

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Medley LLC,¹

Debtor.

Chapter 11

Case No. 21-10526 (KBO)

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS,
METHODOLOGY AND DISCLAIMERS REGARDING POST-
CONFIRMATION REPORT FOR THE QUARTER ENDED MARCH 31, 2023**

Saccullo Business Consulting, LLC, in its capacity as trustee (the “Liquidating Trustee”) of the Medley LLC Liquidating Trust (the “Liquidating Trust”) established in the above-captioned case pursuant to the *Modified Third Amended Combined Disclosure Statement and Chapter 11 Plan of Medley LLC* [Docket No. 445] (the “Plan”),² has filed the attached post-confirmation report (the “PCR”) in the United States Bankruptcy Court for the District of Delaware (the “Court”). The Liquidating Trustee prepared the PCR with the assistance of its advisors and professionals. The PCR was prepared solely for the purpose of complying with the post-confirmation quarterly reporting requirements established by the United States Trustee Program (see <https://www.justice.gov/ust/chapter-11-operating-reports>). The PCR should not be relied upon by any persons for any information in connection with current or future financial conditions or events relating to the Liquidating Trust or the Debtor’s estate.

The financial information contained in the PCR is preliminary, unaudited, limited in scope, and is not prepared in accordance with accounting principles generally accepted in the United States of America nor in accordance with other applicable non-bankruptcy law. In preparing the PCR, the Liquidating Trustee relied on financial data from the books and records available to it at the time of such preparation, as well as certain filings on the docket in this chapter 11 case. Although the Liquidating Trustee made commercially reasonable efforts to ensure the accuracy and completeness of the PCR, inadvertent errors or omissions may exist.³ The Liquidating Trustee reserves the right to amend and supplement the PCR as may be necessary or appropriate.

¹ The Debtor’s current mailing address is Medley LLC Liquidating Trust, c/o Saccullo Business Consulting, LLC, 27 Crimson King Drive, Bear, DE 19701.

² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

³ The Liquidating Trustee, together with its agents, advisors, attorneys, and other professionals, as applicable, do not guarantee or warrant the accuracy or completeness of the data that is provided in this PCR.



Part 1: Summary of Post-Confirmation Transfers

Attached hereto as Exhibit A is a summary of the cumulative cash disbursements and total UST Fees owed for the first calendar quarter of 2023 (the “Reporting Period”).

Part 2: Pre-Confirmation Professional Fees and Expenses

The Plan became effective on October 18, 2021 (the “Effective Date”). On the Effective Date, the Liquidating Trustee was appointed in accordance with the terms of the Plan and the Liquidating Trust Agreement.

Part 2a

Information regarding pre-confirmation professional fees and expenses included in the “Approved Cumulative” column of Part 2a of the PCR, comprising professionals for both the pre-Effective Date Debtor and the Official Committee of Unsecured Creditors, is derived from the order approving the final fee applications in the Bankruptcy Case [Docket No. 569] (the “Final Fee Order”),⁴ entered on January 26, 2022. No pre-confirmation professional fees and expenses were approved during the Reporting Period.

In addition to its retention as Administrative Advisor to the Debtor [*see* Docket No. 82], Kurtzman Carson Consultants LLC (“KCC”) was also appointed claims and noticing agent by order entered March 10, 2021 [Docket No. 36] (the “KCC Appointment Order”). Pursuant to the KCC Appointment Order, the Debtor was authorized to make payments to KCC in its capacity as claims and noticing agent without further Court order and, therefore, any such amounts are not included the “Approved Cumulative” or “Paid Cumulative” in Part 2a of the PCR.

As noted on the PCR, no payments on account of approved pre-confirmation professional fees and expenses were made during the Reporting Period. The Liquidating Trustee anticipates making payments on account of currently unpaid pre-confirmation professional fees and expenses approved pursuant to the Final Fee Order when funds are available to do so.

Part 2b

Information regarding cumulative pre-confirmation professional fees and expenses included in Part 2b of the PCR, comprising four of the ordinary course professionals that provided services to the Debtor, is derived from the Final Fee Order.⁵

The Liquidating Trustee originally understood that, pursuant to the order (the “Retention Order”) ⁶ authorizing the retention of Eversheds Sutherlands (US) LLP’s (“Eversheds”) and the application and supporting documentation giving rise to the Retention Order, Eversheds was compensated pre-petition and/or was anticipated to be compensated post-petition by various

⁴ The applications underlying the Final Fee Order are available at Docket Nos. 523, 524, 528, 529 and 530 (the “Final Fee Applications”).

