23 September 5, 2025, the Bankruptcy Court entered the *Order for Relief in an Involuntary Case*
24 [Mattson Docket No. 127]. On September 15, 2025, Mr. Mattson filed the *Ex-Parte Request to*
25 *Convert Case to Chapter 7* [Mattson Docket No. 137].

26
27
28 ¹⁶¹⁵ References herein to “Mattson Docket No.” are to the docket entry numbers in *In re Kenneth W. Mattson*, No. 24-10714 (Bankr. N.D. Cal.).

1 **D. Mr. Mattson's Fraudulent Scheme**

2 Dating to at least 2009, Mr. Mattson engaged in numerous fraudulent activities and
3 transactions (collectively, the "Mattson Transactions") across the Investment Vehicles. The Mattson
4 Transactions took several forms, including the sale of fictitious interests in many of the Debtors; the
5 transfer of vast sums of money between and among LFM, KSMP, and other Debtors; and the
6 transfer among the Debtors of properties encumbered with high-interest loans. Each of the Mattson
7 Transactions is explained in further detail in the Investigation Report.

8 **E. Criminal and SEC Proceedings Against Mattson**

9 **1. Mattson Indictment**

10 On May 22, 2025, Mattson was arrested pursuant to a federal grand jury indictment (the
11 "Mattson Indictment") charging him with, *inter alia*, wire fraud (18 U.S.C. § 1343), money
12 laundering (18 U.S.C. § 1957), and obstruction of justice in a federal investigation (18 U.S.C. §
13 1519).

14 **2. Mattson SEC Complaint**

15 On May 22, 2025, the SEC filed the Mattson SEC Complaint against Mattson and KSMP (as
16 Relief Defendant). According to the Mattson SEC Complaint, from approximately 2007 through
17 April 2024, Mattson ran a Ponzi-like scheme by selling fake interests in various Debtors. The SEC
18 alleges that, in the last five years alone, Mattson fraudulently raised more than \$46 million from
19 approximately 200 investors, including many retired seniors with IRAs. The SEC alleges that
20 Mattson falsely told the defrauded Investors that their investments would buy them equity in specific
21 Debtors, entitling them to distributions of the income generated by the Debtors' Properties; that he
22 commingled new Investor funds with other personal and business funds in the 1059 Account; and
23 that he used the commingled funds to make Ponzi-like payments to existing Investors (with 6% or
24 more annual returns). The SEC also alleges that Mattson misappropriated Investor money to fund
25 certain real estate transactions through KSMP, pay expenses of KSMP, and pay his own personal
26 expenses. Finally, the SEC alleges that the Debtors' business records are incomplete, false, and/or
27 inaccurate relating to the fraudulent scheme, and in some cases were compromised and/or deleted by
28 Mr. Mattson.

1 cases on September 20, 2024 and October 17, 2024,¹⁹¹⁸ and the Bankruptcy Court ordered joint
2 administration (for procedural purposes only) of the LFM Debtors' and KSMP's chapter 11 cases on
3 July 29, 2025. The Bankruptcy Court appointed Kurtzman Carson Consultants, LLC dba Verita
4 Global ("Verita Global"), as claims and noticing agent. Verita Global maintains the Debtors'
5 restructuring website at <https://veritaglobal.net/LM>.

6 During the Cases, the LFM Debtors have obtained approval from the Bankruptcy Court to
7 employ:²⁰¹⁹ (a) Development Specialists, Inc. ("DSI"), including the designation of Bradley
8 Sharp of DSI as the Debtors' Chief Restructuring Officer; (b) Rishi Jain and Lance Miller as
9 independent directors of the Board of Directors of LFM; (c) Keller Benvenuti Kim LLP as
10 bankruptcy counsel; (d) FTI Consulting, Inc. and FTI Consulting Realty, Inc. (collectively, "FTI") as
11 real estate advisor;²¹²⁰ (e) SSL Law Firm LLP ("SSL") as real estate counsel; (f) The Law Office of
12 Donald S. Davidson, P.C., as special investigations counsel; (g) Buchalter, a Professional
13 Corporation, as special litigation counsel; (h) Slote, Links & Boreman, PC, as DRE Advisor; and (i)
14 Sotheby's International Realty, Marcus & Millichap, CBRE, Inc., KKG Inc. dba Coldwell Banker
15 Kappel Gateway Realty, The Lake Tahoe Brokerage Company, Inc., Compass California II, Inc.,
16 NRT West, Inc., and CB Sacramento as real estate brokers (collectively, the "LFM Real Estate
17 Brokers").

18 During the Cases, KSMP has obtained approval from the Bankruptcy Court to employ:²²²¹ (a)
19 Hogan Lovells US LLP as bankruptcy counsel; (b) Robbin Itkin as Responsible Individual; (c)
20 Stapleton Group a Part of J.S. Held LLC as operations and asset manager; and (d) Kidder Matthews,
21 Compass, W Real Estate – Sonoma, Premiere Estates Auction Company, and Douglas Elliman
22 (approval pending) as real estate brokers (collectively, the "KSMP Real Estate Brokers" and
23 together, with the LFM Real Estate Brokers, the "Real Estate Brokers").

24
25 ¹⁹¹⁸ Docket Nos. 45 & 168; Windscape Apartments, LLC, Case No. 24-10417, Docket No. 79; Pinewood
26 Condominiums, LP, Case No. 24-10598, Docket No. 15; Ponderosa Pines, LP, Case No. 24-10599, Docket No. 19.

27 ²⁰¹⁹ See Docket Nos. 51, 160, 179, 641, 644, 1401, 846, 847, 969, 972, 973, 1040.

28 ²¹²⁰ FTI serves as the joint real estate advisor for the Committee and the Debtors.

²²²¹ See KSMP Docket No. 223; Docket Nos. 2086, 2240, 2241, 2242, and 2243.

1 **B. Use of Cash Collateral / DIP Financing**

2 **1. The LFM Debtors**

3 **Cash Collateral:** At the beginning of their chapter 11 cases, the LFM Debtors filed a motion
4 for use of cash collateral and obtained permission to use cash collateral on interim and final bases.
5 Docket Nos. 124 and 449. As of the LFM Petition Date, most of the Properties were generating rents
6 or other cash proceeds (“Cash Collateral”) that were collateral of the Lenders under their deeds of
7 trust. By their motion, the LFM Debtors sought to use the Cash Collateral of Lenders who became
8 “Accepting Lenders” (subject to certain 13-week property budgets prepared by the LFM Debtors)
9 and, if necessary, present evidence that the interests of “Nonaccepting Lenders” were or would be
10 adequately protected. Subsequent to the Court granting the motion, the LFM Debtors obtained
11 approval of Cash Collateral stipulations with various Lenders. *See, e.g.*, Docket Nos. 233, 234, 239,
12 240, 241, 242, 355, 410, 411, 482, 503, 510, 655, 681, 711, 712, 1153, 1167, 1171, 1225, 1240,
13 1661, and 1664. The LFM Debtors separately filed a motion to use the cash collateral of Socotra on
14 February 12, 2025 [Docket No. 808], which the Bankruptcy Court granted on interim and final bases
15 [Docket Nos. 929 and 968].

16 In January 2025, the LFM Debtors filed a motion [Docket No. 694] (the “Cash Collateral
17 Motion – Third Party Borrowers”) seeking authorization to use the Cash Collateral of certain secured
18 creditors who appear to hold deeds of trust and assignments of rent on certain of the Properties, to
19 fund operating expenses at the Property level. While the LFM Debtors own the Properties, the LFM
20 Debtors were not and are not in privity with and have no contractual relationship with these secured
21 creditors.²³²² The Bankruptcy Court granted the Cash Collateral Motion – Third Party Borrowers on
22 March 5, 2025 [Docket No. 970].

23 **DIP Financing:** On January 23, 2025, the Bankruptcy Court authorized the LFM Debtors, on
24 a final basis, to obtain up to \$6 million of secured, superpriority postpetition financing from Serene
25 Investment Management, LLC (the “DIP Lender”) pursuant to the terms of the credit agreement
26 attached to the final order. Docket No. 643 (the “Final LFM DIP Order”). Subject to the limitations

27
28 ²³²² Before the commencement of the Debtors’ cases, the applicable Properties were acquired from the original
 borrowers, often without the knowledge or consent of the secured creditors who held liens on the Properties.

1 set forth in the Final DIP Order, the LFM Debtors granted the DIP Lender an allowed superpriority
2 administrative claims against LFM and Heacock Park Apartments, LP (“Heacock Park”) pursuant to
3 section 364(c)(1) of the Bankruptcy Code; liens on and security interests in notes in the respective
4 amounts of \$7,294,493.35 and \$2,600,000.00 held by LFM (the “Cornerstone Notes”) secured by
5 senior liens on property located at 23570 Arnold Dr., Sonoma, California and owned by Heacock
6 Park (the “DIP Collateral”), pursuant to section 364(c)(2).

7 **2. KSMP**

8 **DIP Financing**: On August 6, 2025, the Bankruptcy Court authorized KSMP, on an interim
9 basis, to separately obtain up to \$1 million of secured, superpriority postpetition financing from the
10 DIP Lender pursuant to that certain July 31, 2025 DIP Term Sheet [Docket No. 1966] (the “Interim
11 KSMP DIP Order”). KSMP’s authorization to obtain up to \$4,000,000 of secured, superpriority
12 postpetition financing from the DIP Lender was approved by the Court on a final basis pursuant to a
13 final order entered on September 25, 2025 [Docket No. 2414].

14 **C. Appointment of the Unsecured Creditors’ Committee**

15 On October 9, 2024, the United States Trustee (the “U.S. Trustee”) appointed the Committee.
16 On November 25, 2024, and August 26, 2025, the U.S. Trustee filed amended Committee
17 appointment notices. The Committee consists of eight members, all of whom are investors and/or
18 creditors in the Debtors: (i) Lull Family Living Revocable Trust, (ii) the Mullin Family Trust, (iii)
19 Charles Edgar, (iv) the Umbriac & Tubley Family Trust, (v) Walter Schenk, (vi) the Manfred K.
20 Fischer Trust, (vii) the Hayes 2004 Family Trust, and (viii) the Anderson 2001 Revocable Trust.

21 Pursuant to Court orders, Pachulski Stang Ziehl & Jones LLP is employed as the
22 Committee’s bankruptcy counsel, FTI is jointly employed as the LFM Debtors’ and Committee’s
23 real estate advisor, and PwC US Business Advisory LLP is employed as the Committee’s financial
24 advisor.²⁴²³

25
26
27
28 ²⁴²³ See Docket Nos. 250, 641, and 1235.

1 **D. Schedules and Statements of Financial Affairs**

2 On November 15, 2024, the LFM Debtors filed their respective Schedules and Statements
3 [Docket Nos. 292-353]. The LFM Debtors filed Amended Schedules and Statements on September
4 9, 2025 [Docket Nos. 2251-2291, 2293-2305].

5 On August 8, 2025, KSMP filed its Schedules and Statements [Docket Nos. 1980-1981]. As
6 noted above, KSMP lacks traditional books and records. KSMP's Schedules and Statements were
7 prepared from financial data derived from public records, information obtained in discovery, due
8 diligence, and information obtained from other sources. KSMP is continually learning new
9 information about its assets, liabilities and affairs, and will update its schedules in due course to
10 reflect this information.

11 While the Debtors and their advisors made their best effort to prepare the Debtors' Schedules
12 and Statements as accurately as possible, the Debtors stress that, in light of Mr. Mattson's prior
13 mismanagement—and given the state of KSMP's books and records—the Schedules and Statements
14 of the LFM Debtors and KSMP may be incomplete and, at least for KSMP, will likely require
15 revisions.

16 **E. Claims Bar Dates**

17 Pursuant to an order entered on December 13, 2024 [Docket No. 459], the Bankruptcy Court
18 established February 14, 2025, as the deadline for nongovernmental creditors to file proofs of Claim
19 against the LFM Debtors and for Investors to file proofs of interest in the LFM Debtors. Pursuant to
20 an order entered on August 28, 2025 [Docket No. 2184], the Bankruptcy Court established October
21 3, 2025, as the deadline for nongovernmental creditors to file proofs of Claim against KSMP.

22 To date, approximately 1,152 proofs of claim and 817 proofs of interest (asserting over 1,800
23 subclaims) have been filed. The Debtors have not completed claim/interest reconciliation work (to
24 the extent feasible) but do anticipate doing so before the Effective Date of the Plan.

25 **F. Asset Sales**

26 As discussed herein, the Debtors collectively hold a highly diversified real estate portfolio of
27 over 200 Properties—comprised of commercial, residential, office, and mixed-use real estate, as
28 well as vacant land—located throughout Northern California, including in the cities of Cameron

1 Park, Carmichael, Ceres, Citrus Heights, Concord, Elk Grove, Fairfield, Fresno, Napa, Orangevale,
2 Perris, Roseville, Sacramento, San Leandro, Sonoma, Suisun City, Truckee, Vacaville, and Vallejo.
3 While Properties have not been appraised individually, the Debtors estimate that they are
4 collectively worth several hundred million dollars, and that the Debtors have equity in many of the
5 Properties. The Debtors and their professionals, specifically FTI, SSL, Stapleton, and the Real Estate
6 Brokers, have conducted, and continuing to conduct in the case of KSMP, a thorough review of the
7 real estate portfolio and are running sale processes to monetize the Properties (the “Sale Process”).
8 To facilitate a streamlined Sale Process, the LFM Debtors and KSMP filed motions for the approval
9 of certain omnibus procedures for the sale of the Properties, including the use of sale notices and
10 procedures for parties to object or submit overbids (including credit bids). The Bankruptcy Court
11 granted the LFM Debtors’ motions pursuant to orders entered on March 5, 2025 [Docket No. 971]
12 and May 1, 2025 [Docket No. 1381], and KSMP’s motion pursuant to an order entered on October
13 24, 2025 [Docket No. 2694] (collectively, the “Sale Procedures Orders”).

14 As of October 31, 2025, approximately 44 sale notices have been filed pursuant to the Sale
15 Procedures Orders and 6 Property sales were approved in connection with an omnibus sale motion.
16 The Debtors expect to close additional real estate sales before the Effective Date. Nonetheless, the
17 Debtors expect that there will be Properties retained by the Debtors and transferred to the Plan
18 Recovery Trust upon the Effective Date (the “Retained Real Properties”).

19 **G. Committee’s Motion for Substantive Consolidation of LFM and KSMP**

20 On June 20, 2025, the Committee filed a motion to substantively consolidate LFM and
21 KSMP [Docket No. 1585]. On December 1, 2025, the Committee filed an amended motion [Docket
22 No. 2943] (the “Substantive Consolidation Motion”) to substantively consolidate all of the Debtors
23 and the KSMP Investment Entities. As set forth in detail in the Substantive Consolidation Motion,
24 as a result of Mr. Mattson’s malfeasance, the business and financial affairs of all of the Debtors and
25 KSMP Investment Entities are so intertwined and poorly documented as to render the exercise of
26 disentangling their affairs needlessly expensive, complicated, and likely futile. This matter is
27 pending before the Court.
28

1 **H. Committee Standing Stipulations**

2 Pursuant to orders entered on April 8, 2025, May 23, 2025, July 1, 2025, July 10, 2025, and
3 July 18, 2025, October 21, 2025, and October 31, 2025, the Committee has standing to pursue:

- 4 • Estate causes of action against Mr. Mattson, Mr. LeFever, members of their family
5 within two degrees of consanguinity, and their non-Debtor affiliates and defenses to
6 claims asserted by Mattson and LeFever against the Debtors;
7 • Potential claims and actions against Hanson Bridgett LLP, former outside corporate
8 counsel to the Debtors, and Scott Smith, a former partner of Hanson Bridgett LLP
9 who subsequently served as in-house general counsel to the Debtors from
10 approximately February 2024 to the LFM Petition Date;
11 • Estate causes of action against Socotra and its affiliates and defenses to claims
12 asserted by Socotra and its affiliates against the Debtors;
13 • Estate causes of action against the Secured Lenders (as defined in Docket No. 1744)
14 and defenses to claims asserted by the Secured Lenders (as defined in Docket No.
15 1744) against the Debtors; and
16 • Estate causes of action regarding 3557 Golf View Terrace, Santa Rosa, CA 95404.

17 **I. Motion to Appoint Trustee for Live Oak Investments, LP**

18 The Andrew Revocable Trust dated June 21, 2001, and the Burgess Trust dated October 9,
19 2006 (~~purported holders of certain equity interests in debtor Live Oak Investments, LP (“Live~~
20 ~~Oak”)),~~ filed a motion to appoint a ~~Chapter~~chapter 11 trustee for ~~debtor~~ Live Oak ~~Investments, LP~~
21 [Docket No. 1746].²⁵²⁴ The Debtors opposed this motion [Docket No. 1699 and 1978], which
22 opposition was joined by the Committee [Docket No. 1671]. ~~This matter remains pending before the~~
23 ~~Court~~On December 2, 2025, the motion was withdrawn.

24 **J. Settlement with Socotra**

25 On October 15, 2025, the Plan Proponents filed a joint motion for Court approval under
26 Bankruptcy Rule 9019 [Docket No. 2556] (the “Socotra Settlement Motion”) of the Socotra
27

28 ²⁵²⁴ The Chase 1992 Family Trust filed a statement in support of this motion at Docket No. 2007.

1 Settlement Agreement entered into by the Plan Proponents on the one hand, and Socotra Capital, Inc.
2 and certain listed affiliates on the other hand. This settlement represents the successful conclusion
3 of substantial arm's length negotiations and a formal mediation by the settling parties under the
4 supervision of retired Judge Lee Bogdanoff. In the sound exercise of their business judgment, after
5 substantial diligence efforts led by the Committee, preparation by the Committee of a proposed draft
6 complaint against Socotra, as well as detailed factual and legal research and investigations
7 conducted by the Debtors and the Committee, the Plan Proponents concluded that the benefits of the
8 Socotra Settlement Agreement far outweigh any costs or foregone litigation opportunities. In short,
9 this settlement enable the Debtors to resolve the largest secured claims against their estates, obtain
10 the vote of Socotra in support of the Plan, avoid millions of dollars in heavily contested litigation,
11 capture millions of dollars in value for the estates through sales of Socotra collateral via a beneficial
12 sharing formula, and avoid unnecessary delay in distributions to creditors and investors.

