

LOWENSTEIN SANDLER LLP

Michael S. Etkin, Esq.
1251 Avenue of the Americas
New York, NY 10020

-and-

Andrew D. Behlmann, Esq.
Nicole Fulfree, Esq.
One Lowenstein Drive
Roseland, New Jersey 07068
Tel: (973) 597-2312

KAHN SWICK & FOTI, LLC

Kim E. Miller, Esq.
250 Park Avenue, 7th Floor
New York, NY 10177
Tel: (212) 696-3732
Counsel to Lead Plaintiff and the Proposed Class

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:

PARETEUM CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 22-10615 (LGB)

Jointly Administered

**SECURITIES LEAD PLAINTIFF'S STATEMENT AND RESERVATION OF RIGHTS
IN RESPONSE TO DEBTORS' APPLICATION SEEKING
PROVISIONAL APPROVAL OF DISCLOSURE STATEMENT**

The Pareteum Shareholder Investment Group² ("Lead Plaintiff"), the court-appointed lead plaintiff in the securities class action captioned as *In re Pareteum Securities Litigation*, Case No. 1:19-cv-09767 (AKH) (GWG) (the "Securities Litigation") pending in the United States

¹ The Debtors in the Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, if applicable, are: Pareteum Corporation (7538); Pareteum North America Corp. (f/k/a Elephant Talk North America Corp.) (9623); Devicescape Holdings, Inc. (2909); iPass, Inc. (4598); iPass IP LLC (2550); Pareteum Europe B.V.; Artidium Group Ltd. (f/k/a Artidium PLC); Pareteum Asia Pte. Ltd.; and Pareteum N.V. (f/k/a Artidium N.V.).

² The Pareteum Shareholder Investment Group is comprised of Kevin Ivkovich, Stephen Jones, Keith Moore, Nicholas Steffey, and Robert E. Whitley, Jr.



District Court for the Southern District of New York (the “District Court”),³ for itself and the proposed class in the Securities Litigation (the “Proposed Class”), hereby submits this statement and reservation of rights in response to the *Debtors’ Application For An Order (I) Approving Certain Key Dates Relating To Confirmation Of The Debtors’ Plan, Including Scheduling A Combined Hearing To Consider Approval Of Debtors’ Disclosure Statement And Plan; (II) Approving The Form And Manner Of Combined Hearing Notice; (III) Approving Debtors’ Disclosure Statement On A Provisional Basis; (IV) Approving (A) Procedures For Solicitation, (B) Forms Of Ballots, (C) Procedures For Tabulation Of Votes; And (D) Procedures For Objections; And (V) Establishing A Bar Date For Filing Administrative Claims Arising From The Petition Date Through And Including August 31, 2022* [Docket No. 270] (the “Application for Provisional DS Approval”), and respectfully states as follows:

RELEVANT BACKGROUND

A. The Securities Litigation

1. The Securities Litigation was commenced on October 22, 2019. The operative complaint in the Securities Litigation, the First Amended Consolidated Complaint (the “FAC”), asserts claims on behalf of purchasers and/or acquirers of Pareteum Corporation (“Pareteum” or the “Debtor-Defendant”) securities between December 14, 2017 and October 21, 2019, inclusive (the “Class Period”), against (i) Robert H. Turner, Edward O’Donnell, Victor Bozzo, Denis McCarthy (the “Individual Defendants”), and Pareteum for violations of Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5) and/or Section 20(a) of the Exchange Act, and (ii) certain of the Individual Defendants, Pareteum, Dawson James Securities Inc. (“DJSI”), and Squar Milner (“SM”, and together with Pareteum, the Individual Defendants, and DJSI, the “Securities

³ Citations and references to ECF documents filed in the Securities Litigation will be identified as “SDNY Docket No. --”.

Litigation Defendants”) for violations of Sections 11, 12, and/or 15 of the Securities Act of 1933. See SDNY Docket No. 168.

2. On January 10, 2020, the District Court entered an order appointing Lead Plaintiff as the lead plaintiff in the Securities Litigation and appointing the law firm of Kahn Swick & Foti as lead counsel. SDNY Docket No. 79.

B. The Chapter 11 Cases

3. On May 15, 2022 (the “Petition Date”), Pareteum and its affiliated debtors (the “Debtors”) filed voluntary petitions under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”).