⁵ The underlying fee applications are available at Docket Nos. 515, 522 and 525.

⁶ Docket No. 167.

insurance carriers and not, in the first instance, by the Debtor. After the Retention Order was entered, Eversheds filed the *Second Supplemental Declaration of Mark D. Sherrill in Support of the Debtor's Application for an Order Authorizing the Retention and Employment of Eversheds Sutherland (US) LLP as Special Counsel for the Debtor Effective as of the Petition Date* (“Supplemental Declaration”),⁷ proposing to expand its scope of services to the Debtor to include services that would not be compensable by insurance, such as filings pursuant to the Securities and Exchange Act of 1934, and advice to the Debtor and its Board related to those same issues under the securities laws.⁸

Following the Effective Date, during the course of the Trust's investigation into the Liquidating Trust Assets, the Liquidating Trustee determined that Eversheds had not, in fact, been compensated pre-petition by the Debtor's insurers as Eversheds previously had indicated. For this reason, among other issues related to Eversheds identified by the Trust following the conclusion of its investigation, during the current Reporting Period, the Trust filed a motion seeking to vacate the Retention Order and, solely as to Eversheds, the Final Fee Order.⁹ The Motion to Vacate currently is scheduled to be heard on May 24, 2023.

Given the terms of the Retention Order as they existed as of the Effective Date, originally contemplating payment of any fees owed or owing to Eversheds by the Debtor's insurers, to date, none of the compensation Eversheds received has been reported on the PCR as having been paid by the Debtor or the Liquidating Trustee. Upon adjudication of the Motion to Vacate, and to the extent that the Trust ultimately makes any payment on behalf of the Debtor to Eversheds with respect to pre-confirmation fees or expenses (if any), such payment will be reflected on Part 2b.

Other than the professionals listed on the PCR form for Part 2b, the Liquidating Trustee does not currently have information relating to payment of any fees or expenses of any other professionals that would have been paid by the pre-confirmation Debtor. No such payments were made by the Liquidating Trustee during the current Reporting Period.

Part 3: Recoveries of the Holders of Claims and Interests Under Confirmed Plan

“Total Anticipated Payments Under Plan” is unknown at this time and will depend on, among other things: the recoveries from Causes of Action against insiders and other litigation targets and the administrative expenses of the Liquidating Trust. Accordingly, for the time being, a figure of “\$0” has been entered with respect to “Total Anticipated Payments Under Plan”, although distributions made during the Reporting Period and on a cumulative basis are reported.

⁷ Docket No. 280.

⁸ Supplemental Declaration ¶ 8.

⁹ See *Medley LLC Liquidating Trust's Motion Pursuant to Federal Rule of Civil Procedure 60(b) to Vacate the Order Retaining Eversheds Sutherland (US) LLP and (II) That Portion of the Amended Omnibus Order Awarding the Final Fee Application to Eversheds Sutherland (US) LLP* [Docket No. 610] (the “Motion to Vacate”), filed on January 23, 2023.

As of the close of the Reporting Period, the claims reconciliation process was substantially complete. For each priority level listed, the “Allowed Claims” total reflects allowed claims in their respective reconciled and allowed amounts.¹⁰ However, the Liquidating Trustee reserves all rights to amend, update or otherwise modify the total for “Allowed Claims” in future quarterly reports based on facts and circumstances that occur after the close of the Reporting Period through the date of a Final Decree in this chapter 11 case.¹¹

Pursuant to the Plan, no distributions will be made on account of equity interests.

Part 4: Questionnaire

The December 29, 2023 date listed in Part 4 is included solely as a placeholder. The Liquidating Trustee cannot currently anticipate, with any degree of certainty, when the application for a Final Decree closing the chapter 11 case may be filed.