13 Pursuant to an order entered on November 14, 2025 [Docket No. 2852], the Court granted
14 the Socotra Settlement Motion.

15 IV.

16 OVERVIEW OF THE PLAN AND 17 PROVISIONS RELATING TO THE GLOBAL SETTLEMENT

18 This section provides a brief summary of certain material provisions and elements of the
19 Plan. It is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and
20 definitions therein). The statements contained in this Disclosure Statement do not purport to be
21 precise or complete statements of all the terms and provisions of the Plan or documents referred to
22 therein; reference is made to the Plan and to such documents for the full and complete statement of
23 such terms and provisions. Additional details regarding the Global Settlement will be contained in
24 the Investigation Report.

25 A. Comprehensive Compromise and Settlement Under the Plan

26 Pursuant to subsections 1123(a)(5), 1123(b)(3), and 1123(b)(6) of the Bankruptcy Code, as
27 well as Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided
28 under the Plan, the Plan will constitute a good-faith compromise and settlement of all claims and

1 controversies relating to the rights that Investors and other creditors may have against any Debtor
2 with respect to any Claim, any Equity Interest, or any Distribution on account thereof, as well as all
3 potential Intercompany Claims, Intercompany Liens, and Causes of Action against any Debtor. The
4 entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective
5 Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy
6 Court's finding that all such compromises or settlements are (i) in the best interest of the Debtors,
7 their estates (the "Estates"), and their respective stakeholders; and (ii) fair, equitable, and reasonable.

8 This Global Settlement, which was negotiated by the LFM Debtors, KSMP, and the
9 Committee, provides for a "single pot," such that all assets and liabilities of all Debtors and three
10 non-debtor affiliates (the KSMP Investment Entities) are pooled and consolidated for distribution
11 purposes, through substantive consolidation under the Plan. **Pursuant to applicable law, the Plan**
12 **treats all Investors the same, as holders of tort claims against the Debtors, regardless of the**
13 **nature or documentation of their investment and regardless of whether their investment is**
14 **recorded in the Debtors' books and records.** Pursuant to the Global Settlement, each Investor will
15 receive a claim for money (or value of property) it invested in the Debtors or the KSMP Investment
16 Entities over time less any distributions the Investor received over the seven years prior to
17 September 12, 2024. This claim will receive a *pro rata* distribution of available assets and, only after
18 such claim is paid in full, will there be any recovery on claims for expected profits, pursuant to the
19 principles of "netting" in Ponzi scheme cases. However, as part of the Global Settlement, rather than
20 netting from the suspected Ponzi scheme start date, ~~the proposed Investor Settlement Amount~~
21 ~~Procedures Order will provide that~~ only payments made to Investors on or after September 12,
22 2017—the earliest date for which the Debtors have available bank records—will be offset/netted in
23 calculating Investor Claims.

24 The Plan Proponents believe that the comprehensive compromises and settlements to be
25 effected by the Plan are appropriate and intend to request that the Bankruptcy Court approve the
26 compromises and settlements contemporaneously with confirmation of the Plan. This comprehensive
27 compromise and settlement is a critical component of the Plan and is designed to provide a
28 resolution of myriad disputed Claims, Liens, and Causes of Action that otherwise could take years to

1 resolve, which would both delay and reduce the Distributions ultimately available for Creditors and
2 Investors.

3 Among the many complex disputed matters that will be resolved through the Global
4 Settlement embodied in the Plan are the following, any one of which could be the subject of years of
5 expensive, complicated, and uncertain litigation:

- 6 • The unwinding of the Mattson Transactions,
- 7 • Fraudulent conveyance claims stemming from the Mattson Transactions,
- 8 • The ownership structure of the Debtors,
- 9 • The tracing of Properties transferred among the Debtors, and
- 10 • The tracing of cash among the Debtors.

11 Each of these matters is explained further in the Investigation Report.

12 1. Substantive Consolidation Issues

13 Substantive consolidation is a construct of federal common law, emanating from equity,
14 which treats separate legal entities as if they were merged into a single survivor left with all the
15 cumulative assets and liabilities, save for inter-entity liabilities, which are erased. As further
16 described in the Investigation Report, there is a compelling argument for substantive consolidation
17 of the Debtors and KSMP Investment Entities, given the effects of the Mattson Transactions and the
18 historical commingling of assets and liabilities among the Debtors and non-debtor affiliates. *See,*
19 *e.g., In re Bonham*, 229 F.3d 750, 764-65 (9th Cir. 2000) (consolidating debtor and non-debtor
20 entities in Ponzi scheme case). The process to “unscramble” these Entities, which the Plan
21 Proponents doubt is even possible, would be lengthy and likely so expensive that Investor recoveries
22 would dramatically decrease, if not fall to zero.

23 Accordingly, the Plan provides for substantive consolidation of the Debtors’ and KSMP
24 Investment Entities’ assets and liabilities for the purposes of Distributions under the Plan. Consistent
25 with the substantive consolidation contemplated by the Plan and in order to reduce administrative
26 costs, on the Effective Date, all of the Debtors will be dissolved automatically without the need for
27 any corporate action or approval, without the need for any corporate, limited liability company, or
28 limited partnership filings, and without the need for any other or further actions to be taken on behalf

1 of such dissolving Debtor or any other Person or any payments to be made in connection therewith.

2 The Plan Recovery Trust Assets, which includes Available Cash of the Debtors as of the Effective
3 Date, Retained Real Properties, and Avoidance Actions and Causes of Action held by the Debtors or
4 the Estates, will vest in a Plan Recovery Trust. As further explained in Sections IV.C and IV.D, the
5 Plan Recovery Trust will be responsible for Distributions of Available Cash to the Plan Recovery
6 Trust Beneficiaries in accordance with the Plan Recovery Trust Waterfall.

7 This substantive consolidation will not affect (without limitation) (i) the defenses of the
8 Debtors, KSMP Investment Entities or the Plan Recovery Trust to any Claim, Avoidance Action, or
9 other Cause of Action, including the ability to assert any counterclaim; (ii) the setoff or recoupment
10 rights of the Debtors, KSMP Investment Entities or the Plan Recovery Trust; (iii) requirements for
11 any third party to establish mutuality prior to substantive consolidation in order to assert a right of
12 setoff against the Debtors, KSMP Investment Entities or Plan Recovery Trust; or (iv) distributions to
13 the Debtors, the Estates, the KSMP Investment Entities or the Plan Recovery Trust out of any
14 insurance policies or proceeds of such policies. The contemplated substantive consolidation also will
15 not: (i) affect the separate legal existence of the Debtors and KSMP Investment Entities for purposes
16 other than implementation of the Plan pursuant to its terms, including without limitation the ability
17 of the Plan Recovery Trustee to bring any Plan Recovery Trust Action in the name of an individual
18 Debtor or KSMP Investment Entity; (ii) impair, prejudice, or otherwise affect any individual
19 Debtor's or KSMP Investment Entity's Causes of Action, including Avoidance Actions, against any
20 Person that vest in the Plan Recovery Trust; (iii) constitute or give rise to any defense, counterclaim,
21 or right of netting or setoff with respect to any Cause of Action vesting in the Plan Recovery Trust
22 that could not have been asserted against the consolidated Debtors and KSMP Investment Entities;
23 or (iii) give rise to any right under any executory contract, insurance contract, or other contract to
24 which a consolidated Debtor or KSMP Investment Entity is party, except to the extent required by
25 section 365 of the Bankruptcy Code in connection with the assumption of such contract by the
26 applicable Debtors. The substantive consolidation of the Debtors and the KSMP Investment Entities
27 shall also not impair or otherwise affect any ~~third party~~Person's defenses, claims, counterclaims, or
28 other rights that may be asserted by such ~~third party~~Person in connection with any ~~related~~ litigation

1 commenced by the Debtors ~~or~~^{for} the Plan Recovery Trustee (or any estate representative or other
2 successor).

3 2. Ponzi Scheme Issues

4 Additional disputes and possible litigation could arise regarding whether the Debtors were
5 operating a Ponzi scheme, when that scheme began, and the implications of such conduct.

6 As discussed in the Investigation Report, the Debtors' advisors have found that (i) no later
7 than September 2017, the Debtors' business records and other available evidence presents attributes
8 commonly seen in Ponzi schemes; (ii) many Debtors had either negative equity or a disabling lack of
9 liquidity that demanded the use of cash belonging to other related entities; (iii) the "debt service"
10 and investment returns paid to Investors could never have been paid without the use of new capital
11 from new Investors because the Properties were not sufficiently profitable to have done so; (iv) the
12 Debtors participated in voluminous intercompany lending that was a prevalent feature of the
13 Debtors' operations; and (v) Mr. Mattson removed millions of dollars from the Debtors. As part of
14 Confirmation of the Plan, the Debtors will seek a finding that the Debtors and KSMP Investment
15 Entities operated as a Ponzi Scheme beginning at least as of September 12, 2017. ~~Before the~~
16 ~~deadline to file the Plan Supplement, the Committee intends to file a detailed declaration from their~~
17 ~~financial advisor that contains testimony regarding the conclusions the financial advisor has~~
18 ~~reached that the Debtors and KSMP Investment Entities were operated as a Ponzi scheme for at~~
19 ~~least the last decade, and absolutely no later than September 12, 2017 based on its investigation.~~

20 Following a judicial determination that the Debtors were operating a Ponzi scheme, any
21 payments of "interest" or other consideration that was transferred from any Person to an Investor
22 during the period before the Petition Dates, but typically excluding payments representing the return
23 of or repayment of principal owed on the applicable investment, could potentially be avoided and
24 recovered as an "actual" fraudulent transfer. *See, e.g., Donell v. Kowell*, 533 F.3d 762, 770-72 (9th
25 Cir. 2008); *AFI Holding, Inc. v. Mackenzie*, 525 F.3d 700, 708-09 (9th Cir. 2008); *Perkins v. Haines*,
26 661 F.3d 623, 627 (11th Cir. 2011); *Geltzer v. Barish (In re Geltzer)*, 502 B.R. 760, 770 (Bankr.
27 S.D.N.Y. 2013); *Fisher v. Sellis (In re Lake States Commodities, Inc.)*, 253 B.R. 866, 871-72 (Bankr.

28 N.D. Ill. 2000).²⁶²⁵ Because avoidance litigation would be a further hardship on the victims of the
²⁶²⁵ As discussed in the Investigation Report, in relation to recovering on an actual fraudulent transfer in the Ponzi
scheme context, courts apply an irrebuttable presumption known as the Ponzi scheme presumption – the existence of

1 Debtors' fraudulent scheme, and to eliminate the significant litigation expense and inefficiency
2 associated with seeking recovery from Investors of prepetition distributions on account of interest or
3 the like (that would ultimately only reduce the aggregate amount available for distribution on
4 account of allowable claims), the Plan contemplates that each Investor will receive (a) a claim for
5 the total amount of money (or value of property) it invested in the Debtors over time *less* the total
6 amount of any distributions the Investor received over the seven years prior to the Petition Date (the
7 "Investor Tranche 1 Claim") and (b) if applicable, a separate claim for the amount of those deducted
8 distributions (the "Investor Tranche 2 Claim"). The Plan provides that Investors will first receive
9 their *pro rata* distribution of available assets on account of their Investor Tranche 1 Claim. If and
10 when each Investor Tranche 1 Claim is paid in full, Investors will then receive their *pro rata*
11 distribution of available assets on account of their Investor Tranche 2 Claim (if any).²⁷²⁶

12 A key consideration of the Global Settlement is that rather than net distributions from the
13 suspected Ponzi start date (more than a decade ago), the Investor Tranche 1 Claim will be calculated
14 based on payments made to Investors *seven years* prior to September 12, 2024. In other words, under
15 the Global Settlement, an Investor that has received distributions from the Debtors for 15 years will
16 have its claim reduced by the amount of distributions over the last seven years, not the full 15 years.
17 This is necessary because of the state of the business records, the costs required to net the claims
18 from an earlier date, and to assure all Investors are treated the same.

19 ~~The Plan Proponents seek to establish claims allowance and settlement procedures (the~~
20 ~~"Investor Claim Settlement Procedures") parallel to solicitation of the Plan that implement the~~
21 ~~terms of the Global Settlement with respect to the allowance of Investor Claims. See Docket No.~~
22 ~~2365. This parallel process will enable the Plan Proponents to make progress on the allowance of~~
23

24
25 scheme context, courts apply an irrebuttable presumption known as the Ponzi scheme presumption – the existence of
26 a Ponzi scheme is sufficient to establish actual intent under the Fraudulent Transfer Laws (as defined and discussed
in the Investigation Report).

27 ²⁷²⁶ As set forth in the Liquidation and Recovery Analysis, it is estimated that Investors will receive under the Plan a
28 recovery of approximately 19.7% - 35.9% on account of their Allowed Investor Tranche 1 Claims (subject to the
notes, conditions, and limitations set forth in the Liquidation and Recovery Analysis). No recovery under the Plan is
expected for Investors on account of their Allowed Investor Tranche 2 Claims.

~~Investor Claims in advance of the hearing on confirmation of the Plan and thus expedite distributions to Investors following the Effective Date.~~

As of the date hereof, the Plan Proponents estimate that Investors, in the aggregate, have invested \$347,589,811.00 of money or value of property in the Debtors or the KSMP Investment Entities and received \$97,046,952.00 of distributions over the seven years prior to the Petition Date. Accordingly, the Plan Proponents estimate a total of \$234,019,730.00 Investor Tranche 1 Claims and a total of \$97,046,952.00 of Investor Tranche 2 Claims. The Plan Proponents estimate that there will be approximately fifteen Investors whose Investor Tranche 1 Claim will be equal to or less than \$0 and may be subject to avoidance litigation.

~~Notwithstanding any of the foregoing, any finding of fact or conclusion of law by the Bankruptcy Court or any appellate court in connection with the confirmation of the Plan relating to any Ponzi Finding (as defined in the Plan Summary) will have no preclusive effect on the Objecting Secured Lenders in any future litigation or proceeding against such Objecting Secured Lender in any tribunal. Neither the Debtors, the Committee, nor the Plan Recovery Trustee will seek to enforce any such findings against the Objecting Secured Lender or contend that such Objecting Secured Lender is bound by any such findings. Any and all rights and defenses of such Objecting Secured Lender to defend the claims and causes of action against it will be preserved.~~

3. Position of the Tillman Opposing Investors (not the Plan Proponents)²⁸²⁷

Certain parties who invested in the Debtors (the “Tillman Opposing Investors”)²⁹²⁸ oppose the proposed Ponzi finding and do not believe that it would be appropriate for the Bankruptcy Court to make such a finding as part of its evaluation or approval of the Plan. The Tillman Opposing Investors maintain that the business operations of the Debtors do not meet the elements of a Ponzi scheme under applicable Ponzi scheme case law, most notably the Ninth Circuit’s recent decision in *Kirkland v. Rund (In re EPD Inv. Co., LLC)*, 114 F.4th 1148, 1159 (9th Cir. 2024), in which the Ninth Circuit held that its “definition of a Ponzi scheme recognizes two essential elements: (1) the

²⁸²⁷ This section was added to the Disclosure Statement at the request of the Tillman Opposing Investors. The Plan Proponents do not agree with the assertions contained in this section.

²⁹²⁸ The Tillman Opposing Investors are listed in the *Disclosure Statements Pursuant to Rule 2019* [Docket No. 2206].

1 funneling of money from new investors to pay old investors, and (2) no legitimate profit-making
2 business opportunity exists for investors.” The Tillman Opposing Investors maintain that the Debtors
3 cannot meet these elements, and in particular the element that “no legitimate profit making business
4 opportunity exist[ed] for investors,” as the Tillman Opposing Investors assert that various Debtors
5 offered investors legitimate business opportunities for decades, including the opportunity to
6 purchase interests in legitimate income-producing commercial real estate or in limited partnerships
7 or limited liability companies that owned and managed legitimate income-producing commercial
8 real estate. The Tillman Opposing Investors believe that the Debtors carried out significant
9 legitimate business operations during the relevant time period that generated profits for investors,
10 including through the buying and selling of commercial real estate; the sale and transfer to and from
11 investors of legitimate interests in real property or interests in vehicles holding real property; the
12 management of real estate, including the collection of rent and other income and the maintenance of,
13 or improvements to, real property; and the distribution of income and profits from real property. In
14 fact, Tillman Opposing Investors maintain, Mr. Mattson leveraged the success and track record of
15 the legitimate business of Debtors to induce certain other investors to purchase fraudulent
16 investments, such that the existence of legitimate profit-making business opportunities was critical
17 to his scheme.

18 The Tillman Opposing Investors maintain that the Debtors’ and Committee’s arguments that
19 the Debtors operated a Ponzi scheme center primarily on Mr. Mattson’s use of a single bank
20 account, the 1059 Account, in which Mr. Mattson is alleged to have comingled funds from various
21 sources and paid distributions to investors, at least in part, using new capital from other investors.
22 However, the Tillman Opposing Investors maintain that the Plan Proponents cannot demonstrate that
23 the entire business operations of Debtors met the criteria for a Ponzi scheme under applicable case
24 law, including the *Kirkland* case. Moreover, the Tillman Opposing Investors assert that the Plan
25 Proponents cannot show that all distributions to investors from the 1059 Account consisted of
26 investment dollars from other investors rather than, for example, proceeds from the sale of real
27 property or income from real property. Indeed, the Tillman Opposing Investors assert, the SEC did
28 not allege in the SEC Complaint that the entire operation of Debtors was a Ponzi scheme or even

1 that Mr. Mattson operated a Ponzi scheme; instead it alleged only that *Mr. Mattson*, either personally
2 or through KS Mattson Partners LP, operated a “Ponzi-like” scheme and made “Ponzi-like payments
3 to existing investors.” *E.g.* SEC Complaint ¶¶ 8-9.

