

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM DIVISION  
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IN RE:

PALM BEACH FINANCE PARTNERS, L.P.,  
PALM BEACH FINANCE II, L.P.,  
  
Debtors.

CASE NO. 09-36379-PGH  
CASE NO. 09-36396-PGH  
(Jointly Administered)

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**MOTION TO AUTHORIZE LIQUIDATING TRUSTEE  
TO USE “CASH-IN/CASH-OUT” METHOD TO CALCULATE  
LIMITED PARTNER CLAIMS AND INTERESTS**

**IMPORTANT NOTICE TO CREDITORS/INTEREST HOLDERS:<sup>1</sup>**

**THE OUTCOME OF THIS MOTION MAY IMPACT YOUR CLAIM(S).**

Although the Motion is not an objection to any claim or interest, it does seek to affect how the claims and equity interests of limited partners are calculated. Depending on the outcome of the Motion, the Liquidating Trustee may file objections that seek either to disallow or reduce the amount of claims or interests filed by you or on your behalf. Please read the Motion carefully. **YOUR CLAIM OR INTEREST MAY BE AFFECTED BY THE RECOMMENDATION IN THIS MOTION.**

If you disagree with the relief requested in the Motion, you should respond in writing to the Motion explaining why you oppose the relief requested and the basis therefor, and serve a copy to the undersigned attorney. The written response should contain the case name, case number, and be filed with the Clerk of the United States Bankruptcy Court.

Barry E. Mukamal, in his capacity as liquidating trustee (“*Trustee*”) for the Palm Beach Finance Partners Liquidating Trust and Palm Beach Finance II Liquidating Trust (collectively, the “*Liquidating Trusts*”), by and through undersigned counsel, moves this Court (this

<sup>1</sup> The Motion itself is not an objection to any claim or equity interest, and it only seeks approval of the methodology by which such claims and equity interests should be calculated. Yet, the Liquidating Trustee has included this notice to claimants and equity holders, similar in substance to that required under Local Rule 3007-1 for an objection to claim, in an abundance of caution and to ensure that all claimants and interest holders are aware of the Motion’s potential impact.

“*Motion*”) for entry of an order authorizing the Trustee to use the “cash-in/cash-out” method to calculate limited partner claims and interests. In support, the Trustee states as follows:

**JURISDICTION AND VENUE**

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §1334. This is a core proceeding pursuant to 28 U.S.C. §§157(b)(2)(A), (B) and (O).
2. This Motion is made pursuant to 11 U.S.C. §§105 and 502.

**BACKGROUND**

3. These chapter 11 cases arose out of a massive fraudulent scheme orchestrated by Thomas J. Petters (“*Petters*”), who bilked victims out of billions of dollars. Petters and his co-conspirators devised a plan centered on the fictional purchase and sale of consumer electronics to big-box retailers such as Costco, Best Buy and Wal-Mart. Petters induced lenders, including Palm Beach Finance Partners, L.P. (“*PBF I*”) and Palm Beach Finance II, L.P. (“*PBF II*”) (collectively, the “*Palm Beach Funds*”), to advance funds purportedly to purchase merchandise that would then be resold to retailers at a profit. However, in reality, Petters diverted the lenders’ funds for other purposes, such as making payments to earlier lenders, paying off those who assisted in the fraud, and financing Petters’ extravagant lifestyle – a classic *Ponzi* scheme (“*Petters Ponzi Scheme*”).

4. Petters established Petters Company, Inc. (“*PCF*”) to conduct these fictitious purchase order financing transactions. Affiliated single purpose entities (“*SPE*”) were formed to handle loans from particular lenders.

5. Beginning in 2002 (for PBF I) and 2004 (for PBF II), the Debtors made loans to PCI to fund these purported purchase order financing transactions. The Palm Beach Funds raised monies to fund these loans to PCI by selling limited partnership stakes.<sup>2</sup>

6. The Debtors were one of the largest lenders to Petters' entities. Every quarter, each limited partner received an account statement from the respective Debtor reflecting the value of that limited partner's investment. However, as is now known, each account statement was based on loans secured by fictitious transactions, fabricated by Petters and his co-conspirators. The Palm Beach Funds were victims of the Petters Ponzi Scheme. PCI had no meaningful legitimate operations.

7. The Petters Ponzi Scheme collapsed after a series of raids by the FBI and the ultimate arrest of Petters in the fall of 2008. Petters was subsequently indicted, tried, convicted and sentenced to fifty years in prison.

8. The Debtors' actual net asset value was, at all times, minimal because the Debtors' assets consisted in large part of Petters notes. Therefore, the profits reflected on the quarterly limited partner account statements were not accurate.