¹⁰ As noted in the notes to the PCR for the first calendar quarter of 2022, Part 3 does not include a \$715,375.00 payment to U.S. Bank, N.A., as Notes Trustee, that occurred in the fourth quarter of 2021. Pursuant to Section VII.R. of the Plan, the Liquidating Trustee is required to pay certain reasonable and documented unpaid Notes Trustee Fees in accordance with the Wind-Down Budget and the Liquidating Trust Agreement. Section VII.R. of the Plan further provides that while payment of the Notes Trustee Fees is made as part of the treatment of Class 3 Notes Claims under the Plan, it does not impact recoveries on account of any of the Notes Claims. Because the PCR form is automated, and including the payment of the Notes Trustee Fees in Part 3 could artificially change the percentage recovery on unsecured claims, it is not and will not be reflected in Part 3 of the PCR. Similarly, Part 3 does not reflect a final payment on account of Notes Trustee Fees and expenses in the amount of \$191,054.65 made during the third calendar quarter of 2023. However, the payment of the remaining \$191,054.65 of Notes Trustee Fees was reflected in Part 1 and on Exhibit A to the post-confirmation report covering the period between July 1, 2022 and September 30, 2022 as a disbursement for purposes of calculating and paying United States Trustee fees.

¹¹ Without limiting the generality of the foregoing, the Allowed Claims totals may be subject to change based on, among other things, (i) claims amended or newly-filed after the close of the Reporting Period, as to which the Liquidating Trustee reserves all rights to object; and (ii) claims disallowed pursuant to Section IX.D.5. of the Plan on account of unclaimed and/or undeliverable distributions.

Exhibit A

United States Trustee Fees Calculations: January 1, 2023 to March 31, 2023

<u>Case No.</u>	<u>Debtor Entity</u>	<u>Reporting Period</u>	<u>Disbursements During Period</u>	<u>UST Fee Amount (Rounded Up to Nearest \$1)</u>
21-10526	Medley LLC	3/31/2023	\$ 594.00	\$ 250.00

UNITED STATES BANKRUPTCY COURT

DISTRICT OF Delaware

In re: Medley LLC

Case No. 21-10526

Debtor(s)

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Jointly Administered

Post-confirmation Report

Chapter 11

Quarter Ending Date: 03/31/2023

Petition Date: 03/07/2021

Plan Confirmed Date: 10/18/2021

Plan Effective Date: 10/18/2021

This Post-confirmation Report relates to: Reorganized Debtor

Other Authorized Party or Entity: Medley LLC Liquidating Trust

Name of Authorized Party or Entity

/s/ Sameen Rizvi

Signature of Responsible Party

04/18/2023

Date

Sameen Rizvi

Printed Name of Responsible Party

Potter Anderson & Corroon LLP
1313 N. Market Street, 6th Floor
Wilmington, DE 19801

Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore, Paperwork Reduction Act exemption 5 C.F.R. § 1320.4(a)(2) applies.

Debtor's Name Medley LLC

Case No. 21-10526

Part 1: Summary of Post-confirmation Transfers

	Current Quarter	Total Since Effective Date
a. Total cash disbursements	\$594	\$12,611,912
b. Non-cash securities transferred	\$0	\$0
c. Other non-cash property transferred	\$0	\$0
d. Total transferred (a+b+c)	\$594	\$12,611,912

Part 2: Preconfirmation Professional Fees and Expenses

a.			Approved Current Quarter	Approved Cumulative	Paid Current Quarter	Paid Cumulative
	Professional fees & expenses (bankruptcy) incurred by or on behalf of the debtor <i>Aggregate Total</i>		\$0	\$4,454,916	\$0	\$1,922,752
<i>Itemized Breakdown by Firm</i>						
	Firm Name	Role				
i						
ii	B. Riley Securities, Inc	Financial Professional	\$0	\$1,050,957	\$0	\$230,957
iii	FTI Consulting	Financial Professional	\$0	\$529,691	\$0	\$362,466
iv	Kelley Drye & Warren LLP	Lead Counsel	\$0	\$1,281,299	\$0	\$613,996
v	Kurtzman Carson Consultants	Other	\$0	\$64,030	\$0	\$27,441
vi	Morris James	Lead Counsel	\$0	\$1,161,327	\$0	\$516,347
vii	Potter Anderson	Local Counsel	\$0	\$367,612	\$0	\$171,546
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Debtor's Name Medley LLC

Case No. 21-10526

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Debtor's Name Medley LLC

Case No. 21-10526

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			Approved Current Quarter	Approved Cumulative	Paid Current Quarter	Paid Cumulative	
b.	Professional fees & expenses (nonbankruptcy) incurred by or on behalf of the debtor		\$0	\$2,358,584	\$0	\$268,225	
	<i>Aggregate Total</i>						
	<i>Itemized Breakdown by Firm</i>						
		Firm Name	Role				
	i	Eversheds Sutherland (US) LLP	Special Counsel	\$0	\$2,080,055	\$0	\$0
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Debtor's Name Medley LLC