4 The Tillman Opposing Investors note that the consequences of a Ponzi scheme finding
5 include that it creates an irrebuttable presumption that all investors were participants in the scheme,
6 even if investors received funds in good faith, had no knowledge of the scheme, and had no role in
7 perpetuating the scheme. This presumption, the Tillman Opposing Investors assert, could result in
8 some investors having liability to the Debtors’ estates for the repayment of distributions they
9 received in connection with their investments. Further, the Tillman Opposing Investors maintain that
10 the Plan Proponents’ proposed 7-year “netting” period would not be fair to investors as a whole,
11 because it would favor earlier investors – who have received distributions for a far longer period –
12 over later investors, such that earlier investors would have a ~~greater~~smaller portion of their
13 distributions netted against their principal investment than later investors. The Tillman Opposing
14 Investors assert that this result is contrary to the theory behind a Ponzi scheme presumption –
15 protecting later investors whose investment dollars went to benefit earlier investors.

16 **B. The Settlement Provisions ~~in the Plan~~ Are Fair and Reasonable ~~and in the Best~~**
17 **Interest of All Investors and Other Creditors.**

18 The proposed Plan facilitates the prompt resolution of the countless complex legal issues and
19 disputes in the Cases by resolving several major issues that would otherwise require lengthy, costly,
20 and uncertain litigation. If these issues were litigated, it could be years before Investors receive
21 distributions, if any at all. In contrast, the Plan provides a certain mechanism for significant
22 Distributions to be made to Investors and other Creditors in a more timely and orderly fashion.

23 The terms of the Global Settlement under the Plan were heavily negotiated by the LFM
24 Debtors, KSMP, and the Committee, each of which acted at arm’s length and had the benefit of
25 sophisticated external advisers. The Plan Proponents believe strongly that the Plan’s comprehensive
26 compromise and settlement is superior to the disorderly and uncertain alternatives.

27 As set forth in more detail in the Investigation Report, the Plan Proponents believe that the
28 terms of the comprehensive compromise and settlement to be effected by the Plan are fair and

1 reasonable, and that its approval is in the best interests of the Estates and all stakeholders. The Plan
2 Proponents will provide further evidence and argument supporting approval of this comprehensive
3 compromise and settlement, including the elements detailed above, at the Confirmation Hearing.

4 **C. Plan Recovery Trust**

5 On the Effective Date, the Plan Recovery Trustee will execute the Plan Recovery Trust
6 Agreement and shall take any other action necessary to establish the Plan Recovery Trust in
7 accordance with the Plan and the beneficial interests therein. The purpose of the Plan Recovery Trust
8 will be to pursue, collect, or monetize the Plan Recovery Trust Assets and make Distributions from
9 the proceeds of such assets to the Plan Recovery Trust Beneficiaries in accordance with Treasury
10 Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade
11 or business. On the Effective Date, all of the Debtors' and the Estates' respective rights, title, and
12 interest in and to all Plan Recovery Trust Assets will automatically vest in the Plan Recovery Trust.

13 The Oversight Committee, whose initial volunteer members will be chosen by the Committee
14 and identified in the Plan Supplement, will supervise the Plan Recovery Trustee. The Plan Recovery
15 Trustee shall have the authority to, among other things, (i) review, reconcile, and object to Claims
16 and Equity Interests in the Debtors; (ii) calculate and make Distributions in accordance with the Plan
17 Recovery Trust Waterfall; (iii) retain and employ professionals; (iv) sell, monetize, or abandon Plan
18 Recovery Trust Assets; and (v) pursue, prosecute, settle, or abandon any Plan Recovery Trust
19 Actions. The Plan Recovery Trust Actions include (i) all Avoidance Actions and Causes of Action
20 held by the Debtors or the Estates and (ii) any Causes of Action that are contributed to the Plan
21 Recovery Trust as Contributed Claims (*see* Section IV.~~EF~~^{EF}.1), in each case as against any Entity that
22 is not a Debtor.

23 **D. Secured Lender Claims**

24 Allowed Secured Lender Claims will be determined in accordance with section 502 and 506
25 of the Bankruptcy Code. Accordingly, pursuant to section 506 of the Bankruptcy Code, to the extent
26 an Allowed Secured Lender Claim is secured by property the value of which is greater than the
27 amount of such claim, then any reasonable fees, costs, or charges (including attorney's fees)
28 provided for under the governing loan documents will be added to such Allowed Secured Lender

1 Claim, up to the value of such property. If the value of such property is insufficient to cover the
2 asserted fees, costs, or charges, then such fees, costs, or charges are not allowed under section 506 of
3 the Bankruptcy Code.

4 For purposes of clarity, notwithstanding anything to the contrary contained in the Plan,
5 Disclosure Statement, or Confirmation Order, any Claim of a Secured Lender arising under section
6 502(h) of the Bankruptcy Code will not be treated or otherwise classified as an Investor Claim.

7 **E. ~~D.~~ Distributions to Holders of Trade Claims and Plan Recovery Trust**

8 **Beneficiaries**

9 With regard to Trade Claims in Class 4, the Plan provides that, (a) *if Class 4 votes to accept*
10 *the Plan*, on the Effective Date, or as soon as practicable thereafter, each Holder of an Allowed
11 Trade Claim will receive its Pro Rata share of the Trade Claims Settlement Fund (\$4,000,000), in
12 full and final satisfaction, settlement, and release of such Allowed Trade Claims; or (b) *if Class 4*
13 *votes to reject the Plan*, the Trade Claims Settlement Fund will not be established, and instead, each
14 Holder of an Allowed Trade Claim will receive from the Plan Recovery Trust on account of its
15 Allowed Class ~~64~~ Claim, its *pro rata* distribution of the Class A Plan Recovery Trust Units, which
16 will be treated *pari pasu* with Investor Tranche 1 Claims.

17 After (i) all administrative and priority claims (including, without limitation, Administrative
18 Expense Claims, Involuntary Gap Claims, Professional Fee Claims, Priority Tax Claims, and
19 Priority Claims), and (ii) all Plan Recovery Trust expenses, including any litigation financing
20 expenses, are paid or reserved for, the Plan Recovery Trust will make Distributions of Available
21 Cash to ~~the Plan Recovery Trust Beneficiaries pursuant~~ Investors and Holders of Trade Claims (if
22 Class 4 votes to reject the Plan ~~Recovery Trust Waterfall)~~ as follows:

- 23 (i) ~~Class A Plan Recovery Trust Units.~~ First, the Plan Recovery Trust shall
24 distribute the proceeds of the Plan Recovery Trust Assets to each Investor and
25 Holder of a Trade Claim (if Class A4 votes to reject the Plan ~~Recovery Trust~~
26 ~~Units)~~ on a Pro Rata basis until all Allowed Trade Claims (if applicable, if
27 Class 4 votes to reject the Plan) and Investor Tranche 1 Claims and Allowed
28 Trade Claims (if Class 4 votes to reject the Plan) have been paid in full;
- (ii) ~~Class B Plan Recovery Trust Units.~~ Second, the Plan Recovery Trust shall
distribute the proceeds of the Plan Recovery Trust Assets to each ~~Holder of~~
~~Class B Plan Recovery Trust Units~~ Investor on a Pro Rata basis until all
Investor Tranche 2 Claims have been paid in full;

- (iii) ~~Class C Plan Recovery Trust Units~~ Notwithstanding anything to the contrary contained in the Plan or in the Confirmation Order, the Plan Recovery Trust shall distribute the net proceeds of any Contributed Claims solely to ~~Holders of Class C Plan Recovery Trust Units on a Pro Rata basis~~ Investors that voted to accept the Plan and did not opt out of the Contributed Claim Election.

The Plan Recovery Trust, in the Plan Recovery Trustee's discretion may make periodic Distributions to the Plan Recovery Trust Beneficiaries at any time following the Effective Date, provided that such Distributions are otherwise permitted under, and not inconsistent with, the Plan Recovery Trust Waterfall, the other terms of the Plan, the Plan Recovery Trust Agreement, and applicable law. Additionally, every 180 calendar days following the Effective Date, the Plan Recovery Trustee shall calculate the Distributions that could potentially be made to the Plan Recovery Trust Beneficiaries based on the amount of Available Cash as of such date and, based on such calculation, promptly thereafter may make Distributions, if any, of the amount so determined. Put a different way, the Plan Recovery Trustee may make periodic distributions at its discretion and will reassess available funds for possible distributions at least every 180 days.

F. ~~E.~~ Investor-Specific Claims

The Plan will not impair the right of an Investor to independently pursue claims against third parties that are unique to such Investor and for which it has independent legal standing ("Investor-Specific Claims"). By way of example, and not limitation, such unique claims include claims based on loss of lien or loss of lien priority, claims against an Investor's own professional advisors, claims against retirement servicers, and similar claims that may be asserted based on such Investor's particular circumstances. Investor-Specific Claims **do not include** (i) Claims common to all Investors, (ii) Claims to recover commissions or referral fees paid by the Debtors to third parties in connection with an Investor's investment with the Debtors, or (iii) Contributed Claims.

1. Contributed Claim Election

An Investor has the choice whether to contribute its Contributed Claims to the Plan Recovery Trust. **Investors will automatically contribute their Contributed Claims to the Plan Recovery Trust—and become Contributing Claimants—if they vote to accept the Plan and do not opt out of the Contributed Claim Election (unless the Investor's claims are listed in the Schedule of Disclaimed Contributed Claims).** . Contributed Claims are defined as all Causes of Action that

1 are legally assignable (including Causes of Action that are legally assignable solely because of the
2 preemptive effect of the Plan) that the Contributing Claimant has against any Person that is not a
3 Debtor and that are related in any way to the Debtors, their predecessors, their respective affiliates,
4 or any Excluded Parties. Contributed Claims would include (a) all Causes of Action based on,
5 arising out of, or related to the marketing, sale, or issuance of any investments related to the Debtors;
6 (b) all Causes of Action for unlawful dividend, fraudulent conveyance, fraudulent transfer, voidable
7 transaction, or other avoidance claims under state or federal law; (c) all Causes of Action based on,
8 arising out of, or related to the misrepresentation of any of the Debtors' financial information,
9 business operations, or related internal controls; (d) all Causes of Action based on, arising out of, or
10 related to any failure to disclose, or actual or attempted cover up or obfuscation of, any of the
11 wrongful conduct described in the Disclosure Statement, including with respect to any alleged fraud
12 related thereto; and (e) all Causes of Action based on aiding or abetting, entering into a conspiracy
13 with, or otherwise supporting torts committed by the Debtors or their agents. Contributed Claims
14 shall not include the rights of a Contributing Claimant to receive the Distributions, if any, to which it
15 is entitled under the Plan.

16 If an Investor elects to contribute its Contributed Claims to the Plan Recovery Trust, that
17 Investor will receive a Pro Rata Distribution of Class C Plan Recovery Trust Units on the Effective
18 Date, or as soon as practicable thereafter. The distribution will be based on ratio of (a) the Investor's
19 Allowed Investor Claim to (b) the total Allowed Investor Claims of all Investors that make the
20 Contributed Claims Election. By accepting the Plan and not opting out of the Contributed Claim
21 Election, the Holder of an Investor Claim agrees that, subject to the occurrence of the Effective Date
22 and the formation of the Plan Recovery Trust, it will be deemed, without further action, (i) to have
23 irrevocably contributed its Contributed Claims to the Plan Recovery Trust and (ii) to have agreed to
24 execute any documents reasonably requested to memorialize such contribution. In the exercise of its
25 reasonable discretion and in accordance with the Plan Recovery Trust Agreement, the Plan Recovery
26 Trustee shall not be obligated to pursue any Contributed Claim.

G. ~~F.~~ Discharge, Injunctions, Releases, and Exculpation

1. Non-Discharge of the Debtors

The Plan does not provide a discharge to the Debtors. Section 11.1 of the Plan provides:

In accordance with section 1141(d)(3)(A) of the Bankruptcy Code, the Plan does not discharge the Debtors. Section 1141(c) of the Bankruptcy Code nevertheless provides, among other things, that the property dealt with by the Plan, including, without limitation, the Retained Real Properties, is free and clear of all claims and interests of creditors, equity security holders, and of general partners in the Debtors. Accordingly, as of the Effective Date, all Entities are precluded and barred from asserting against any property to be distributed under the Plan any Claims, rights, Causes of Action, liabilities, Equity Interests, or other action or remedy based on any act, omission, transaction, or other activity that occurred before the Effective Date, except as expressly provided in the Plan or the Confirmation Order.

2. Debtors' Releases

Section 11.2 of the Plan contains a debtors' release which provides:

On the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each of the Debtors shall be deemed to have forever released, waived, and discharged each of the other Debtors from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities whatsoever, whether known or unknown, whether foreseen or unforeseen, whether liquidated or unliquidated, whether fixed or contingent, whether matured or unmatured, existing or hereafter arising, at law, in equity, or otherwise, that are based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the conduct of the Debtors' businesses, the Chapter 11 Cases, or the Plan.

Entry of the Confirmation Order shall constitute (i) the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases set forth in this Section 11.2; and (ii) the Bankruptcy Court's findings that such releases are (1) in exchange for good and valuable consideration provided by the Debtors (including performance of the terms of the Plan), and a good-faith settlement and compromise of the released claims, (2) in the best interests of the Debtors and their Estates, (3) fair, equitable, and reasonable, and (4) given and made after due notice and opportunity for hearing.

3. Exculpation and Limitation of Liability

Section 11.3 of the Plan contains an exculpation provision which provides:

On the Effective Date, to the maximum extent permitted by law, no Exculpated Party shall have or incur, and each Exculpated

1 Party is hereby exculpated from, any Claim, interest, obligation,
2 suit, judgment, damage, demand, debt, right, Cause of Action,
3 loss, remedy, or liability to any Person or Entity, including to any
4 Holder of a Claim or Equity Interest, for any claim (including, but
5 not limited to, any claim for breach of any fiduciary duty or any
6 similar duty), for any act or omission in connection with, relating
7 to, or arising out of the Chapter 11 Cases, including the
8 formulation, negotiation, preparation, dissemination, solicitation
9 of acceptances, implementation, confirmation, or consummation of
10 the Plan, the Disclosure Statement, or any contract, instrument,
11 release, or other agreement or document created, executed, or
12 contemplated in connection with the Plan, or the administration of
13 the Plan, or the administration of the Chapter 11 cases, or the
14 operation of the Debtors' businesses during the Chapter 11 Cases,
15 or the disposition of property and cash to be distributed during
16 the Chapter 11 Cases or to be distributed under the Plan;
17 *provided, however*, that the exculpation provisions of this Section
18 11.3 shall only apply, with respect to the Responsible Individual
19 and its Professionals, to acts or omissions occurring after the
20 Order for Relief Date; *provided, further*, that the exculpation
21 provisions of this Section 11.3 shall not apply to acts or omissions
22 constituting gross negligence, intentional fraud, or willful
23 misconduct by such Exculpated Party as determined by a Final
24 Order. For purposes of the foregoing, it is expressly understood
25 that any act or omission effected with the approval of the
26 Bankruptcy Court will be conclusively presumed not to constitute
27 intentional fraud or willful misconduct unless the approval of the
28 Bankruptcy Court was obtained by intentional fraud or
intentional misrepresentation, and the Exculpated Parties shall be
entitled in all respects to rely on the written advice of counsel with
respect to their duties and responsibilities under, or in connection
with, the Chapter 11 Cases, the Plan, and administration thereof.
This exculpation shall be in addition to, and not in limitation of,
all other releases, indemnities, exculpations, and any other
applicable law or rules protecting such Exculpated Parties from
liability.

4. Injunctions Related to Releases and Exculpation.

Section 11.4 of the Plan contains an injunction provision related to the Debtors' releases and
exculpation provision which provides:

All Persons and Entities are permanently enjoined from:
commencing or prosecuting, whether directly, derivatively, or
otherwise, any Claims, obligations, suits, judgments, damages,
demands, debts, rights, Causes of Action, losses, or liabilities
released or exculpated pursuant to this Plan. Prior to commencing
an action against an Exculpated Party in any way related to or
connected with the Chapter 11 Cases, any Person or Entity must
first seek a determination that the claims asserted in such action
are excluded from the exculpation provisions herein and
permission from the Bankruptcy Court to prosecute such action.
The Bankruptcy Court shall retain exclusive jurisdiction to
determine the scope and effect of any release or exculpation
provided herein.

V.

RISK FACTORS

Before voting on the Plan, each Holder of a Claim entitled to vote should consider carefully the risk factors described below, as well as all other information contained in this Disclosure Statement, including the schedules and exhibits hereto. These risk factors should not be regarded as the only risks involved in connection with the Plan and its implementation.

A. Parties May Object to the Plan's Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Plan Proponents believe that the classification of the Claims and Equity Interests under the Plan complies with this requirement. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. The Plan Proponents May Not Be Able to Obtain Confirmation of the Plan

As with any proposed plan, the Plan Proponents may not receive the requisite acceptances to confirm the Plan. If votes in Class 5 (Investor Claims) are received in number and amount sufficient to enable the Court to confirm the Plan, the Plan Proponents intend to seek confirmation of the Plan by the Court. If Class 5 (Investor Claims) rejects the Plan, the Plan Proponents will not seek confirmation of the Plan and will need to incur additional fees and expenses to develop an alternative path forward. Even if the requisite acceptances of the proposed Plan are received, the Court still might not confirm the Plan as proposed if the Court finds that any of the statutory requirements for confirmation under section 1129 of the Bankruptcy Code have not been met.

If the Plan is not confirmed by the Court, there can be no assurance that any alternative plan would be on terms as favorable to Investors and other creditors as the terms of the Plan. In addition, there can be no assurance that the Plan Proponents will be able to successfully develop, prosecute, confirm, and consummate an alternative plan that is acceptable to Investors, other creditors, and the Court.

Moreover, if the Plan is not confirmed by the Court, each Debtor will be responsible for paying its own administrative fees, including professionals' fees. Given that the Plan substantively

1 consolidates the Debtors' estates, upon confirmation of the Plan, the Debtors' pooled assets will be
2 used to pay the Debtors' collective professionals' fees. If the Plan is not confirmed, the Debtors'
3 estates will not be consolidated, and each individual Debtor will be responsible for payment of
4 professionals' fees accrued in the Chapter 11 Cases, which may be allocated on a pro rata basis, or
5 some other basis determined by the Court. Those allocated fees may be substantial.

