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capacity as Liquidating Trustee for the
TEUM Liquidating Trust*

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

In re:

PARETEUM CORPORATION, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-10615 (LGB)

(Jointly Administered)

**STATUS REPORT BY ANTHONY M. SACCULLO, IN HIS CAPACITY AS
LIQUIDATING TRUSTEE FOR THE TEUM LIQUIDATING TRUST**

Anthony M. Saccullo, in his capacity as Liquidating Trustee (the “Trustee”) for the TEUM Liquidating Trust (the “Trust”), by and through his undersigned counsel, hereby submits this status report concerning the administration of the Trust.

BACKGROUND

1. On May 15, 2022 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code [Docket No. 1] (the “Chapter 11 Cases”).

¹ The Debtors in these 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.) (collectively, the “Debtors”). The mailing address of the Debtors, solely for the purposes of notices and communications, is c/o Saccullo Business Consulting, LLC, 27 Crimson King Drive, Bear, DE 19701.



2. On June 30, 2022, the Court approved a sale of substantially all of the Debtors' assets [Docket No. 167], which closed on July 11, 2022. [Docket No. 212].

3. On July 8, 2022, the Court approved a global settlement among the Debtors, the creditors' committee, and the proposed purchasers of the Debtors' assets (the "Global Settlement"). [Docket No. 201]. Pursuant to the Global Settlement, the parties agreed to establish the Trust as part of a chapter 11 liquidating plan, which would be funded by contributions from the proposed purchasers. The Global Settlement also provided that, subject to certain carveouts, the Trust would receive certain rights in causes of action belonging to the Debtors' estates.

4. On October 7, 2022, the Court entered an order confirming the Debtors' liquidating chapter 11 plan (the "Plan"). [Docket No. 374]. Consistent with the Global Settlement, the Plan provides for the creation of the Trust for the benefit of creditors. (Plan, § 5.4). On October 21, 2022, the Plan went effective, and the Trust was formed (the "Effective Date"). [Docket No. 397].

STATUS REPORT

A. The D&O Action

5. On December 5, 2022, the Trustee filed a 94-page complaint commencing an adversary proceeding against Robert H. Turner, Victor Bozzo, Yves Van Sante, Edward O'Donnell, Denis McCarthy, and Robert Mumby. [Adv. Proc. No. 22-01177 (LGB)] (the "D&O Action").

6. The D&O Action asserts claims for breaches of fiduciary duty and other unlawful conduct by the defendants, who were officers and directors of Pareteum Corporation from December 2017 through November 2019. These unlawful acts, centered around material misstatements in Pareteum's financial statements, ultimately led to Pareteum's financial ruin and the commencement of the Chapter 11 Cases. The D&O Action seeks recovery from the defendants

for undetermined amounts on account of damages and restitution resulting from their breaches of fiduciary duty, waste of corporate assets, and abuse of control.

7. On September 28, 2023, certain of the defendants were arrested and charged with securities fraud, conspiracy to commit securities fraud, false SEC filings, and improperly influencing the conduct of audits. *See* Indictment, *U.S. v. Bozzo and O'Donnell*, 23 Cr. 499 (S.D.N.Y. Sept. 28, 2023), attached as Exhibit A to Declaration of Tracy A. Burnett. [Adv. Proc. Docket No. 45]. On that same day, the Securities and Exchange Commission (the “SEC”) filed a parallel lawsuit against Messrs. O'Donnell and Bozzo asserting several claims based on the same underlying factual allegations as those in the criminal case and the D&O Action. *SEC. v. O'Donnell*, No. 1:23-cv-08543, Dkt. No. 1 (S.D.N.Y. Sept. 28, 2023).

8. On October 4 and 10, 2023, certain of the defendants filed a motion to stay the D&O Action in its entirety pending resolution of these governmental actions and investigations.

9. October 25, 2023, the Court so-ordered a stipulation staying the D&O Action pending further order of the Court. [Adv. Proc. No. 22-01177, Adv. Docket No. 55]. This stay remains in effect.

10. The Trustee intends to resume prosecution of the D&O Action once these governmental actions and investigations have concluded.

B. Restitution Payments

11. Pursuant to an administrative order entered on October 11, 2024 (the “SEC Order”), the SEC determined that Pareteum executives engaged in a fraudulent scheme to improperly recognize revenue, leading to Pareteum overstating its revenue by \$12 million for fiscal year 2018 and by \$27 million for the first and second quarters of 2019 combined in its financial statements filed with the SEC. The SEC found that Robert H. Turner was aware of signs that the revenue was

being improperly recognized, but he did not take reasonable steps to determine if that was the case prior to signing these financial statements as Pareteum's Chief Executive Officer. Rather, he continued to pressure his management team to achieve revenue growth that exceeded analyst expectations.