Case No. 21-10526

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ix	Andersen Tax	Other	\$0	\$159,285	\$0	\$40,530
x	Corporation Service Company	Other	\$0	\$0	\$0	\$108,451
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xiii	RSM	Other	\$0	\$119,244	\$0	\$119,244
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Debtor's Name Medley LLC

Case No. 21-10526

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Debtor's Name Medley LLC

Case No. 21-10526

Privacy Act Statement

28 U.S.C. § 589b authorizes the collection of this information and provision of this information is mandatory. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6) and to otherwise evaluate whether a reorganized chapter 11 debtor is performing as anticipated under a confirmed plan. Disclosure of this information may be to a bankruptcy trustee when the information is needed to perform the trustee's duties, or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." See 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/eo/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case, or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

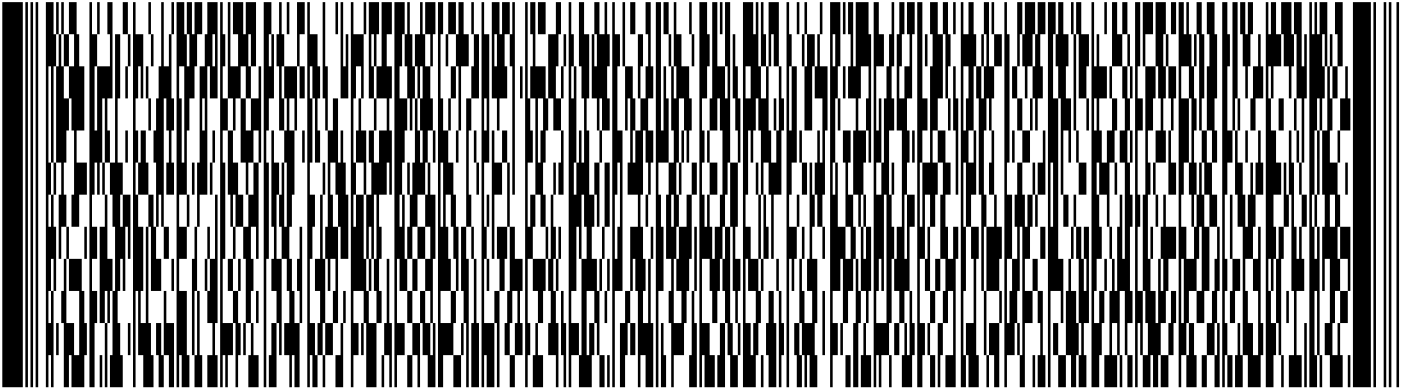
I declare under penalty of perjury that the foregoing Post-confirmation Report and its attachments, if any, are true and correct and that I have been authorized to sign this report.

/s/ William Yip
Signature of Responsible Party
Authorized Signatory
Title

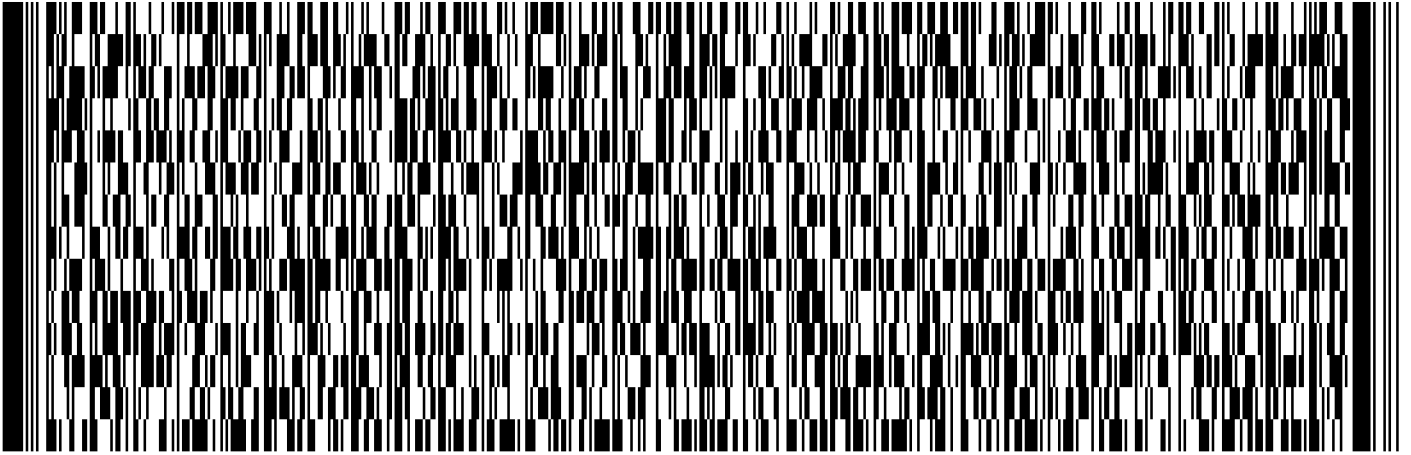
William Yip
Printed Name of Responsible Party
04/17/2023
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Debtor's Name Medley LLC