6 The fees of Professionals incurred through October 31, 2025 total approximately \$28 million,
7 and the projected fees of Professionals from November 1, 2025 through the Effective Date of the
8 Plan are estimated to total \$18,250,000.00.

9 **C. The Proposed Ponzi Findings May Be Contested**

10 ~~The following risk factor has been added at the request of Timothy J. LeFever and is~~
11 ~~not supported by the Plan Proponents:~~

12 Parties may object to the scope of the Ponzi findings proposed by the Plan Proponents and
13 assert that Mr. Kenneth Mattson operated a Ponzi scheme separate and apart from the legitimate
14 business operations of the LFM Debtors. Parties may further assert that Mr. Mattson concealed his
15 fraudulent Ponzi scheme from Investors and employees of the LFM Debtors and that the
16 investigation has not disclosed any evidence supporting a finding that employees or officers of the
17 LFM Debtors (other than Mr. Mattson) knew of or participated in Mr. Mattson's fraud.

18 The Plan Proponents dispute these assertions which were added at the request of Timothy
19 Lefever.

20 **D. The Conditions Precedent to the Effective Date of the Plan May Not Occur**

21 As more fully set forth in the Plan, the Effective Date is subject to ~~several~~ the following
22 conditions ~~preecedent~~ being satisfied or waived in accordance with the Plan:

- 23 (a) the Bankruptcy Court shall have entered the Confirmation Order in a form
24 reasonably acceptable to the Plan Proponents;
- 25 (b) the Confirmation Order shall not be subject to any stay;
- 26 (c) the Confirmation Order shall contain a finding in a form reasonably
27 acceptable to the Plan Proponents that the Debtors and the KSMP Investment
28 Entities were operated as a Ponzi scheme (subject to Section 3.1 of the Plan);

- (d) all governmental and material third-party approvals and consents necessary in connection with the transactions contemplated by the Plan, if any, shall have been obtained and be in full force and effect;
- (e) all actions and all agreements, instruments, or other documents necessary to implement the terms and provisions of the Plan shall have been effected or executed and delivered, as applicable;
- (f) the Professional Fee Reserve shall have been funded pursuant to the Plan; and
- (g) the Committee shall have chosen the members of the Oversight Committee.

There can be no assurance that any or all such conditions will be satisfied (or waived). If such conditions precedent are not met or waived, the Effective Date will not occur. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Effective Date will occur.

E. Claims Estimation and Allowance of Claims

There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct, and the actual amount of Allowed Claims may differ significantly from the estimates. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the actual amount of Allowed Claims may vary from those estimated herein.

Distributions to Holders of Allowed Class 5 Claims (Investor Claims) will be affected by the pool of Allowed Claims in the Class. The amount of Distributions that may be received by a particular Holder of an Allowed Claim in Class 5 may be either adversely or favorably affected by the aggregate amount of Class 5 Claims ultimately Allowed.

F. Potential Pursuit of Plan Recovery Trust Actions Against Creditors and Others

In accordance with section 1123(b) of the Bankruptcy Code, after the Effective Date, the Plan Recovery Trustee shall have and retain and may enforce any Plan Recovery Trust Actions. Accordingly, a Holder of a Claim may be subject to one or more such Plan Recovery Trust Actions being asserted against it.

The failure to specifically identify in the Disclosure Statement or the Plan any potential or existing Avoidance Actions or Causes of Action as a Plan Recovery Trust Action is not intended to and shall not limit the rights of the Plan Recovery Trust to pursue any such Avoidance Actions or

1 Causes of Action. The Debtors expressly reserve all Avoidance Actions and Causes of Action, other
2 than those Avoidance Actions and Causes of Action that are expressly waived, relinquished,
3 released, compromised, or settled in the Plan, pursuant to the Confirmation Order, or pursuant to any
4 other order of the Court, as Plan Recovery Trust Actions for later adjudication, and no preclusion
5 doctrine (including the doctrines of res judicata, collateral estoppel, judicial estoppel, equitable
6 estoppel, issue preclusion, claim preclusion, and laches) shall apply to such Avoidance Actions or
7 Causes of Action as Plan Recovery Trust Actions on or after the Effective Date.

8 Moreover, no Person may rely on the absence of a specific reference in the Plan, the
9 Confirmation Order, the Plan Recovery Trust Agreement, or the Disclosure Statement to any
10 Contributed Claims against such Person as any indication that the Plan Recovery Trust will not
11 pursue any and all available Contributed Claims against such Person. The objection to the
12 Allowance of any Claims will not in any way limit the ability or the right of the Plan Recovery Trust
13 to assert, commence, or prosecute any Contributed Claims. Nothing contained in the Plan, the
14 Confirmation Order, the Plan Recovery Trust Agreement, or the Disclosure Statement will be
15 deemed to be a waiver, release, or relinquishment of any Contributed Claims which the Contributing
16 Claimants had immediately before the Effective Date. The Plan Recovery Trust shall have, retain,
17 reserve, and be entitled to assert all Contributed Claims fully as if the Contributed Claims had not
18 been contributed to the Plan Recovery Trust in accordance with the Plan and the Plan Recovery
19 Trust Agreement.

20 Without limiting the generality of the preceding two paragraphs and associated reservations,
21 the Debtors note that all parties in interest should review **Exhibit D**, which is a non-exclusive
22 analysis of the Plan Recovery Trust Actions that are being preserved under the Plan.

23 **G. Risks Regarding Real Estate**

24 The Plan relies, in large part, on the sale of the Properties to produce Cash for distribution to
25 Investors and other creditors. If such sales are delayed, incur costs that exceed estimates, or are at
26 prices below estimates, payments may be correspondingly delayed or decreased. The various risks
27 associated with the Properties and the real-estate industry include economic conditions; the supply
28 and demand for properties, particularly of the sorts owned or controlled by the Debtors; the financial

1 conditions for tenants, buyers, and sellers of properties; changes in interest rates; changes in
2 environmental laws or regulations, planning laws and other governmental roles and fiscal and
3 monetary policies; changes in real-property tax rates and related tax deductions; negative
4 developments in the economy that depress travel and retail activity; uninsured casualties; force
5 majeure acts, terrorist events, under-insured or uninsurable losses; and other factors that are beyond
6 the reasonable control of the Debtors and the Plan Recovery Trust. In addition, certain Properties are
7 subject to recorded *lis pendens*, which may adversely affect the Debtors' ability to sell those
8 Properties and the price at which they can be sold. Moreover, real-estate assets are subject to
9 long-term cyclical trends that can give rise to significant volatility in values. Real-estate investing
10 and development may be subject to a higher degree of market risk because of concentration in a
11 specific industry, sector, or geographic sector. Real-estate investments may be subject to other
12 general and specific risks, including declines in the value of real estate generally, risks related to
13 general and economic conditions, changes in the value of the comparable properties, and defaults by
14 real estate borrowers within the particular market or the broader economy.

15 VI.

16 CONFIRMATION OF THE PLAN

17 A. The Confirmation Hearing

18 Section 1128(a) of the Bankruptcy Code requires the Court, after notice, to hold a hearing
19 regarding Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party
20 in interest may object to Confirmation of the Plan.

21 The Court has scheduled a **status conference** on **January 23, 2026 at 11:00 a.m. (Pacific**
22 **Time)** to determine ~~if the~~ time and date of the Confirmation Hearing ~~will commence as an~~
23 ~~uncontested Confirmation Hearing on February 5, 2026 at 9:00 a.m. (Pacific Time) or a contested~~
24 ~~Confirmation Hearing on March 5, 2026 at 9:00 a.m. (Pacific Time) before the Honorable Charles~~
25 ~~Novaek, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern~~
26 ~~District of California, Oakland Division. The Confirmation Hearing Notice. Subsequent to the status~~
27 conference, the Plan Proponents will file and serve a notice on all parties in interest that sets forth
28 the time and date of the Confirmation Hearing. The Confirmation Hearing may be adjourned from

1 time to time without further notice except for an announcement of the adjourned date made at the
2 Confirmation Hearing or any adjournment thereof.

3 Objections to Confirmation of the Plan must be filed and served so that they are actually
4 received by no later than **January 21, 2026, at 11:59 p.m. (Pacific Time)**. **Unless objections to**
5 **Confirmation of the Plan are timely served and filed in compliance with the Solicitation**
6 **Procedures Order, they may not be considered by the Bankruptcy Court.**

7 **B. Requirements for Confirmation of the Plan**

8 Among the requirements for the Confirmation of the Plan are that the Plan (i) is accepted by
9 all Impaired Classes of Claims or, if rejected by an Impaired Class of Claims, that the Plan “does not
10 discriminate unfairly” and is “fair and equitable” as to such Impaired Class of Claims; (ii) is
11 feasible; and (iii) is in the “best interests” of Holders of Claims.

12 At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies
13 the requirements of section 1129 of the Bankruptcy Code. The Plan Proponents believe that: (i) the
14 Plan satisfies or will satisfy all of the necessary statutory requirements of chapter 11 of the
15 Bankruptcy Code, (ii) the Plan Proponents have complied or will have complied with all of the
16 necessary requirements of chapter 11 of the Bankruptcy Code, and (iii) the Plan has been proposed
17 in good faith. More specifically, the Plan Proponents believe that the Plan satisfies or will satisfy the
18 following applicable Confirmation requirements of section 1129 of the Bankruptcy Code:

- 19 • The Plan complies with the applicable provisions of the Bankruptcy Code.
- 20 • The Plan Proponents have complied with the applicable provisions of the Bankruptcy
21 Code.
- 22 • The Plan has been proposed in good faith and not by any means forbidden by law.
- 23 • Any payment made or promised under the Plan for services or for costs and expenses
24 in, or in connection with, the Cases, or in connection with the Plan and incident to the
25 Cases, has been disclosed to the Court, and any such payment: (1) made before the
26 Confirmation of the Plan is reasonable or (2) is subject to the approval of the Court as
27 reasonable, if it is to be fixed after Confirmation of the Plan.
- 28 • Either each Holder of a Claim in an Impaired Class of Claims has accepted the Plan,
or each such Holder will receive or retain under the Plan on account of such Claim
property of a value, as of the Effective Date of the Plan, that is not less than the

amount that such Holder would receive or retain if the Debtors were liquidated on the Effective Date of the Plan under chapter 7 of the Bankruptcy Code.

- The Classes of Claims that are entitled to vote on the Plan will have accepted the Plan, or at least one Class of Impaired Claims will have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class, and the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each Class of Claims that is impaired under, and has not accepted, the Plan.
- Except to the extent a different treatment is agreed to, the Plan provides that all Allowed Administrative Claims and Allowed Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.
- All accrued and unpaid fees of the type described in 28 U.S.C. § 1930, including the fees of the U.S. Trustee, will be paid through the Effective Date.

C. Best Interests of Creditors

Often called the “best interests of creditors” test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation of a chapter 11 plan, that the plan provides, with respect to each impaired class, that each holder of a claim or an interest in such class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 on the effective date of the plan. The Debtors and their advisors, with consultation with the Committee, have prepared a liquidation analysis attached hereto as **Exhibit C** (the “Liquidation Analysis”).

The costs of liquidation under chapter 7 of the Bankruptcy Code would include the fees payable to a chapter 7 trustee, and the fees that would be payable to additional attorneys and other professionals that such a trustee may engage.

Conversion to chapter 7 of the Bankruptcy Code would mean the establishment of a new claims bar date, which could result in new Claims being asserted against the Estates, thereby diluting the recoveries of other Holders of Allowed Claims. It would also require Holders of Claims and Interests against the Debtors to file new proofs of claim and interest in their chapter 7 cases.

Significantly, the Plan embodies a comprehensive, extensively negotiated settlement and compromise of myriad complex legal and factual issues relating to the Debtors and their Investors

1 and other creditors. In the event of conversion, the chapter 7 trustee, Investors, and other creditors
2 would need to engage in extensive litigation to resolve these and other issues, or would need to try to
3 negotiate an alternative settlement, all without the benefit of committee representation for Investors
4 and other creditors. This process would be extremely time-consuming and costly, and would very
5 likely reduce and delay any recoveries available for Investors and other creditors of the Estates.

6 In addition, a chapter 7 trustee likely would act quickly to sell or otherwise monetize the
7 Debtors' assets, including because (i) a chapter 7 trustee probably would not have adequate staffing
8 or funding to dispose of the Properties over an extended period of time and (ii) a chapter 7 trustee
9 would need to seek authorization to operate the Debtors' remaining business, which is relief that
10 should be granted only "for a limited period" in any event, *see* 11 U.S.C. § 721. Such a forced sale
11 by a chapter 7 trustee would likely ultimately result in substantially lower recoveries from the sale of
12 the Debtors' assets, as set forth in the Liquidation Analysis. Additionally, there is a risk that the
13 chapter 7 estates are not substantively consolidated. In this scenario, multiple chapter 7 trustee
14 would be appointed and there would likely be material delays and significant increased professional
15 fees.

16 On balance, the Plan Proponents believe that a chapter 7 trustee would be less likely to
17 maximize the value available from all the Estate Assets and would be unable to obtain the benefits
18 of the compromises and settlements available under the Plan. Therefore, the Plan Proponents believe
19 that confirmation of the Plan will provide each Investor and other creditors with an equal or greater
20 recovery than such party would receive pursuant to the liquidation of the Debtors under chapter 7 of
21 the Bankruptcy Code.

22 **D. Feasibility**

23 Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the plan is not
24 likely to be followed by the liquidation, or the need for further financial reorganization, of the
25 Debtors or any successor to the Debtors (unless such liquidation or reorganization is proposed in the
26 plan). The Plan Proponents believe that this requirement is satisfied, and the Debtors believe the
27 Debtors' Cash and any additional proceeds from the Plan Recovery Trust Assets will be sufficient to
28

1 allow the Plan Recovery Trustee to make all payments required to be made under the Plan.

2 Accordingly, the Plan Proponents believe that the Plan is feasible.

3 **E. Acceptance by Impaired Classes**

4 The Bankruptcy Code requires, as a condition to confirmation, that, except as described in
5 the following section, each class of claims or interests that is impaired under a plan accept the plan.
6 A class that is not “impaired” under a plan is conclusively presumed to have accepted the plan and,
7 therefore, solicitation of acceptances with respect to such class is not required.

8 A class is “impaired” unless a plan: (a) leaves unaltered the legal, equitable, and contractual
9 rights to which the claim or the interest entitles the holder of such claim or interest or (b) cures any
10 default, reinstates the original terms of such obligation, compensates the holder for certain damages
11 or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to
12 which such claim or interest entitles the holder of such claim or interest.

13 Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired
14 claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in
15 number of allowed claims in that class, counting only those claims held by creditors that actually
16 voted to accept or reject the plan. Thus, a Class of Impaired Claims will have voted to accept the
17 Plan only if two-thirds in amount and a majority in number actually voting cast their Ballots in favor
18 of acceptance.

19 **F. Confirmation Without Acceptance by All Impaired Classes**

20 Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if
21 all impaired classes have not accepted that plan, *provided* that the plan has been accepted by at least
22 one impaired class of claims, determined without including the acceptance of the plan by any insider.
23 Notwithstanding an impaired class’s rejection or deemed rejection of the plan, such plan will be
24 confirmed, at the plan proponent’s request, in a procedure commonly known as “cramdown,” so
25 long as the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each
26 class of claims or interests that is impaired under and has not accepted the plan.

27 To the extent that any Impaired Class **other than Class 5** rejects the Plan or is deemed to
28 have rejected the Plan, the Plan Proponents will request Confirmation of the Plan under section

1 1129(b) of the Bankruptcy Code. **The Plan Proponents will not request Confirmation of the Plan**
2 **under section 1129(b) of the Bankruptcy Code if Class 5 votes to reject the Plan (excluding the**
3 **votes of Insiders).** The Plan Proponents reserve the right to alter, amend, modify, revoke, or
4 withdraw the Plan, the Plan Supplement, or any schedule or exhibit, including to amend or modify it
5 to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

6 **1. No Unfair Discrimination**

7 The “unfair discrimination” test applies to classes of claims or interests that reject or are
8 deemed to have rejected a plan and that are of equal priority with another class of claims or interests
9 that is receiving different treatment under the plan. The test does not require that the treatment of
10 such classes of claims or interests be the same or equivalent, but that such treatment be “fair” under
11 the circumstances. In general, bankruptcy courts consider whether a plan discriminates unfairly in its
12 treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy
13 courts will take into account various factors in determining whether a plan discriminates unfairly.
14 Accordingly, a plan could treat two classes of unsecured creditors differently without unfairly
15 discriminating against either class. The Plan Proponents submit that if they are required to “cram
16 down” the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that
17 it does not “discriminate unfairly” against any rejecting Class.

18 **2. Fair and Equitable Test**

19 The “fair and equitable” test applies to classes that reject or are deemed to have rejected a
20 plan and are of different priority and status vis-à-vis another class (*e.g.*, secured versus unsecured
21 claims, or unsecured claims versus equity interests), and includes the general requirement that no
22 class of claims receive more than 100% of the amount of the allowed claims in the class, including
23 interest. As to the rejecting class, the test sets different standards depending on the type of claims or
24 interests in the rejecting class. The Plan Proponents submit that if they are required to “cram down”
25 the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that the
26 applicable “fair and equitable” standards are met.

G. Alternatives to Confirmation and Consummation of the Plan

The Plan Proponents believe that the Plan affords Investors and other creditors the potential for a materially better realization on the Estate Assets than a chapter 7 liquidation and, therefore, is in the best interests of all stakeholders. If, however, the requisite acceptances of the voting Classes of Claims are not received, or no Plan is confirmed and consummated, the theoretical alternatives include: (a) formulation of an alternative chapter 11 plan or plans or (b) liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

If the requisite acceptances are not received or if the Plan is not confirmed, the Plan Proponents or another party in interest could attempt to formulate and propose a different plan or plans. The Plan Proponents believe that the Plan enables Investors and other creditors to realize the greatest possible value under the circumstances and, as compared to any alternative plan, has the greatest chance to be confirmed and consummated.