12. Without admitting or denying the SEC's findings, Mr. Turner consented to the SEC Order finding that he violated the antifraud provisions of Section 17(a)(2) and (3) of the Securities Act of 1933, and Section 304 of the Sarbanes-Oxley Act of 2002 ("SOX"). The SEC Order requires Mr. Turner to cease and desist from further violations of the charged provisions and to pay a \$75,000 penalty. The SEC Order also requires, under Section 304 of SOX, that Mr. Turner reimburse Pareteum or its successor in interest \$267,118 that he received as bonus payments (the "Reimbursement Payment").

13. The SEC Order requires payment in full of the Reimbursement Payment within 365 days of its entry in the following installments: (1) a payment of \$50,000 within 60 days of entry; (2) a payment of \$50,000 within 90 days of entry; (3) a payment of \$50,000 within 180 days of entry; and (4) a payment of \$117,118 due within 365 days of entry. To date, the Trust has received payments totaling \$100,000.

C. Claims Reconciliation

14. On June 28, 2022, the Debtors filed their Schedules of Assets and Liabilities and Statements of Financial Affairs (together, the "Schedules and Statements"). Among other things, the Schedules and Statements set forth the claims of known creditors against the Debtors as of the Petition Date, based upon the Debtors' books and records.

15. On July 11, 2022, the Court entered the Order Establishing Bar Dates for Filing Proofs of Claim and the Approving the Form and Manner of Notice Thereof [Docket No. 207] (the

“Bar Date Order”), which established, *inter alia*, August 22, 2022 as the deadline for all persons and entities, other than governmental units, to file prepetition proofs of claim against the Debtors, including claims pursuant to section 503(b)(9) of the Bankruptcy Code. The Bar Date Order also established November 11, 2022 as the deadline for governmental units to file prepetition proofs of claim against the Debtors.

16. Pursuant to Articles 1.26 and 7.2 of the Plan, objections to Claims were to be filed no later than 180 days after the Effective Date (*i.e.* April 19, 2023), or “as may be specifically fixed by the Plan, the Confirmation Order, the Bankruptcy Rules, or a Final Order.” (*See* Plan, Art. 1.26 and 7.2).

17. The Plan also provides “the Claims Objection Deadline may be extended one or more times by the Bankruptcy Court upon the filing of a notice by the Debtors or the Liquidating Trustee, as applicable.” (*See* Plan, Art. 1.26 and 7.2).

18. Pursuant to the Confirmation Order, the deadline for filing administrative expense claims expired on November 23, 2022 (30 days after notice of occurrence of the Effective Date). (*See* Plan, Art. 2.1).

19. On September 16, 2022, the Debtors filed their First Omnibus Objection to Claims of Certain Equity Securities Holders seeking to reclassify Claim Nos. 26, 72, 77, 91, 112, 127, 128, 131, 133, 135 (the “First Omnibus Objection”). [Docket No. 336]. All claims subject to the First Omnibus Objection have been resolved.

20. On September 16, 2022, the Debtors filed an Objection to Claims of Robert H. Turner [Claim Nos. 81 and 129] [Docket No. 337]. Pursuant to a stipulation filed on September 22, 2023, the Trustee and Mr. Turner have stipulated to the withdrawal, without prejudice, of this objection. [Docket No. 526].

21. The Trustee has also resolved all objections to the Debtors' Notice of Cure Costs and Proposed Assumption and Assignment of Executory Contracts and Unexpired Leases [Docket No. 77].

22. Since the Effective Date, the Trustee has resolved all pending administrative expense claims against the Debtors. The Trustee has not yet addressed the reconciliation of unsecured claims given the Trust's limited assets and the pending D&O Action.

23. The Trust was not funded with assets sufficient to pay administrative expense claims in full and there is no certainty that the Trust will in the future have assets sufficient to pay such claims in full or make a distribution on account of unsecured claims. Future distributions on account of these depend almost entirely on the Trustee's successful prosecution or resolution of the D&O Action.

24. The current deadline to object to claims has been extended through April 16, 2025. The Trustee anticipates seeking further extensions of this deadline.

DATED: New York, New York
February 3, 2025

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By: /s/ Seth Van Aalten

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