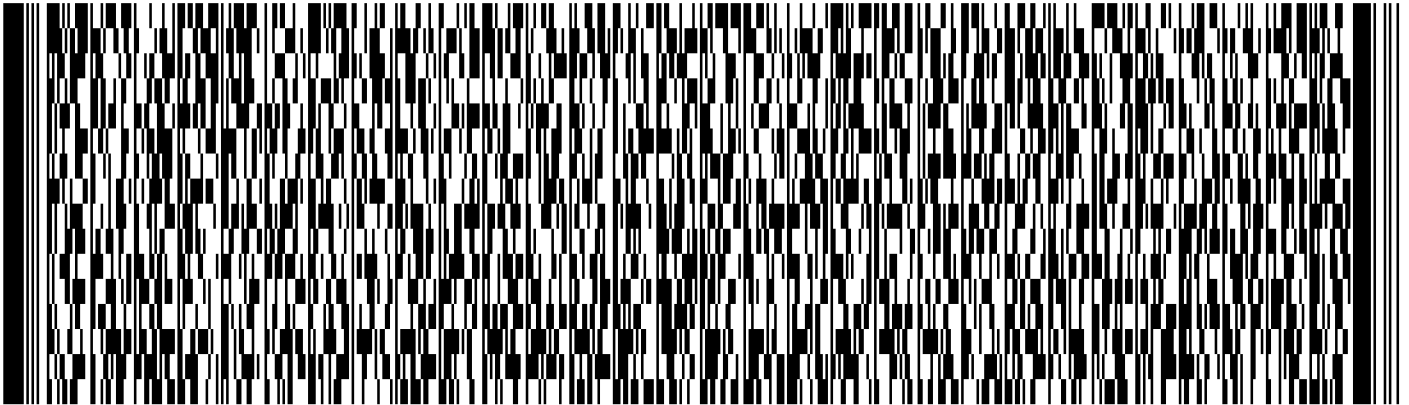
Case No. 21-10526



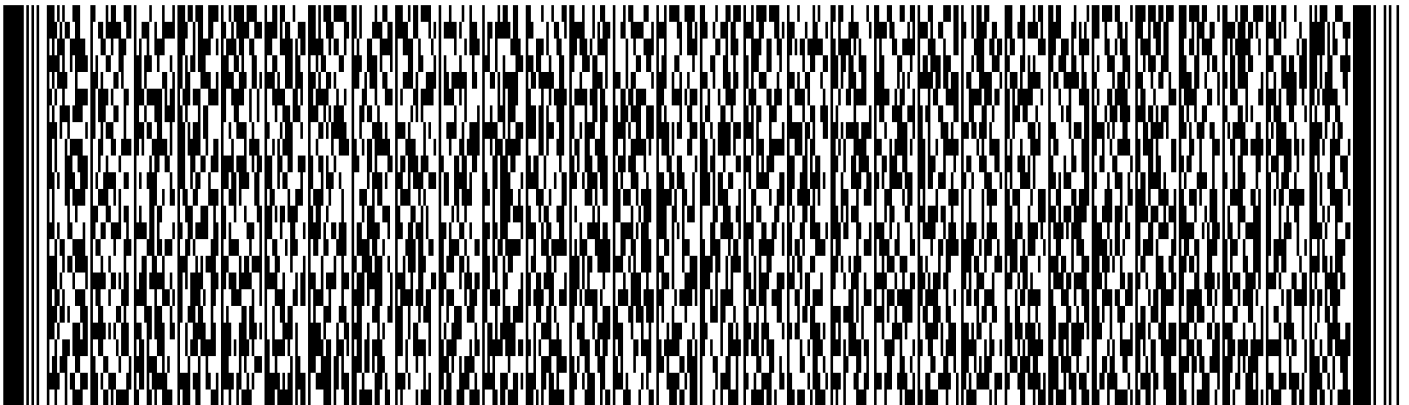
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Other Page 1