The Cases could also be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a statutory trustee would be elected or appointed to complete the liquidation of the Estate Assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. As described above, the Plan Proponents believe that the Plan will provide each Investor and other creditor with an equal or greater recovery than it would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

VII.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE
PLAN

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS

This discussion is provided for informational purposes only, and is based on provisions of the Internal Revenue Code of 1986, as amended (the “IRC”), Treasury Regulations promulgated

thereunder, judicial authorities, and current administrative rulings and practice, all as in effect on the date hereof. **The tax consequences described herein are subject to significant uncertainties.**³⁰²⁹

No legal opinions have been requested from counsel with respect to any of the tax aspects of the Plan and no rulings have been or will be requested from the Internal Revenue Service (“IRS”) with respect to the any of the issues discussed below. Further, legislative, judicial, or administrative changes may occur that could affect the accuracy of the statements and conclusions set forth below as well as the tax consequences to the holders of Claims and Equity Interests. Any such changes or interpretations may be retroactive and could significantly, and adversely, affect the United States federal income tax consequences of the Plan.

The following summary does not address the U.S. federal income tax consequences to the Holders of Claims or Equity Interests **not** entitled to vote to accept or reject the Plan. In addition, the following discussion is limited to Holders that are United States persons within the meaning of the IRC. For purposes of the following discussion, a “United States person” is any of the following:

- An individual who is a citizen or resident of the United States;
- A corporation created or organized under the laws of the United States or any state or political subdivision thereof;
- An estate, the income of which is subject to federal income taxation regardless of its source; or
- A trust that (a) is subject to the primary supervision of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust, or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

This discussion does not address all aspects of U.S. federal income taxation that (i) may be relevant to a particular Holder in light of its particular facts and circumstances or (ii) to certain types of Holders subject to special treatment under the IRC.³⁴³⁰ This discussion does not address the tax

³⁰²⁹ Uncertainties are due to the complexity of certain aspects of the Plan, the lack of applicable legal precedent, the possibility of changes in the law, the differences in the nature of the Claims (including Claims within the same Class) and Equity Interests, the holder’s status and method of accounting (including holders within the same Class), and the potential for disputes as to legal and factual matters with the IRS.

³⁴³⁰ Examples of Holders subject to special treatment under the IRC are governmental entities and entities exercising governmental authority, foreign companies, persons who are not citizens or residents of the United States, banks and certain other financial institutions, broker-dealers, insurance companies, tax-exempt organizations, real-estate investment trusts, small business investment companies, regulated investment companies, persons that have a

1 consequences to holders of Claims who did not acquire such Claims at the issue price on original
2 issue. No aspect of foreign, state, local or estate and gift taxation is addressed.

3 It is intended and assumed for purposes of this Disclosure Statement, that Investor Claims
4 will be treated as indebtedness of the Debtors for U.S. federal income tax purposes and that the tax
5 consequences to the Debtors and the Investors will be determined accordingly. The IRS has
6 submitted Claims in these Cases and it is expected that as part of the settlement with the IRS, the
7 characterization of the Investor Claims and the tax treatment of the Plan to the Debtors will be
8 negotiated and agreed to. However, there is no authority addressing the treatment of claims similar
9 to the Investor Claims and there no assurance that the IRS will agree to the treatment of the Investor
10 Claims as indebtedness. If the Investor Claims are instead treated as equity interests in the Debtor
11 entities, the tax consequences of the Plan to Investors would be significantly different then described
12 below and Investors could be subject to tax on gains related to the transfer of the Properties to the
13 liquidating trust or other Creditors, or to sales that may have been consummated prior to the
14 commencement of the Bankruptcy proceedings.

15 In addition to the investor Claims being characterized as indebtedness, the tax treatment of
16 Holders of Claims and the character, amount, and timing of income, gain, or loss recognized as a
17 consequence of the Plan and the Distributions provided for by the Plan may vary, depending upon
18 the following factors, among others:

- 19 (i) whether the Claim or portion thereof constitutes a Claim for principal or
20 interest;
- 21 (ii) the type of consideration, if any, received by the Holder in exchange for the
22 Claim, and whether the Holder receives Distributions under the Plan in more
23 than one taxable year;
- 24 (iii) whether the Holder is a citizen or resident of the United States for tax
25 purposes, is otherwise subject to U.S. federal income tax on a net basis, or
26 falls into any special class of taxpayers, such as those that are excluded from
27 this discussion as noted above;

28 functional currency other than the U.S. dollar, and persons holding Claims that are a hedge against, or that are
hedged against, currency risk or that are part of a straddle, constructive sale, or conversion transaction.

- (iv) the manner in which the Holder acquired the Claim;
- (v) the length of time that the Claim has been held;
- (vi) whether the Claim was acquired at a discount;
- (vii) whether the Holder has taken a bad-debt deduction or a worthless-securities deduction with respect to the Claim or any portion thereof in the current or prior taxable years;
- (viii) whether the Holder has previously included in gross income accrued but unpaid interest with respect to the Claim;
- (ix) the method of tax accounting of the Holder;
- (x) whether the Claim is an installment obligation for U.S. federal income tax purposes; and
- (xi) whether the “market discount” rules apply to the Holder.

Therefore, each Holder should consult such Holder’s own tax advisor for tax advice with respect to that Holder’s particular situation and circumstances, and the particular tax consequences to such Holder of the transactions contemplated by the Plan.

A significant amount of time may elapse between the date of the Disclosure Statement and the receipt of a final Distribution under the Plan. Events occurring after the date of the Disclosure Statement, such as new or additional tax legislation, court decisions, or administrative changes, could affect the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder. No representations are being made regarding the particular tax consequences of the confirmation or implementation of the Plan as to any Holder of a Claim. This discussion is not binding upon the IRS or other taxing authorities. No assurance can be given that the IRS or another authority would not assert, or that a court would not sustain, a different position from any discussed herein.

THE FOLLOWING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FOLLOWING DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND

1 MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES.
2
3 ACCORDINGLY, EACH HOLDER IS STRONGLY URGED TO CONSULT SUCH
4 HOLDER'S INDEPENDENT TAX ADVISOR REGARDING THE FEDERAL, STATE,
5 LOCAL, AND FOREIGN INCOME TAX CONSEQUENCES OF THE PLAN.

6 **B. Certain U.S. Federal Income Tax Consequences of the Plan Recovery Trust**

7 Under the terms of the Plan, the Plan Recovery Trust Assets are expected to be transferred to
8 the Plan Recovery Trust in a taxable disposition. To the extent that any Plan Recovery Trust Assets
9 are transferred to a Secured Lender to satisfy a Secured Lender Claim, such transfers are also
10 expected to be taxable transactions to the Debtor entities. In addition, it is possible that the
11 forgiveness of accrued interest on a Secured Lender Claim, and a portion of the taxable gain, could
12 give rise to cancellation of indebtedness income. Any income or gain from the transfer of assets to
13 the Plan Recovery Trust and the satisfaction of any Secured Lender Claims would then flow through
14 to the ultimate taxpaying owner or member of the transferring Debtor who would be responsible for
15 paying any resulting tax liability. The tax consequences of the Plan, however, are subject to many
16 uncertainties due to the complexity of the Plan and the lack of interpretative authority regarding
17 certain changes in the tax law. Uncertainties with regard to the U.S. federal income tax
18 consequences of the Plan also arise due to the inherent nature of estimates of value that will impact
19 the determination of the amount of income or gain from the transfer of assets to the Plan Recovery
20 Trust.

21 As of the Effective Date, the Plan Recovery Trust shall be established for the benefit of all
22 Plan Recovery Trust Beneficiaries. The Plan Recovery Trustee will make a good-faith valuation of
23 the Plan Recovery Trust Assets. All parties (including, without limitation, the Plan Recovery Trustee
24 and the Plan Recovery Trust Beneficiaries) must consistently use such valuation for all U.S. federal
25 income tax purposes. Allocations of taxable income of the Plan Recovery Trust (other than taxable
26 income allocable to a Distribution Reserve) among Plan Recovery Trust Beneficiaries shall be
27 determined by reference to the manner in which an amount of cash equal to such taxable income
28 would be distributed (were such cash permitted to be distributed at such time) if, immediately prior
to such deemed distribution, the Plan Recovery Trust had distributed all of its assets (valued at their

1 tax book value, and other than assets allocable to a Distribution Reserve) to the holders of the
2 beneficial interests in the Plan Recovery Trust, adjusted for prior taxable income and loss and taking
3 into account all prior and concurrent distributions from the Plan Recovery Trust. Similarly, taxable
4 loss of the Plan Recovery Trust shall be allocated by reference to the manner in which an economic
5 loss would be borne immediately after a distribution in liquidation of the remaining Plan Recovery
6 Trust Assets. The tax book value of the Plan Recovery Trust Assets for this purpose shall be equal to
7 the fair-market value of the Plan Recovery Trust Assets on the Effective Date, adjusted in
8 accordance with tax accounting principles prescribed by the IRC, applicable Treasury Regulations,
9 and other applicable administrative and judicial authorities and pronouncements. Subject to
10 definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the
11 receipt by the Plan Recovery Trustee of an IRS private letter ruling if the Plan Recovery Trustee so
12 requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the
13 Plan Recovery Trustee), the Plan Recovery Trustee will (a) elect to treat any Plan Recovery Trust
14 Assets allocable to a Distribution Reserve (a reserve for amounts and Plan Recovery Trust interests
15 retained on account of Contingent Claims, Disputed Claims or Unliquidated Claims) as a “disputed
16 ownership fund” governed by Treasury Regulation section 1.468B-9 and (b) to the extent permitted
17 by applicable law, report consistently with the foregoing for state and local income tax purposes.
18 Accordingly, the Distribution Reserves will be subject to tax annually on a separate entity basis on
19 any net income earned with respect to the Plan Recovery Trust Assets in such reserves, and all
20 distributions from such reserves will be treated as received by holders in respect of their Claims as if
21 distributed by the Debtors. All parties (including, without limitation, the Plan Recovery Trustee and
22 the Holders of the Plan Recovery Trust Units) will be required to report for U.S. federal income tax
23 purposes consistently with the foregoing.

24 The Plan Recovery Trust is intended to qualify as a liquidation trust for U.S. federal income
25 tax purposes. In general, a liquidation trust is not a separate taxable entity but rather is treated for
26 U.S. federal income tax purposes as a “grantor” trust (i.e., a pass-through entity). The IRS, in
27 Revenue Procedure 94-45, 1994-28 I.R.B. 124, set forth the general criteria for obtaining an IRS
28 ruling as to the grantor trust status of a liquidation trust under a chapter 11 plan. The Plan Recovery

1 Trust has been structured with the intention of complying with such general criteria. Pursuant to the
2 Plan, and in conformity with Revenue Procedure 94-45, all parties (including the Plan Recovery
3 Trustee and the Holders of Plan Recovery Trust Units) are required to treat for U.S. federal income
4 tax purposes, the Plan Recovery Trust as a grantor trust of which the Holders of Plan Recovery Trust
5 Units are the owners and grantors.

6 Although the following discussion assumes that the Plan Recovery Trust would be treated as
7 a grantor trust for U.S. federal income tax purposes, no ruling has been requested from the IRS
8 concerning the tax status of the Plan Recovery Trust as a grantor trust. Accordingly, there can be no
9 assurance that the IRS would not take a contrary position to the classification of the Plan Recovery
10 Trust as a grantor trust for U.S. federal income tax purposes. If the IRS were to successfully
11 challenge this classification, the U.S. federal income tax consequences to the Plan Recovery Trust
12 and the holders of Plan Recovery Trust Units could vary from those discussed herein and, thus, there
13 could be less Available Cash than projected, resulting in lower recoveries for holders of Plan
14 Recovery Trust Units.

15 **C. Consequences to Holders of Claims Generally**

16 In general, each holder of an Allowed Claim will recognize gain or loss in an amount equal
17 to the difference between (i) the “amount realized” by such holder in satisfaction of its Claim and (ii)
18 such holder’s adjusted tax basis in such Claim. The “amount realized” by a holder will equal the sum
19 of cash and the aggregate fair-market value of the property received by such holder pursuant to the
20 Plan (such as a holder’s undivided beneficial interest in the assets transferred to the Plan Recovery
21 Trust). Where gain or loss is recognized by a holder in respect of its Allowed Claim, the character of
22 such gain or loss (i.e., long-term or short-term capital, or ordinary income) will be determined by a
23 number of factors including (i) the tax status of the holder, (ii) whether the Claim constituted a
24 capital asset in the hands of the holder and how long it had been held, (iii) whether the Claim was
25 originally issued at a discount or acquired at a market discount, and (iv) whether and to what extent
26 the holder had previously claimed a bad debt deduction or theft loss in respect of the Claim.

27 Generally, a Holder of an Allowed Claim will realize gain or loss on the exchange under the
28 Plan of its Allowed Claim for Cash or other property in an amount equal to the difference between

1 (i) the sum of the amount of any Cash and the fair market value on the date of the exchange of any
2 other property received by the Holder and (ii) the adjusted tax basis of the Allowed Claim exchanged
3 therefor (other than basis attributable to accrued but unpaid interest previously included in the
4 Holder's taxable income). It is possible that any loss, or a portion of any gain, realized by a Holder
5 of a Claim may have to be deferred until all of the Distributions to such Holder are received.

6 When gain or loss is recognized by a Holder, such gain or loss may be long-term capital gain
7 or loss if the Claim disposed of is a capital asset in the hands of the Holder and has been held for
8 more than one year. **Each Holder of an Allowed Claim should consult its own tax advisor to**
9 **determine whether gain or loss recognized by such Holder will be long-term capital gain or**
10 **loss and the specific tax effect thereof on such Holder.**

11 A Holder of an Allowed Claim who receives, in respect of the Holder's Allowed Claim, an
12 amount that is less than that Holder's tax basis in such Allowed Claim may be entitled to a bad-debt
13 deduction under IRC section 166(a). The rules governing the character, timing, and amount of a
14 bad-debt deduction place considerable emphasis on the facts and circumstances of the holder, the
15 obligor, and the instrument with respect to which a deduction is claimed. **Holders of Allowed**
16 **Claims, therefore, are urged to consult their own tax advisors with respect to the ability to**
17 **take a bad-debt deduction.** A Holder that has previously recognized a loss or deduction in respect
18 of that Holder's Allowed Claim may be required to include in gross income (as ordinary income) any
19 amounts received under the Plan to the extent such amounts exceed the Holder's adjusted basis in
20 such Allowed Claim. Holders of Investor Claims may also be entitled to claim losses on account of
21 a Ponzi scheme, as discussed in Section VII.D. below.

22 Holders of Allowed Claims who were not previously required to include any accrued but
23 unpaid interest with respect to an Allowed Claim may be treated as receiving taxable interest income
24 to the extent any consideration they receive under the Plan is allocable to such interest. A Holder
25 previously required to include in gross income any accrued but unpaid interest with respect to an
26 Allowed Claim may be entitled to recognize a deductible loss to the extent such interest is not
27 satisfied under the Plan.
28

1 A Holder of an Allowed Claim constituting an installment obligation for tax purposes may be
2 required to currently recognize any gain remaining with respect to such obligation if, pursuant to the
3 Plan, the obligation is considered to be satisfied at other than at face value or distributed,
4 transmitted, sold, or otherwise disposed of within the meaning of IRC section 453B.

5 Holders of Disallowed Claims will not receive any Distribution as part of the Plan.
6 Accordingly, because such a Holder may receive an amount that is less than that Holder's tax basis
7 in such Claim, such Holder may be entitled to a bad-debt deduction under IRC section 166(a). The
8 rules governing the character, timing, and amount of a bad-debt deduction place considerable
9 emphasis on the facts and circumstances of the holder, the obligor, and the instrument with respect
10 to which a bad-debt deduction is claimed. Holders of Disallowed Claims, therefore, are urged to
11 consult their own tax advisors with respect to the ability to take a bad debt deduction.

12 **D. Consequences to Plan Recovery Trust Beneficiaries**

13 After the Effective Date, any amount that a Plan Recovery Trust Beneficiary (as a Holder of a
14 Plan Recovery Trust Unit) receives as a distribution from the Plan Recovery Trust in respect of its
15 beneficial interest in the Plan Recovery Trust should not be included, for U.S. federal income tax
16 purposes, in the Holder's amount realized in respect of its Allowed Claim but should be separately
17 treated as a distribution received in respect of such Holder's beneficial interest in the Plan Recovery
18 Trust. In general, a Holder's aggregate tax basis in its undivided beneficial interest in the assets
19 transferred to the Plan Recovery Trust will equal the fair market value of such undivided beneficial
20 interest as of the Effective Date and the Holder's holding period in such assets will begin the day
21 following the Effective Date. Distributions to any Holder of an Allowed Claim will be allocated first
22 to the original principal portion of such Claim as determined for federal tax purposes and then, to the
23 extent the consideration exceeds such amount, to the remainder of such Claim. However, there is no
24 assurance that the IRS will respect such allocation for U.S. federal income tax purposes.

25 For all U.S. federal income tax purposes, all parties (including the Plan Recovery Trustee and
26 the Holders of Plan Recovery Trust Units) shall treat the transfer of the Plan Recovery Trust Assets
27 to the Plan Recovery Trust, in accordance with the terms of the Plan, as a transfer of those assets
28 directly to the Holders of Allowed Claims (and, with respect to the Contingent Claims, Disputed

1 Claims and Unliquidated Claims, to the Distribution Reserve) followed by the transfer of such assets
2 by such Holders to the Plan Recovery Trust. Consistent therewith, all parties shall treat the Plan
3 Recovery Trust as a grantor trust of which such Holders are to be the owners and grantors. Thus,
4 such Holders (and any subsequent Holders of interests in the Plan Recovery Trust) shall be treated as
5 the direct owners of an undivided beneficial interest in the assets of the Plan Recovery Trust.
6 Accordingly, each Holder of a beneficial interest in the Plan Recovery Trust will be required to
7 report on its U.S. federal income tax return(s) the Holder's allocable share of all income, gain, loss,
8 deduction, or credit recognized or incurred by the Plan Recovery Trust. The Plan Recovery Trust's
9 taxable income will be allocated to the Holders of Plan Recovery Trust Units in accordance with
10 each such Holder's pro rata share of the Plan Recovery Trust Units in the Plan Recovery Trust
11 Assets. The character of items of income, deduction, and credit to any Holder and the ability of such
12 Holder to benefit from any deductions or losses may depend on the particular situation of such
13 Holder. The U.S. federal income tax reporting obligation of a Holder of a beneficial interest in the
14 Plan Recovery Trust is not dependent upon the Plan Recovery Trust distributing any cash or other
15 proceeds. Therefore, a Holder of a beneficial interest in the Plan Recovery Trust may incur a U.S.
16 federal income tax liability regardless of the fact that the Plan Recovery Trust has not made, or will
17 not make, any concurrent or subsequent distributions to the Holder. If a Holder incurs a U.S. federal
18 tax liability but does not receive distributions commensurate with the taxable income allocated to it
19 in respect of its Plan Recovery Trust Unit in the Plan Recovery Trust, the Holder may be allowed a
20 subsequent or offsetting loss.