4. In the Application for Provisional DS Approval, the Debtors seek entry of an order, among other things, (i) scheduling a combined hearing (the “Combined Hearing”) to consider (a) final approval of the *Disclosure Statement for the Chapter 11 Plan of Liquidation for Pareteum Corporation and Certain of its Affiliates* [Docket No. 269] (the “Disclosure Statement”), and (b) confirmation of the *Chapter 11 Plan of Liquidation for Pareteum Corporation and Certain of its Affiliates* [Docket No. 268] (“Plan”); and (ii) approving the adequacy of the Disclosure Statement on a provisional basis pending final approval at the Combined Hearing. The deadline to object to the Application for Provisional DS Approval is August 11, 2022, while the proposed deadline for objections to the Plan and Disclosure Statement is September 29, 2022.

5. The Disclosure Statement and Plan contain several provisions relevant to Lead Plaintiff including but not limited to the following:

- a reference to certain pending litigation, including a brief statement that “[f]rom the Company’s October 21, 2019 announcement regarding its improper recognition of revenue through the Petition Date, eight putative class action and/or derivative lawsuits (after accounting for the

consolidation of such derivative actions) were commenced against the Company, its current and former management, and members of the Board.” (Disclosure Statement, IV.C);

- the classification of all Claims and Interests in the Debtors into five separate classes, with all Holders of Interests in the Debtors classified in a single class (Class 5) in which such Holders will not receive or retain any value under the Plan (but no reference to the classification of the claims set forth in the Securities Litigation) (Disclosure Statement at VI.B);
- a summary of a proposed Liquidating Trust Agreement which, in pertinent part, states that the Liquidating Trust Assets shall consist of “[a]ll rights with respect to the insurance policies of the Debtors (including the D&O Policies), other than certain rights transferred to the Purchasers pursuant to the Purchase Agreement and the Global Settlement, and the right to recover therefrom, all of which shall be transferred or assigned to the Liquidating Trust on the Effective Date, *free and clear of any liens or claims that might otherwise have existed in favor of any party.*” (Disclosure Statement at VI.C);
- a description of the Liquidating Trust’s authority, which includes the right to “maintain the books and records and accounts of the Debtors and the Liquidating Trust and destroy such records consistent with applicable law and the Liquidating Trustee’s duties, (Disclosure Statement at VI.C); and
- an exculpation clause that (subject to several exceptions) purports to extend to the “Related Parties” of each of the following Exculpated Parties: (a) the Debtors; (b) the Creditors’ Committee and its members; (c) the Purchasers; (d) the DIP Lender; (e) the Wind Down Officer (f) the TSA Designee, (Disclosure Statement, VI.E).

RESERVATION OF RIGHTS

6. Lead Plaintiff takes issue with the appropriateness and accuracy of these provisions. Lead Plaintiff does not generally take issue with the Application for Provisional DS

Approval to the extent such approval is intended to streamline the procedural aspects of the Plan and Disclosure Statement process by, for example, approving solicitation procedures, establishing key deadlines, and scheduling a Combined Hearing. However, Lead Plaintiff submits this Statement and Reservation of Rights to ensure that such provisional relief is limited in scope, so as not to impose restrictions on Lead Plaintiff's rights to object to the Disclosure Statement or Plan on these and any grounds at the Combined Hearing. Any such restriction would be particularly inappropriate and burdensome at this stage, where Lead Plaintiff has had only one week to review these documents.

7. Accordingly, Lead Plaintiff reserves all rights to object to the Disclosure Statement (as may be amended from time to time), or any other disclosure statement filed in these cases on grounds that it (i) fails to provide adequate disclosure or information, and/or (ii) describes a Plan that is unconfirmable on its face, with respect to all provisions, on any and all grounds, regardless of whether such grounds are raised in this Statement and Reservation of Rights.

8. Lead Plaintiff reserves all rights with respect to confirmation of the Plan (as may be amended from time to time), or any other chapter 11 plan proposed in these cases, including but not limited to objecting to confirmation of any plan on any and all grounds, regardless of whether such grounds are referenced in this Statement and Reservation of Rights.

Dated: August 11, 2022

LOWENSTEIN SANDLER LLP

By: /s/ Michael S. Etkin

Michael S. Etkin, Esq.
1251 Avenue of the Americas
New York, NY 10020

-and-

Andrew Behlmann, Esq.
Nicole Fulfree, Esq.
One Lowenstein Drive
Roseland, New Jersey 07068
Tel: (973) 597-2312

Email: metkin@lowenstein.com
abehlmann@lowenstein.com
nfulfree@lowenstein.com

*Bankruptcy Counsel to Lead Plaintiff
and the Proposed Class*

- and -

KAHN SWICK & FOTI, LLC

Kim E. Miller, Esq.
250 Park Avenue, 7th Floor
New York, NY 10177
Tel: (212) 696-3732
Email: Kim.Miller@ksfcounsel.com

*Lead Counsel to Lead Plaintiff
and the Proposed Class*