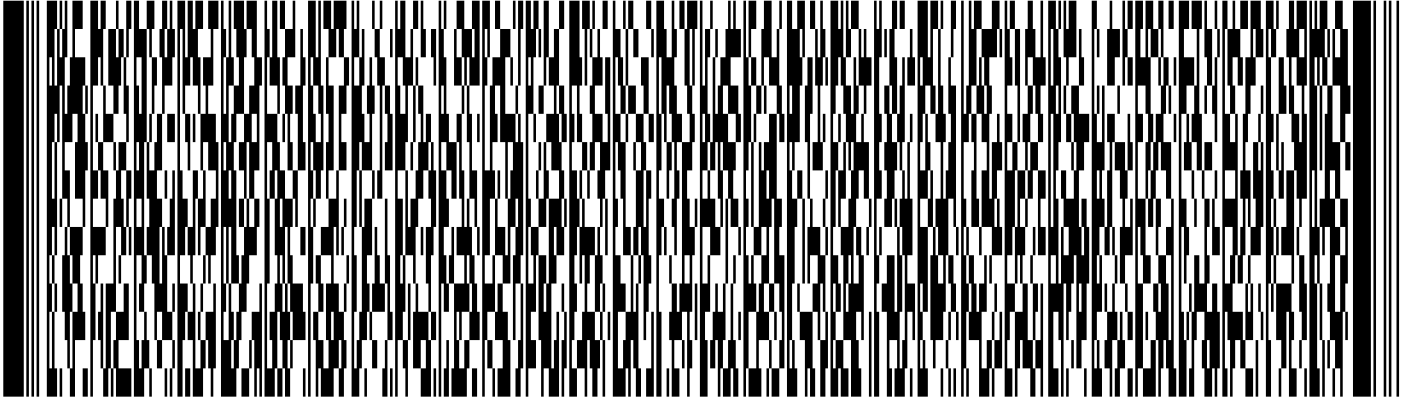
Page 2 Minus Tables



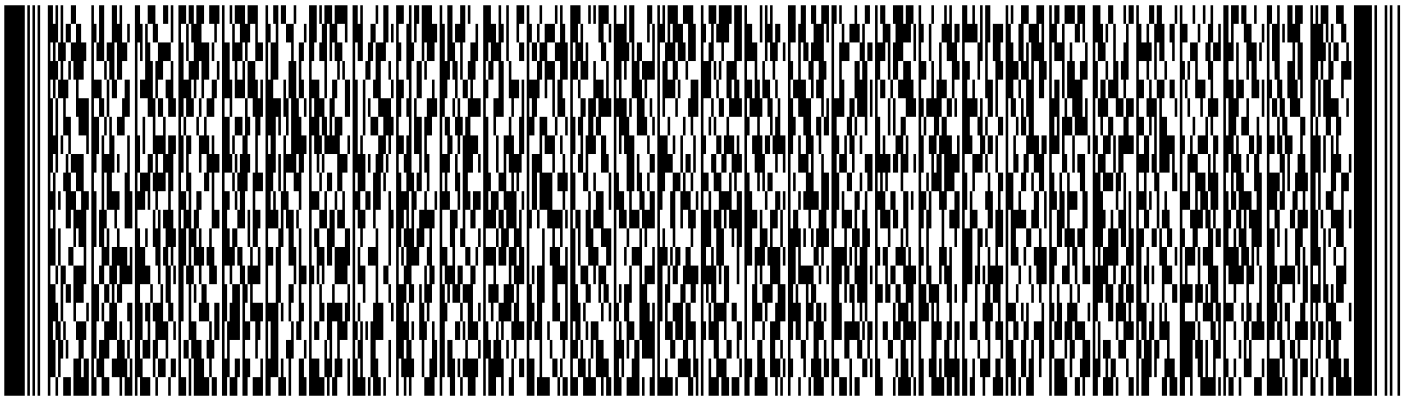
Bankruptcy Table 1-50

Debtor's Name Medley LLC

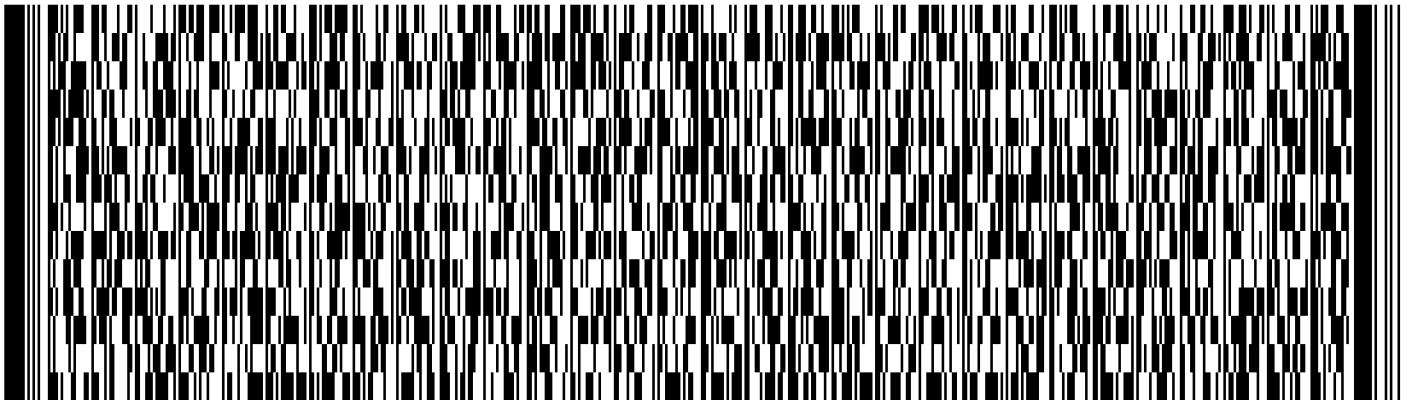
Case No. 21-10526



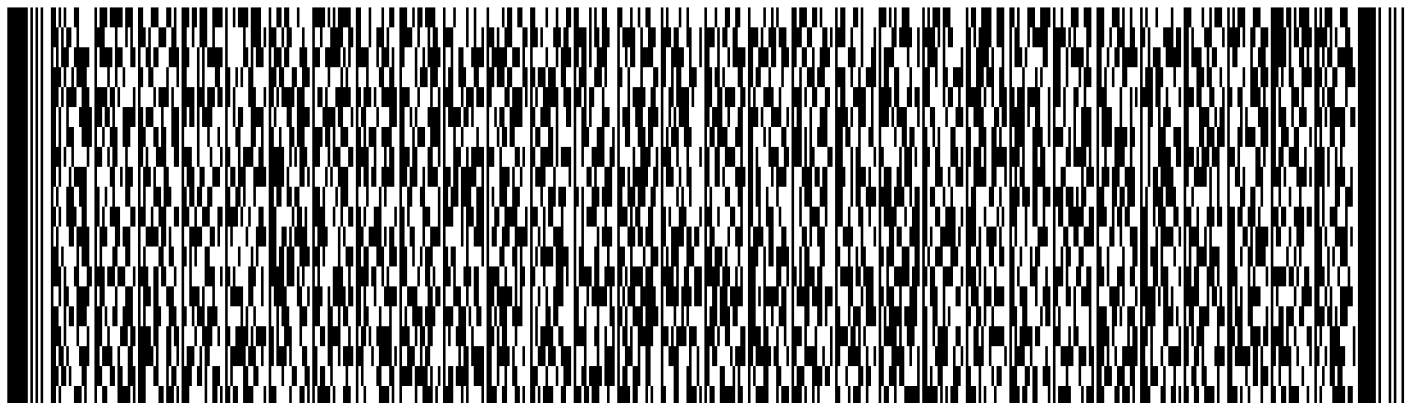
Bankruptcy Table 51-100



Non-Bankruptcy Table 1-50



Non-Bankruptcy Table 51-100



Part 3, Part 4, Last Page

CERTIFICATE OF SERVICE

I, Sameen Rizvi, do hereby certify that on April 18, 2023, a copy of the foregoing *Chapter 11 Post-Confirmation Report for the Quarter Ending 03/31/2023* was served on the party listed below in the manner indicated.

United States Trustee

Jane M. Leamy

Email: jane.m.leafy@usdoj.gov

Via Email

/s/ Sameen Rizvi

Sameen Rizvi (No. 6902)