21 The Plan Recovery Trustee will file with the IRS returns for the Plan Recovery Trust as a
22 grantor trust pursuant to Treasury Regulations section 1.671-4(a). The Plan Recovery Trustee will
23 also send to each Holder of a beneficial interest in the Plan Recovery Trust a separate statement
24 setting forth the Holder's share of items of income, gain, loss, deduction, or credit and will instruct
25 the Holder to report such items on its U.S. federal income tax return. Events subsequent to the date
26 of this Disclosure Statement, such as the enactment of additional tax legislation, could also change
27 the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder.
28

1 **A Plan Recovery Trust Beneficiary who is a victim of a Ponzi scheme might be entitled**
2 **to claim a loss dependent on its individual circumstances.** Such losses that arise out of property
3 used in a trade or business or a transaction entered into for profit are deductible in the year in which
4 the loss is sustained and in an amount not to exceed the adjusted tax basis of the property involved.
5 A theft loss generally cannot be deducted in a tax year to the extent that there are reasonable
6 prospects of a recovery of some or all of the loss. In that event, the deduction is postponed until it
7 can be ascertained with reasonable certainty the likelihood and amount of any reimbursement that
8 will be received. The loss generally must be deducted in the first year a reasonable prospect of
9 recovery no longer exists, and cannot be claimed in any subsequent year. The reasonable prospect of
10 reimbursement rule applies only to that part of the loss for which reimbursement is available.
11 However, in 2009, the IRS issued Rev. Proc. 2009-20, 2009-14 I.R.B. 735, to provide an optional
12 safe harbor allowing certain taxpayers to claim a theft loss deduction under IRC section 165 for
13 qualified losses resulting from certain fraudulent investment schemes. Rev. Proc. 2009-20 generally
14 defines a qualified loss as a loss from a specified fraudulent arrangement, including Ponzi schemes,
15 for which authorities have charged the lead figure by indictment, information, or criminal complaint
16 with a crime that meets the definition of theft for purposes of IRC section 165. Under these
17 safe-harbor provisions, a qualified investor may deduct 95% of qualified investment in the discovery
18 year (i.e., the year in which the indictment, information, or complaint described in Rev. Proc.
19 2009-20 is filed) if the qualified investor does not pursue any potential third-party recovery. A 75%
20 deduction is available in the discovery year if a qualified investor is pursuing or intends to pursue
21 any potential third-party recovery. The details for qualification for the safe harbor deduction are set
22 forth in Rev. Proc. 2009-20.

23 In 2011, the IRS issued Rev. Proc. 2011-58, 2011-58 I.R.B. 849, which modified the
24 provisions of Rev. Proc. 2009-20. Under Rev. Proc. 2011-58, the safe harbor provisions of Rev.
25 Proc. 2009-20 may be utilized if a lead figure was charged by indictment or information under state
26 or federal law with the commission of fraud, embezzlement, or a similar crime that, if proven, would
27 meet the definition of theft for purposes of IRC section 165 and Treasury regulations section
28 1.165-8(d) under the law of the jurisdiction in which the theft occurred, and the indictment or

1 information has not been withdrawn or dismissed. Under Rev. Proc. 2011-58, the safe harbor
2 provisions of Rev. Proc. 2009-20 may also be utilized if a lead figure was the subject of a state or
3 federal criminal complaint alleging the commission of a crime described in section 4.02(1) of Rev.
4 Proc. 2011-58, the complaint has not been withdrawn or dismissed, and either (a) the complaint
5 alleged an admission by the lead figure, or the execution of an affidavit by that person admitting the
6 crime; or (b) a receiver or trustee was appointed with respect to the arrangement or assets of the
7 arrangement were frozen.

8 Rev. Proc. 2011-58 further clarified, among other things, that the terms “indictment,”
9 “information,” and “criminal complaint” as used in Rev. Proc. 2009-20 have meanings similar to the
10 use of those terms in the Federal Rules of Criminal Procedure. Given the Mattson Indictment and
11 Mattson SEC Complaint, safe harbor treatment under Rev. Proc. 2009-20 may be available to certain
12 Plan Recovery Trust Beneficiaries. **Plan Recovery Trust Beneficiaries should consult with their**
13 **own tax advisors to determine if a theft loss deduction is permissible**, as well as the timing,
14 amount, and applicable limitations for any such theft loss deduction.

15 **E. Withholding on Distributions and Information Reporting**

16 All Distributions to Holders of Allowed Claims under the Plan and any Distributions to the
17 Holders of Plan Recovery Trust Units are subject to any applicable tax withholding, including
18 employment tax withholding. Under U.S. federal income tax law, interest, dividends, and other
19 reportable payments may, under certain circumstances, be subject to “backup withholding” at the
20 then-applicable withholding rate. Backup withholding generally applies if the payment recipient (i)
21 fails to furnish the recipient’s social security number or other taxpayer identification number, (ii)
22 furnishes an incorrect taxpayer identification number, (iii) fails to properly report interest or
23 dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under
24 penalty of perjury, that the taxpayer’s identification number provided is the recipient’s correct
25 taxpayer identification number and that such recipient is not subject to backup withholding. Backup
26 withholding is not an additional tax but merely an advance payment, which may be refunded to the
27 extent it results in an overpayment of tax. Certain Persons are exempt from backup withholding,
28 including, in certain circumstances, corporations, and financial institutions.

1 In addition, a Holder of an Allowed Claim that is a not a U.S. entity may be subject to
2 additional withholding, depending on, among other things, the particular type of income and whether
3 the type of income is subject to a lower treaty rate. As to certain Claims, it is possible that
4 withholding may be required with respect to distributions by the Debtor making such Distribution or
5 by the Plan Recovery Trust, as applicable, even if no withholding would have been required if
6 payment was made before the Cases. A non-U.S. Holder may also be subject to other adverse
7 consequences in connection with the implementation of the Plan. As discussed above, the foregoing
8 discussion of the U.S. federal income tax consequences of the Plan does not generally address the
9 consequences to non-U.S. Holders. Non-U.S. Holders are urged to consult their own tax advisors
10 regarding potential withholding on Distributions under the Plan.

11 In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S.
12 federal income tax return of certain types of transactions in which the taxpayer participated,
13 including, among other types of transactions, certain transactions that result in the taxpayer's
14 claiming a loss in excess of specified thresholds. Holders are urged to consult their own tax advisors
15 regarding these Treasury Regulations and whether the transactions contemplated by the Plan would
16 be subject to these Treasury Regulations and require disclosure on the Holder's tax returns.

17 **VIII.**

18 **RECOMMENDATION**

19 The Plan Proponents believe that confirmation and implementation of the Plan are the best
20 alternative under the circumstances and urge all Impaired Creditors entitled to vote on the Plan to
21 vote in favor of and support confirmation of the Plan.

22
23 *[Remainder of page intentionally left blank]*
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25
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27
28

Respectfully submitted,

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EXHIBIT A

Joint Chapter 11 Plan

[Filed Separately]

EXHIBIT B

Corporate Organizational Charts

EXHIBIT C

Liquidation and Recovery Analysis

INTRODUCTION

The “best interests” test in section 1129(a)(7) of the Bankruptcy Code requires that the Bankruptcy Court find, as a condition to confirmation of the Plan, that each holder of a Claim or Interest in each Impaired Class: (i) has accepted the Plan; or (ii) will receive or retain under the Plan property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Person would receive if the Chapter 11 Cases were instead converted to chapter 7 of the Bankruptcy Code on the Conversion Date (defined below) and the assets liquidated by a chapter 7 trustee. To make these findings, the Bankruptcy Court must: (1) estimate the cash proceeds that a chapter 7 trustee would generate if the Chapter 11 Cases were converted to chapter 7 cases and the assets of such Debtors’ estates were liquidated as of the Conversion Date (defined below); (2) determine the distribution that each non-accepting holder of a Claim or Interest would receive from the net proceeds available for distribution under the priority scheme dictated in chapter 7; and (3) compare each holder’s estimated recovery under a chapter 7 liquidation scenario to the distributions under the Plan that such holder would receive if the Plan were confirmed and consummated.

The Debtors, with the assistance of their restructuring advisors, have prepared this hypothetical liquidation (the “Liquidation Analysis”), which estimates potential cash distributions to holders of allowed claims and interests in a hypothetical chapter 7 liquidation of all the Debtors’ assets. The Liquidation Analysis is based upon certain assumptions further detailed in the accompanying “Notes to the Liquidation Analysis.”

Based on the estimated range of recoveries for each class of creditors in the Liquidation Analysis, the Debtors submit that holders of Impaired Claims will receive more value under the proposed Plan than in a chapter 7 liquidation scenario. The Plan thus satisfies the best interests test under section 1129(a)(7) of the Bankruptcy Code. This analysis is based on estimates and assumptions that, while considered reasonable by management, may not be realized and are inherently subject to uncertainties, and actual recoveries in a chapter 7 liquidation could be higher or lower than recoveries set forth in this Liquidation Analysis.

STATEMENT OF LIMITATIONS

The Liquidation Analysis was prepared for the sole purpose of assisting the Bankruptcy Court and Holders of Impaired Claims or Equity Interests in determining that the best interest of creditors test is met and should not be used for any other purpose. The determination of the hypothetical proceeds and costs of the Liquidation of the Debtors’ assets, entered in certain process

involving the use of estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies beyond the control of the Debtors, their

information in the Liquidation Analysis was not compiled or examined by any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis.

ACCORDINGLY, WHILE DEEMED REASONABLE BASED ON THE FACTS CURRENTLY AVAILABLE, NEITHER THE DEBTORS NOR THEIR PROFESSIONALS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY.

In preparing the Liquidation Analysis, estimated Allowed Claims are based upon a review of Claims listed on the Debtors' statements of assets and liabilities as well as various other financial statements and reports (the "Financial Reports") and Proofs of Claim and Proofs of Interest filed to date. In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in the Chapter 11 Cases or currently contingent, but which could be asserted and Allowed in a chapter 7 liquidation, including but not limited to Administrative Claims, claims arising in connection with the rejection of contracts, employee-related obligations, Liquidation Costs (as defined herein), trustee fees, tax liabilities, and other Allowed Claims. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. For purposes of the Liquidation Analysis, the Debtors' estimates of Allowed Claims contained in the Liquidation Analysis reference specific Claims estimates, even though the Debtors' estimates of ranges of projected recoveries under the Plan to holders of Allowed Claims and Interests are based on ranges of Allowed Claims and Interests. Therefore, estimates of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan.

NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

BASIS OF PRESENTATION

This hypothetical Liquidation Analysis assumes conversion of each of the Chapter 11 Cases to chapter 7 liquidation cases approximately three weeks after a contested confirmation hearing of the Plan and is presumed to be March 31, 2026 (the "Conversion Date") and presents a recovery scenario on a substantively consolidated basis. On the Conversion Date, it is assumed that the Office of the United States Trustee would appoint a chapter 7 trustee to oversee the liquidation of the bankruptcy estates of the Debtors, during which time all of the assets of the Debtors would be sold or otherwise liquidated, and the net cash proceeds (net of liquidation related costs) would be distributed to creditors in accordance with applicable law.

The Liquidation Analysis is based on estimates of the Debtors' assets and liabilities derived from the Debtors' periodic financial reports and budgets as well as estimates from the Debtors' real

estate advisors, which are routinely provided to the Debtors' constituents. Except as otherwise noted herein, the Liquidation Analysis is based upon the unaudited financial statements of the Debtors as of September 30, 2025, and those values are assumed to be representative of the Debtors' assets and liabilities as of the Conversion Date. Except as otherwise noted herein, the Debtors' Management team believes that the September 30, 2025 values reflect the best available estimates for purposes of this analysis, although actual values at the Conversion Date could differ materially. The values utilized for Unsold Retained Properties are based on either the latest available Broker Opinions of Value ("BOV's") or actual offers received. The estimates provided by the Debtors' real estate advisors as it relates to the forecasted timing and net property sale proceeds are constantly evolving as updated information becomes available. The estimates provided by the Debtors' real estate advisors reflect the latest information available as of the time of publication.

The Debtors' anticipated property sales are expected to occur through the Conversion Date. Any properties that have not been sold or returned to the lenders at that point are assumed to be liquidated by the chapter 7 trustee after the Conversion Date ("Retained Properties"). The Liquidation Analysis assumes approximately 30 properties will be retained by the Plan Recovery Trust.

The Liquidation Analysis assumes Debtor and non-Debtor affiliate operations will cease as of the Conversion Date and that the chapter 7 trustee will engage third parties, as necessary, to manage and maintain the Retained Properties pending the sale process.

For the purposes of this analysis, it is assumed that the sale of the above assets takes six months from the Conversion Date under the direction of the chapter 7 trustee who is assisted by real estate brokers, a financial advisor, and bankruptcy counsel. During this time, it is assumed that the trustee will engage a property management company to support the sale process, assist the trustee with wind-down tasks, and ensure the assets are managed and maintained until sale.

All non-Debtor affiliates are assumed to have *de minimis* asset value and therefore no recoveries are assumed on account of non-Debtor affiliate assets.

There can be no assurance that the liquidation would be completed in the assumed timeframe, nor that the assumed realizable asset values would in fact be realized through the liquidation process.

The Liquidation Analysis is further based on the assumption that the Debtors continue to have authority to use the applicable secured lenders' cash collateral during the course of the chapter 7 liquidation period to support the liquidation process. This is only an assumption and is by no means meant to represent an agreement with the lenders as to the use of cash collateral in a liquidation scenario. Absent the use of cash collateral in the quantum estimated, the values realized for the assets will likely be materially lower. Use of cash collateral is assumed for modeling purposes; however, secured lenders may contest such use and a chapter 7 trustee may lack adequate liquidity to preserve value, leading to accelerated deterioration of assets and materially lower recoveries.

LIQUIDATION ANALYSIS

\$ in 000s

	Note	Ch. 7 Estimated Range of Outcomes				Ch. 11 Estimated Range of Outcomes			
		Low		High		Low		High	
		\$	%	\$	%	\$	%	\$	%
Unsold Retained Properties	[1]								
Gross Asset Sale Proceeds		\$ 37,835		\$ 45,830		54,590		76,477	
Closing Costs		(2,838)		(3,094)		(4,094)		(5,440)	
Taxes Paid at Closing		(593)		(833)		(848)		(929)	
Secured Debt and Other Amounts		(21,926)	100%	(28,025)	100%	(31,818)	100%	(46,590)	100%
Net Asset Sale Proceeds		12,479		13,878		17,829		23,518	
Cash on Hand	[2]	94,745		94,745		94,745		94,745	
Other Assets	[3]	1,183		2,100		1,183		2,100	
Other Recoveries (net)	[4]	2,000		27,000		2,000		27,000	
Total Assets Available for Distribution		\$ 110,407		\$ 137,722		\$ 115,757		\$ 147,363	
DIP Financing Claims	[5]	(12,100)	100%	(12,100)	100%	(12,100)	100%	(12,100)	100%
Remaining Assets Available for Distribution		98,307		125,622		103,657		135,263	
Administrative Claims									
Ch. 7 Trustee Commission	[6]	(4,073)	100%	(5,090)	100%	n/a		n/a	
Ch. 7 Case Professionals	[7]	(21,000)	100%	(15,000)	100%	n/a		n/a	
Ch. 11 Wind Down budget	[8]	n/a	100%	n/a	100%	(5,500)	100%	(4,500)	100%
Ch. 11 Administrative Claims	[9]								
Accrued Professional Fees		(48,500)	100%	(44,000)	100%	(48,500)	100%	(44,000)	100%
Other Ch. 11 Administrative Claims		(510)	100%	(410)	100%	(510)	100%	(410)	100%
Total Administrative Claims		(74,083)		(64,500)		(54,510)		(48,910)	
Remaining Assets Available for Distribution		24,224		61,122		49,147		86,353	
Priority Claims	[10]	(2,000)	100%	(1,000)	100%	(2,000)	100%	(1,000)	100%
Funds Available for Distribution		\$ 22,224		\$ 60,122		\$ 47,147		\$ 85,353	
Estimated Claims Pool		Claim Amount	Recovery	Claim Amount	Recovery	Ch. 11 Recovery		Ch. 11 Recovery	
Class 4 (Trade Claims)	[11]	5,500	9.3%	4,000	25.3%	5,500	72.7%	4,000	100.0%
Class 5 (Investor Claims)	[12]								
Investor Tranche 1 Claims	[13]	\$ 234,000	9.3%	\$ 234,000	25.3%	\$ 234,000	19.7%	\$ 234,000	35.9%
Investor Tranche 2 Claims	[14]	\$ 97,000	0.0%	\$ 97,000	0.0%	\$ 97,000	0.0%	\$ 97,000	0.0%
Total Investor Claims		\$ 331,000	6.6%	\$ 331,000	17.9%	\$ 331,000	14.0%	\$ 331,000	25.5%

\$ in 000s

	Note	Ch. 7 Estimated Range of Outcomes				Ch. 11 Estimated Range of Outcomes			
		Low		High		Low		High	
		\$	%	\$	%	\$	%	\$	%
Unsold Retained Properties	[1]								
Gross Asset Sale Proceeds		\$ 37,835		\$ 45,830		54,590		76,477	
Closing Costs		(2,838)		(3,094)		(4,094)		(5,440)	
Taxes Paid at Closing		(593)		(833)		(848)		(929)	
Secured Debt and Other Amounts		(21,928)	100%	(28,031)	100%	(31,824)	100%	(46,596)	100%
Net Asset Sale Proceeds		12,477		13,872		17,824		23,512	
Cash on Hand	[2]	94,745		94,745		94,745		94,745	
Other Assets	[3]	1,183		2,100		1,183		2,100	
Other Recoveries (net)	[4]								
Recoveries from Secured Lenders (net)		2,000		12,000		2,000		12,000	
Other Third Party Recoveries (net)		-		15,000		-		15,000	
Total Assets Available for Distribution		\$ 110,405		\$ 137,717		\$ 115,751		\$ 147,357	
DIP Financing Claims	[5]	(12,100)	100%	(12,100)	100%	(12,100)	100%	(12,100)	100%
Remaining Assets Available for Distribution		98,305		125,617		103,651		135,257	
Administrative Claims									
Ch. 7 Trustee Commission	[6]	(4,013)	100%	(4,730)	100%	n/a		n/a	
Ch. 7 Case Professionals	[7]	(21,000)	100%	(15,000)	100%	n/a		n/a	
Ch. 11 Wind Down budget	[8]	n/a	100%	n/a	100%	(5,500)	100%	(4,500)	100%
Ch. 11 Administrative Claims	[9]								
Accrued Professional Fees		(48,500)	100%	(44,000)	100%	(48,500)	100%	(44,000)	100%
Other Ch. 11 Administrative Claims		(510)	100%	(410)	100%	(510)	100%	(410)	100%
Total Administrative Claims		(74,023)		(64,140)		(54,510)		(48,910)	
Remaining Assets Available for Distribution		24,282		61,476		49,141		86,347	
Priority Claims	[10]	(2,000)	100%	(1,000)	100%	(2,000)	100%	(1,000)	100%
Funds Available for Distribution		\$ 22,282		\$ 60,476		\$ 47,141		\$ 85,347	
Estimated Claims Pool		Claim Amount	Recovery	Claim Amount	Recovery	Ch. 11 Recovery		Ch. 11 Recovery	
Class 4 (Trade Claims)	[11]	5,500	9.3%	4,000	25.4%	5,500	72.7%	4,000	100.0%
Class 5 (Investor Claims)	[12]								
Investor Tranche 1 Claims	[13]	\$ 234,000	9.3%	\$ 234,000	25.4%	\$ 234,000	19.7%	\$ 234,000	35.9%
Investor Tranche 2 Claims	[14]	\$ 97,000	0.0%	\$ 97,000	0.0%	\$ 97,000	0.0%	\$ 97,000	0.0%
Total Investor Claims		\$ 331,000	6.6%	\$ 331,000	18.1%	\$ 331,000	14.0%	\$ 331,000	25.5%

NOTES TO THE LIQUIDATION ANALYSIS

Note 1 – Unsold Retained Properties

Properties that have not been sold or returned to the lenders as of the Conversion Date are assumed to be liquidated by the chapter 7 trustee during the post-Conversion Date period. It is assumed that the estimated liquidation value of the properties will be 80% of the BOVs obtained by the Debtors in the High scenario and 75% of the BOVs in the Low Scenario to account for a lack of continuity in the sales process and liquidation on a compressed timeline. The secured debt and other amounts owed include any estimated net proceeds owed to tenant-in-common owners. Any properties for which the estimated gross proceeds less the closing costs and taxes are less than the estimated secured debt and any other amounts owed are assumed to be returned to the lenders and no net proceeds have been reflected in the Liquidation Analysis.

Note 2 – Cash and Cash Equivalents

Reflects the Debtors' estimated cash balance as of the Conversion Date including the anticipated proceeds from real estate transactions that are expected to close by the Conversion Date. Any properties not sold and abandoned prior to the Conversion Date are assumed to have been non-judicially foreclosed.

Note 3 – Other Assets

Includes estimated collections related to:

- Reserves Held by Lenders. Certain lenders hold reserves that are assumed to be released to the Debtors at sale closing and have not been reflected in the estimated Net Asset Sale Proceeds.
- Judgments. Includes amounts related to judgment obtained and affirmed upon appeal.

Other assets of the Debtors, including outstanding accounts receivable related to past due rents, furniture, fixtures, and equipment, and any interests in non-debtor subsidiaries, are assumed to have a \$0 value in the Liquidation Analysis.

Note 4 – Other Recoveries (net)

Includes estimated cash recoveries related to:

- Recoveries from Secured Lenders (net). Represents an estimated range of recoveries from other claims and causes of action against the secured lenders based on the

were not in the ordinary course) net of expenses associated with the prosecution of such claims-

- ~~Other Claims and Causes of Action. Represents an estimated range of recoveries from~~(b) other claims and causes of action against third parties (other than Secured Lenders) based on the information and ~~analysis available at the time of filing the liquidation~~ analysis available at the time of filing this Liquidation Analysis. The estimates are presented net of any professional fees related to successful recoveries.

Note 5 – DIP Facility Claims

Represents the \$10 million aggregate principal balance of the postpetition loan provided by the DIP Lender to the Debtors during the Chapter 11 Cases, comprised of a \$4 million DIP Facility for KSMP and a \$6 million DIP Facility for LeFever Mattson. The DIP Facility Claims have liens on certain assets and priority above all other unsecured claims against the Debtors. The KSMP DIP Facility (\$4 million) is limited to liens on the assets of KSMP and the LeFever Mattson DIP Facility (\$6 million) is limited to liens on the assets of LeFever Mattson. In addition to principal amount outstanding, also included in the claim amount are (i) accrued and unpaid interest and fees through the assumed Conversion Date and (ii) reimbursement of any outstanding DIP Lender's professional fees pursuant to the DIP Orders.

Note 6 – Chapter 7 Trustee Commission Fees

Fees associated with the appointment of a chapter 7 trustee in accordance with section 326 of the Bankruptcy Code. Distributable value on which the trustee commission fee is charged includes all money or property disbursed by the trustee.

Note 7 – Chapter 7 Trustee Professional Fees

Represents the professionals engaged by the trustee to assist with the liquidation of the Debtors' assets under a hypothetical chapter 7 liquidation process. These fees are based on estimated monthly run-rates by type of professional (legal, financial, tax / accounting, property management, and other) with a phased reduction throughout the first 12 months of the liquidation. It is anticipated that a chapter 7 trustee would not be able to retain any of the existing case professionals as they will be creditors and not disinterested under the Bankruptcy Code. Accordingly, new professionals will need to be retained who will have a steep learning curve, resulting in incremental expenses.

The Plan provides for substantive consolidation of the debtors as well as a determination of a Ponzi finding. If the Plan is not confirmed, the Liquidation Analysis assumes that in a best-case ("High") scenario, the chapter 7 trustee will engage professionals to successfully achieve a substantive consolidation of the Debtors as well as a Ponzi finding. The effort associated with this will be significant and will require forensic accounting, motions, hearings, and a significant amount of litigation expense. As indicated in the *Joint Investigation Report and Summary of Global Settlement* [Docket No. 2568], the volume of the transactions involved coupled with the inadequacy of certain records that span across decades and more than sixty entities leads to a tremendously complex and laborious undertaking. The incremental fees associated with these

efforts has been conservatively estimated at \$5.0 million for a Ponzi finding and \$5.0 million for substantive consolidation. It is assumed for purposes of this Liquidation Analysis that it will take approximately three (3) years to have the issues of substantive consolidation and a Ponzi finding determined pursuant to a final non-appealable order. The foregoing costs are in addition to the baseline costs associated with the administration of the hypothetical chapter 7 cases.

The worst-case (“Low”) scenario assumes that the fees associated with the efforts to successfully achieve a substantive consolidation of the Debtors as well as a Ponzi finding will be even higher than in the High scenario. The incremental fees associated with these efforts have been estimated at \$7.5 million for a Ponzi finding and \$7.5 million for substantive consolidation. This is in addition to the baseline costs associated with the administration of these cases which have also been assumed to increase by \$1 million in the worst-case scenario. There is additional risk that each Debtor will require an individual trustee, who would then require separate professionals, further increasing expenses.

Note 8 – Chapter 11 Wind Down Budget

Consists of estimated expenses related to claims reconciliation, preparation of final tax returns, management and maintenance of the retained properties, any costs associated with the disposition of remnant assets and other administrative costs associated with the final wind down of the Debtors.

Note 9 – Chapter 11 Administrative Claims

Represents estimated accrued and unpaid Chapter 11 Administrative Expenses, primarily comprised of the following: (i) unpaid postpetition accounts payable (*i.e.*, the timing differential between when liabilities have been incurred versus when they are invoiced and ultimately payable) and (ii) chapter 11 professional fees outstanding as of the Conversion Date.

Note 10 – Priority Claims

Priority claims represent accrued liabilities for taxes and employee obligations payable by the Debtor entities. The ultimate amount of priority claims is undetermined as of the date hereof but is based on the Claims register as of October 3, 2025. The liquidation analysis assumes no income tax liability. The liquidation analysis assumes all tenant security deposit claims are addressed through property sales.

Note 11 – Trade Claims (Class 4)

Represents all non-priority unsecured Claims that are not Investor Claims, including, without limitation, (i) all such Claims owed to the Debtors’ vendors, suppliers and providers of goods and services received by the Debtors during the ordinary course of business prepetition on account of or relating to such goods and services, and (ii) Rejection Claims.

The ultimate amount of other general unsecured claims is undetermined as of the date hereof but is based on the Claims register as of October 3, 2025, and the Debtors’ best estimates for any unquantified claims that the Debtors expect a valid unsecured claim to exist.

This Liquidation Analysis assumes that Trade Claims are treated *pro rata* with Investor Claims in a chapter 7 liquidation. This Liquidation Analysis further assumes that Class 4 (Trade Claims) accepts the Plan in the plan recovery analysis and holders of Class 4 receive their *pro rata* share of the Trade Claims Settlement Fund (\$4 million).

Note 12 – Investor Claims (Class 5)

This Liquidation Analysis assumes that Investor Claims will be calculated as (a) all cash transferred from the Investor to the Debtors that can be validated by the Debtors plus (b) the fair market value of any property transferred to the Debtors (*e.g.*, via a 1031 exchange) at the time of such transfer. Amount Invested includes all validated amounts invested regardless of time period (*i.e.*, amounts invested before the Ponzi Start Date are included). Appreciated roll-overs to other investments are not included. The ultimate amount of the total investor claims is undetermined at the date hereof, but is based on the Debtors' professionals' review of the Proofs of Interests and proofs of claims filed and the Debtors' best estimates. Subordinated claims have been reflected at \$0.

Note 13 – Investor Tranche 1 Claims

This Liquidation Analysis projects Investor Tranche 1 Claims in accordance with the Investor Settlement Amount Procedures Order, which provides that Investor Tranche 1 Claims means a claim for money (or value of property) invested in the Debtors over time less any distributions the Investor received over the seven years prior to September 12, 2024.

Note 14 – Investor Tranche 2 Claims

This Liquidation Analysis projects Investor Tranche 2 Claims in accordance with the Investor Settlement Amount Procedures Order, which provides that Investor Tranche 2 Claims mean a claim for the distributions deducted in calculating an Investor Tranche 2 Claim.

EXHIBIT D

Non-Exclusive Description of Preserved Trust Actions

POTENTIAL LITIGATION TARGETS

Based upon the Investigation conducted by the Plan Proponents to date, the Persons or Entities described or otherwise identified herein may be subject to claims to be filed after confirmation of the Plan. The purpose of this non-exclusive description of Plan Recovery Trust Actions is to generally identify the causes of action being retained under the Plan and potentially pursued by the Plan Recovery Trustee (collectively, the “Target List”). The Target List is not exhaustive and the Plan Proponents currently may be unaware of potential claims against other defendants. The Investigation is continuing and will be continued by the Plan Recovery Trustee. A capitalized term used but not defined herein shall have the meaning ascribed to it in the Plan.

In addition, the Target List is incorporated by reference in, and comprises an integral part of, the Disclosure Statement, and should be referred to and considered in connection with any review of the Disclosure Statement. The Target List does not specify all Plan Recovery Trust Actions that may be brought under the Plan, and it shall in no way be deemed to limit or otherwise impair any specific Plan Trust Recovery Action that may ultimately be brought. No Person or Entity may rely on the absence of a specific reference in the Plan, the Disclosure Statement, or this Target List to any Cause of Action or Avoidance Action against it as an indication that the Plan Recovery Trust will not pursue any and all available Causes of Action and Avoidance Actions against it. The Plan Proponents reserve the right to amend, modify, or supplement this Target List up to the Effective Date.

1. All directors, officers, and employees of the Debtors and their affiliates and their family members and affiliates, including, without limitation, Kenneth W. Mattson, Stacy Mattson, Timothy J. LeFever, Amy K. LeFever, Monley Hamlin Construction, Capitol Resource Institute, Sonoma Collective, and Laurel Wreath Foundation.
2. All attorneys and accountants that provided services to the Debtors, including, without limitation, Scott Smith, Hanson Bridgett LLP, and Fennemore Craig, P.C., and Fennemore LLP.
3. All real estate brokers that facilitated the purchase or sale of real properties by the Debtors or their affiliates.
4. All investors who received more than 100% of their aggregate investment amount.

- 1 5. All persons and entities that received contributions from the Debtors or their
2 affiliates, including, without limitation, charitable contributions and political
3 contributions (e.g., First Covenant Church of Oakland, Creekside Community
4 Church of San Leandro, Youth for Christ, Capitol Resource Institute, and Laurel
5 Wreath Foundation).
- 6 6. All persons and entities that received fraudulent transfers or preferential payments
7 within the meaning of sections 544, 547, 548 and 549 of the Bankruptcy Code,
8 and all parties for whose benefit such transfers were made within the meaning of
9 section 550 of the Bankruptcy Code, including, without limitation, any
10 professional fee retainers paid by the Debtors for the benefit of Kenneth W.
11 Mattson (e.g., Law Offices of Randy Sue Pollock).
- 12 7. All financial institutions (including, without limitation including where such
13 financial institutions are the successors or assigns of the financial institution that
14 maintained such deposit accounts or made such loans) that maintained deposit
15 accounts for, or made loans to, the Debtors or their affiliates, including, without
16 limitation, the financial institutions identified on Schedule 1 hereto.
- 17 8. All title insurers and underwritten title companies that were involved in the
18 closing or insurance for (i) any loans to the Debtors or their affiliates or (ii) any
19 transfers of ownership of any real properties to or from the Debtors or their
20 affiliates.
- 21 9. All title companies that were involved in (i) the recordation and reconveyance of
22 deeds of trust involving the Debtors or their affiliates or (ii) the recordation of
23 grant deeds or other ownership deeds involving the Debtors or their affiliates.
- 24 10. All contractors and suppliers used by the Debtors and their affiliates, including,
25 without limitation, Monley Hamlin Construction.
- 26 11. All financial advisors that recommended investing in the Debtors or their
27 affiliates.
- 28 12. All self-directed IRA custodians that facilitated investments in the Debtors and
 their affiliates, including, without limitation, Madison Trust and Pacific Premier
 Trust.
13. All 1031 exchange intermediaries, including, without limitation, Investment
 Property Exchange Services, Inc. (known as IPX1031) and First American
 Exchange Company.
14. All persons and entities that are liable to the Debtors for breaches of the automatic
 stay under section 362(a) of the Bankruptcy Code, including without limitation,
 (i) Louie M. Bertorelli, Denise R. Bertorelli, the Law Office of David M. Kindopp
 and David Kindopp for filing and prosecuting after the KSMP Petition Date the
 lawsuit captioned *Louie M. Bertorelli and Denise R. Bertorelli v. Guy Leonard
 Martin, et al.*, Case No. 25CV01819 in the Mendocino County Superior Court;
 (ii) any and all persons and entities that undertook any act to create, perfect, or
 enforce any lien against property of the estate or record any interest against any

1 property of the estate after the KSMP Petition Date, (iii) America West Lender
2 Services, LLC, Deutsche Bank Trust Company Americas as Trustee for
3 Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through
4 Certificates, Series 2007-Q01, Nationstar Mortgage, LLC dba Mr. Cooper and all
5 other persons or entities involved with respect to the foreclosure against 3557
6 Golf View Terrace, Santa Rosa, CA 95405, (iv) Thomas Kelly and Law Offices
of Thomas P. Kelly III P.C., William Andrew (purported General Partner of Live
Oak, LP) and any limited partners of Live Oak, LP or any other persons or entities
that purported to remove LeFever Mattson, a California corporation, as general
partner of Live Oak, LP on October 9, 2025.

- 7 15. All other Causes of Action against Thomas Kelly and Law Offices of Thomas P.
8 Kelly III P.C., William Andrew (purported General Partner of Live Oak, LP) and
any limited partners of Live Oak, LP with respect to Live Oak, LP.
- 9 16. All persons and entities that are liable to the Debtors for causes of action
10 unrelated to the Mattson Transactions, including for tort and breach of contract
11 actions against former vendors and contract counterparties, including, without
12 limitation, an action to collect on the judgment of the Sonoma County Superior
Court in *KS Mattson Partners v. Benedetti Farms, Inc.* (SCV-270023).
- 13 17. All persons and entities that are occupying any real property in which any of the
14 Debtors have an interest without lawful authority or appropriate compensation to
the Debtors.
- 15 18. Marc Lair, Equitable Ocean Front, LLC, Hampton Mortgage Group, and any
16 affiliates of any of the foregoing, for all Causes of Action related to the Mattson
Transactions.
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Schedule 1 to Exhibit D

List of Financial Institution Targets

#	Financial Institution Target
1	Axos Bank
2	Bank of America, N.A.
3	BMO Bank N.A.
4	Bruce Needleman, Trustee
5	California Bank of Commerce
6	Chase Bank (Commercial Loans)
7	Chase Bank (Residential Loans)
8	Citizens Business Bank
9	Comerica Bank
10	Deutsche Bank Trust Company Americas as Trustee for Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through Certificates, Series 2007-Q01
11	Duggans Mission Chapel
12	Edna M. Hayes, Trustee of the Needleman Hayes Family Trust
13	First Bank
14	Flagstar Bank
15	Frank Bragg Revocable Trust
16	Freddie Mac
17	Hampton Mortgage Group
18	James Walker
19	KeyBank (Servicer)
20	LAFM Loan Owners (Serene)
21	MERS, Nominee for BOFI Federal Bank
22	Michael & Ana Cavanaugh
23	Nationstar Mortgage, LLC dba Mr. Cooper
24	NexBank
25	PHH Mortgage Services (Servicer)
26	Poppy Bank
27	ReProp Financial
28	Select Portfolio Servicing, Inc. (Servicer)

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#	Financial Institution Target
29	Tri Counties Bank
30	Trustee of the John and Mary Metallinos Living Trust
31	Umpqua Bank
32	US Bank (Servicer)
33	Virginia Ghilarducci Trustee
34	Wells Fargo
35	Wilmington Trust
36	Y. Tito Sasaki, Trustee & Janet L. Sasaki, Visio International Employee Pension Trust

EXHIBIT E

Schedule of Secured Lender Subclasses

Subclass	Secured Lender	Claim Number	Voting Amount	Collateral Address
Class 3-A	Fidelity National Title Insurance Company FIDELITY NATIONAL TITLE INSURANCE COMPANY	KSMP-21	\$295,336.43	834 Donner Avenue
Class 3-B	Axos Bank	KSMP-315531	\$4,200,000.00	969 Rachael Road
Class 3- CB	Bank of America, N.A.	LFM-314633	\$319,165.14	5605 Orange Way 7320 Berna Way
Class 3-D	Bank of America NA	KSMP-315532	\$200,000.00	531/533 Camino
Class 3- EC	Amanda Henry as Trustee For the Frank Bragg Revocable Trust dated June 5, 2002	LFM-628	\$1,249,282.68	453/457/459 2nd St W
Class 3- FD	Butcher Road Partners LLC	LFM-314659	\$3,500,000.00	280/310/312/350 Butcher Rd
Class 3- GE	Citizens Business Bank, a California state-chartered bank	LFM-1195	\$4,202,093.64	103/105 Commerce Ct
Class 3- HF	Citizens Business Bank, a California state-chartered bank	LFM-1203	\$286,924.96	4950/4960/4970 Allison Pkwy 103/105 Commerce Court
Class 3-I	JPMorgan Chase Bank, National Association	LFM-1393	\$4,796.11	7327/7329 Berna Way
Class 3- JG	JPMorgan Chase Bank, National Association	LFM-1386	\$19,143.67	7332/7334 Arleta Court
Class 3-H	JPMorgan Chase Bank, National Association	LFM-1393	\$4,796.11	7327/7329 Berna Way
Class 3- KI	Comerica Bank	LFM-506	\$3,103,756.37	400 West Spain
Class 3- LJ	Comerica Bank	LFM-508	\$2,183,985.20	450 West Spain
Class 3- MK	Deutsche Bank Trust Company Americas, as Trustee for Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through Cer	KSMP-713	\$1,792,122.39	454 15th St
Class 3-N	Deutsche Bank Trust Company, Trustee for Residential Accredit Loans	KSMP-315536	\$1,200,000.00	3557 Golf View Terrace
Class 3- OL	Duggan s Mission Chapel	LFM-383	\$5,089,289.54	520/530/532 Studley 525 W Napa
Class 3- PM	Fannie Mae	LFM-1278	\$3,659,285.59	453 Fleming Ave E
Class 3-N	Federal Home Loan Mortgage Corporation	LFM-910	\$3,624,209.66	7337 Power Inn Rd
Class 3-Q	Flagstar Bank	KSMP-315539	\$409,000.00	1549 E Napa
Class 3-R	Hampton Mortgage Group Inc.	KSMP-315540	\$320,000.00	1834-1836 Oceanfront Blvd
Class 3- SO	JPMorgan Chase Bank National Association	KSMP-29	\$35,204.35	3557 Golf View Terrace
Class 3- TP	JPMorgan Chase Bank, National Association	KSMP-775	\$5,506,969.31	1836 Oceanfront Blvd
Class 3- UQ	KeyBank National Association, as Special Servicer to U.S. Bank Trust Company, NA, as Trustee for the Registered Holders	LFM-1522	\$1,312,991.13	1190 Dana Dr
Class 3- VR	KeyBank National Association, as Special Servicer to Computershare Trust Company, NA, as Trustee for the Registered Holders	LFM-1532	\$2,726,713.02	3310 - 3336 Cimmarron
Class 3-S	KeyBank National Association, as Special Servicer to U.S. Bank Trust Company, NA,	LFM-1547	\$3,946,215.29	1189 Dana Dr

Subclass	Secured Lender	Claim Number	Voting Amount	Collateral Address
	as Trustee for the Registered Holders			
Class 3- WT	KeyBank National Association, as Special Servicer to U.S. Bank National Association, as Trustee for the Registered Holders	LFM-1562	\$4,065,227.41	5800 Fair Oaks Blvd
Class 3- X	KeyBank National Association, as Special Servicer to U.S. Bank Trust Company, NA, as Trustee for the Registered Holders	LFM-1547	\$3,946,215.29	1189 Dana Dr
Class 3- YU	LAFM Loan Owner, LLC	KSMP-716	\$3,818,082.62	969 Rachael Road
Class 3- ZV	LAFM Loan Owner, LLC	KSMP-744	\$5,565,610.47	531/533 Camino
Class 3- AA	LAFM Loan Owners, LLC	KSMP-315545	\$5,600,000.00	62 Farragut Ave
Class 3- ABW	Leland McAbee	LFM-741	\$316,300.00	830 Illinois St #1-4
Class 3- AC	MERS, Nominee for BOFI Federal Bank	KSMP-315546	\$5,600,000.00	1834 1836 Oceanfront Blvd
Class 3- ADX	Michael R. and Ana Cavanaugh, as Trustees of the Michael R. and Ana R. Cavanaugh Family Trust Dated October 20, 2004	LFM-144	\$1,350,646.62	802 Studley St 801 W Napa St
Class 3- AEY	U.S. Bank National Association, as Trustee for LEHMAN XS TRUST MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2007-15N	LFM-1381	\$311,895.39	1173 Araquipa Ct
Class 3- AEZ	Nationstar Mortgage LLC	LFM-1391	\$134,563.83	157 James River Rd
Class 3- AGAA	U.S. Bank National Association, as Trustee for LEHMAN XS TRUST MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2006-3	LFM-1413	\$234,509.54	7300 Berna Way 7325 Arleta Ct
Class 3- AB	Bruce Needleman, Trustee, Edna M. Hayes, Trustee of the Needleman Hayes Family Trust	LFM-314621	\$2,600,000.00	20490 Broadway
Class 3- AC	NexBank	LFM-502	\$1.00	1050 Elm St
Class 3- AD	PHH Mortgage Services	LFM-314518	\$295,804.64	7328/7330 Arleta Ct
Class 3- AE	PHH Mortgage Services	LFM-314646	\$225,826.07	7335/7337 Arleta Ct
Class 3- AF	Poppy Bank, fka First Community Bank	LFM-1235	\$865,294.30	430 West Napa
Class 3- AG	ReProp Financial Mortgage Investors, LLC	KSMP-34	\$2,668,644.00	405 London Way
Class 3- AN	Robert Bass LLC	KSMP-315548	\$1,700,000.00	1014 1st St W 856 4th St E
Class 3- AGAH	Ronald Brandvein	LFM-212	\$109,000.00	5601/5603 Orange Ave
Class 3- APAI	Y. Tito Sasaki and Janet L. Sasaki Trust	LFM-140	\$1,558,838.00	22001 8th St E
Class 3- AGAJ	Visio International Inc. and Y. Tito Sasaki and Janet L. Sasaki, Trust	LFM-166	\$2,283,742.36	21881/21885/21889 8th St E
Class 3- AK	<u>Socotra Capital, Inc.</u>	<u>LFM-324</u>	<u>\$4,842,388.87</u>	<u>333/371/411 Wilkerson Ave.</u>
Class 3- AL	<u>Socotra Capital, Inc.</u>	<u>LFM-387</u>	<u>\$2,033,413.74</u>	<u>151 E Napa St</u>
Class 3- AM	<u>Socotra Capital, Inc.</u>	<u>LFM-388</u>	<u>\$1,500,328.32</u>	<u>377 West Spain Street</u>
Class	Socotra Capital, Inc.	LFM-389	\$16,262,114.81	1045 Bart Rd

Subclass	Secured Lender	Claim Number	Voting Amount	Collateral Address
3- AR <u>AN</u>				18701 Gehricke Rd 18935 W 5th St 900 E Napa St 925-927 Broadway 446 W. Napa 454 W. Napa 462 W. Napa 424 2nd St W 1025 Napa Rd
Class 3- AS	Socotra Capital, Inc.	LFM-1217	\$6,457,939.52	1549 E Napa St 24265/24321 Arnold Rd. 786 Broadway 790 Broadway 856 4th Street E 1014 1st St W
Class 3- AT	Socotra Capital, Inc.	LFM-324	\$4,842,388.87	333/371/411 Wilkerson Ave.
Class 3- AU	Socotra Capital, Inc.	LFM-388	\$1,500,328.32	377 West Spain Street
Class 3- AV	Socotra Capital, Inc.	LFM-399	\$3,492,538.62	20564 Broadway 391-455 Oak Street 19173 Railroad Ave 653 3rd Street W 789 Cordilleras
Class 3- AW <u>AO</u>	Socotra Capital, Inc.	LFM-390	\$6,265,597.38	16721 Sonoma Highway 635/645-651/1151/1161-1167 Broadway 10 Maple St
Class 3- AX	Socotra Capital, Inc.	LFM-394	\$3,038,291.77	17700 Sonoma Hwy 201 Meadowlark
Class 3- AY	Socotra Capital, Inc.	LFM-401	\$3,286,027.71	446/454 3rd Street West
Class 3- AZ	Socotra Capital, Inc.	LFM-387	\$2,033,413.74	151 E Napa St
Class 3- BA <u>AP</u>	Socotra Capital, Inc.	LFM-392	\$8,128,236.30	1870 Thornsberry Dr 1221 Apple Tree Ct 19450 Old Winery Rd 222/226 W. Spain 282 Patten St 141-145 E. Napa Street 921 Broadway
Class 3-AQ	Socotra Capital, Inc.	LFM-394	\$3,038,291.77	201 Meadowlark

Subclass	Secured Lender	Claim Number	Voting Amount	Collateral Address
				17700 Sonoma Hwy
Class 3- BE AR	Socotra Capital, Inc.	LFM-396	\$14,157,857.05	171 W. Spain Street 23250 Maffei Road 101/103/310 Meadowlark Ln 24101/24151 Arnold Dr 302-310 1st Street East
Class 3-AS	Socotra Capital, Inc.	LFM-398	\$7,744,758.31	596 3rd St E
Class 3-AT	Socotra Capital, Inc.	LFM-399	\$3,492,538.62	20564 Broadway 391-455 Oak Street 19173 Railroad Ave 653 3rd Street W 789 Cordilleras
Class 3-AU	Socotra Capital, Inc.	LFM-401	\$3,286,027.71	446/454 3rd Street West
Class 3- BC AV	Socotra Capital, Inc.	LFM-404	\$18,730,646.16	10306 Badger Lane 10308 Badger Lane 10326 Badger Lane 10328 Badger Lane 10334 Badger Lane 10336 Badger Lane 10342 Badger Lane 10344 Badger Lane 107 Quail Court 109 Quail Court
Class 3-AW	Socotra Capital, Inc.	LFM-1217	\$6,457,939.52	1549 E Napa St 24265/24321 Arnold Rd. 786 Broadway 790 Broadway 856 4th Street E 1014 1st St W
Class 3- BD AX	Socotra Capital, Inc.	LFM-1219	\$1,974,284.59	19340 7th St E
Class 3-AY	Select Portfolio Servicing, Inc.	LFM-314552	\$373,344.31	1130 Pear Tree Ln
Class 3-BE	Socotra	KSMP 315550	\$2,800,000.00	1549 E Napa St, Sonoma, CA 95476
Class 3-BF	Socotra Capital Inc.	KSMP 315553	\$4,700,000.00	8340/8350 Auburn
Class 3-BG	Socotra Capital Inc.	KSMP 315552	\$1,133,905.00	22666 Broadway, Sonoma, CA 95476
Class 3-BH	Socotra Opportunity Fund, LLC	KSMP 315554	\$1,925,000.00	452 C 1st St E
Class 3-BI	Socotra Opportunity Fund, LLC	KSMP 315555	\$1,700,000.00	450 1st St E #A,B,K, Sonoma, CA

Subclass	Secured Lender	Claim Number	Voting Amount	Collateral Address
				95476
Class 3-BJ	Socotra Opportunity Fund, LLC	KSMP-315556	\$600,000.00	450J 1st Street East, Sonoma, CA 95476
Class 3-BK	Socotra Opportunity REIT I LLC	KSMP-315557	\$2,008,664.00	18275 Sonoma Highway, Boyes Hot Springs 18285 Hwy 12, El Verano, CA 95476 Arroyo Rd, Boyes Hot Springs 320 Arroyo Rd, Boyes Hot Springs
Class 3-BL	Socotra Opportunity REIT I LLC	KSMP-315558	\$1,021,803.00	18590 Hwy 12, Boyes Hot Springs, CA 95476
Class 3-BM	Socotra Opportunity REIT I LLC	KSMP-315559	\$1,212,448.00	19357 Hwy 12, Sonoma, CA 94559
Class 3-BN	Socotra Opportunity REIT I LLC	KSMP-315560	\$1,500,000.00	230 E Napa
Class 3-BO	Socotra Opportunity REIT I LLC	KSMP-315561	\$1,998,344.00	415 Pacific Ave
Class 3-BP	Socotra REIT I LLC	KSMP-315563	\$1,447,000.00	414 W Napa
Class 3-BQ	Socotra REIT I LLC	KSMP-315562	\$1,400,000.00	1014 1st St W, Sonoma, CA 95476
Class 3-BR	Socotra REIT I LLC	KSMP-315564	\$1,865,000.00	856 4th St E, Sonoma, CA 95476
Class 3-BS	Select Portfolio Servicing, Inc.	LFM-314648	\$312,351.40	5509 Orange Ave 7343 Arleta Ct
Class 3-BT	Select Portfolio Servicing, Inc.	LFM-314649	\$294,007.31	5601/5603 Orange Ave
Class 3-BU	Select Portfolio Servicing, Inc.	LFM-314651	\$310,912.09	7312/7314 Berna Way
Class 3-BV	Select Portfolio Servicing, Inc.	LFM-314652	\$295,678.30	7316/7318 Arleta Ct
Class 3-BW	Select Portfolio Servicing, Inc.	LFM-314654	\$308,414.07	7319/7321 Berna Way
Class 3-BX	Select Portfolio Servicing, Inc.	LFM-314552	\$373,344.31	1130 Pear Tree Ln
Class 3-BY	Sylva Family Properties	KSMP-315577	\$1,524,726.00	230 E Napa
Class 3-BZ	The Bank of New York Mellon, f/k/a the Bank of New York, as Trustee, on Behalf of the Holders of the Alternative Loan Trust	KSMP-794	\$1,426,346.31	531-533 Camino
Class 3-CA	Tri Counties Bank	LFM-314568	\$156,479.98	6359 Auburn Blvd
Class 3-CB	Trustee of the John and Mary Metallinos Living Trust	KSMP-315582	\$2,500,000.00	22 Boyes Blvd
Class 3-CC	Trustee, Gerald and Carol Shiffman Joint Trust	KSMP-315583	\$2,950,000.00	47/49 Natoma St
Class 3-CD	Trustee, Gerald and Carol Shiffman Joint Trust	KSMP-315584	\$2,950,000.00	8349/8350 Auburn Blvd
Class 3-CE	U.S. Bank NA, Successor Trustee to Bank of America, NA, Successor in Interest to LaSalle Bank NA, as Trustee	KSMP-31	\$1,672,512.42	236 King Ave
Class 3-BH	Umpqua Bank, Successor in Interest to Sacramento Bank of Commerce, a Division of Redding Bank of Commerce	LFM-191	\$6,310,302.52	951/1035/1047 Alamo Dr
Class 3-CF	Umpqua Bank, Successor in Interest by Merger to Columbia State Bank	LFM-195	\$1,684,637.83	170 - 182 First St E
Class 3-CG	Umpqua Bank, Successor in Interest to Sacramento Bank of Commerce, a Division of Redding Bank of Commerce	LFM-198	\$14,328,260.33	2151 Salvio St

Subclass	Secured Lender	Claim Number	Voting Amount	Collateral Address
Class 3- CB <u>BK</u>	Umpqua Bank, Successor in Interest <u>by Merger to Sacramento Bank of Commerce, a Division of Redding Bank of Commerce</u> <u>Columbia State Bank</u>	LFM- 191 <u>193</u>	\$6,310,302.52 <u>9,389,605.75</u>	951/1035/1047 Alamo Dr <u>Capitol Mall</u>
Class 3- CB <u>BL</u>	Virginia Ghilarducci	LFM-110	\$1,400,000.00	241 1st St W
Class 3- CB <u>BM</u>	Susan Leeming	LFM-30	\$325,000.00	24160 Turkey Rd 24237 Arnold Rd.
Class 3-CK	WE Alliance Secured Income Fund, LLC	KSMP-315586	\$4,700,000.00	3003 Castle Rd
Class 3- CB <u>BN</u>	Wilmington Trust, National Association, as Trustee for the Benefit of the Registered Holders	LFM-1303	\$16,868,467.23	9415 - 9471 N Fort Washington
<u>Class 3-BO</u>	<u>Butler Trust November 6, 1996</u>	<u>KSMP-765</u>	<u>\$598,000.00</u>	<u>3217 Walnut Avenue</u>
Class 3-CM	Federal Home Loan Mortgage Corporation	LFM-910	\$3,624,209.66	7337 Power Inn Rd
Class 3-CN	Socotra Capital, Inc.	LFM-398	\$7,744,758.31	596 3rd St E