9. On November 30, 2009 ("***Petition Date***"), after the collapse of the Petters' Ponzi Scheme, each of the Palm Beach Funds filed Chapter 11 voluntary petitions. The cases have been jointly administered (*see* ECF No. 19), but have not been substantively consolidated. Mr. Mukamal was appointed Chapter 11 trustee. Thereafter, pursuant to a confirmed joint plan of liquidation, Mr. Mukamal was appointed Trustee for the Liquidating Trusts.

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<sup>2</sup> PBF II, aside from selling limited partnership stakes, also borrowed hundreds of millions of dollars from two offshore lenders whose unsecured claims have been allowed as against PBF II in the aggregate amount of \$718,827,753.12 pursuant to the Order confirming the Debtors' Chapter 11 Plan of Liquidation. *See* ECF No. 444, ¶ 26.

10. Certain of the Debtors' limited partners filed proofs of claim against the Debtors ("*LP Claims*"). It appears that many of the LP Claims are based on limited partner account statements or the 2008 K-1. These reflect a value that includes not only the principal balance of the investment, but also the returns that supposedly had accrued based on the loans made by the Debtors to PCI.

11. In addition, at the outset of the Debtors' chapter 11 cases, a list of the Debtors' equity security holders was filed in each of the Debtors' cases. See Case No. 09-36396, ECF No. 21, Case No. 09-36379, ECF No. 49 (collectively, the "*Equity Holder Lists*").<sup>3</sup> Although the Trustee was appointed thereafter (and thus was not involved in the preparation of the Equity Holder Lists), upon information and belief, the percentage ownership values reflected for each limited partner on the Equity Holder Lists were calculated based on the total account value for each limited partner as of the Petition Date (including purported accrued profits).

#### **RELIEF REQUESTED**

12. By this Motion, the Trustee seeks approval of the "cash-in/cash-out" method to calculate the amount of all otherwise unresolved LP Claims and interests. Under this method, the amount of each LP Claim or interest would be the amount of the limited partner's investment with a Debtor minus any monies that such limited partner received from that Debtor as of the Petition Date.<sup>4</sup>

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<sup>3</sup> Under the Debtors' confirmed plan, limited partners as of the Petition Date are separately classified (either in Class 1 or 3) based on whether they filed a proof of claim or are simply identified as an equity holder as of the Petition Date. See ECF No. 246, p. 22-23.

<sup>4</sup> By way of example (all pre-petition), if a limited partner placed \$500,000 in PBF I and received \$300,000 back from PBF I, the limited partner's unsecured claim (if any) will be calculated in the amount of \$200,000 and its equity interest will be based on a \$200,000 net investment. If a limited partner placed \$500,000 in PBF I and received \$500,000 back from PBF I, the limited partner's unsecured claim and equity interest will each be disallowed because the

13. The only issue addressed in this Motion is the Trustee's methodology for calculating the amount of each limited partner claim or interest. *See* Reservation of Rights, *infra*.

14. The Trustee believes that this method is the most equitable and appropriate way to quantify each limited partner claim or interest.

15. For informational purposes only, and subject to, in certain cases, further reconciliation and/or discussions with the respective limited partner, attached as Composite Exhibit A is a spreadsheet for each of the Debtors showing the "cash-in/cash-out" calculations for the Debtors' limited partners as of the Petition Date,<sup>5</sup>

#### **LAW AND ANALYSIS, AND BASIS FOR REQUESTED RELIEF**

16. As described above, LP Claims are, in many cases, based on the amounts indicated on quarterly account statements or the 2008 K-1, which showed the Debtors as financially healthy enterprises. These account statements were inaccurate because each of the Debtors' assets was comprised of Petters notes that were virtually worthless.

17. In cases fundamentally based on loans into a fraudulent enterprise, as here with PCI, courts prefer to calculate investor claims using the "cash-in/cash-out" method (also called the "net investment" method or the net loss rule). *Id.*; *see also In re Pearlman*, 484 B.R. 241, 242 (Bankr. M.D. Fla. 2012); *SEC v. Capital Consultants*, 2002 WL 32502450 at \*2 (D. Or.

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amount of its principal investment had been returned. Similarly, if a limited partner placed \$500,000 in PBF I and received \$750,000 back from PBF I, its unsecured claim and equity interest will also be disallowed as the investor received its entire principal investment back.

<sup>5</sup> The value of some LP Claims and/or interests has been established pursuant to settlement agreements approved by the Court. In these situations, and any similar situations in the future, the Liquidating Trustee will treat the applicable limited partner's claim amount and/or equity interest in accordance with the governing Court Order (as indicated on Exhibit 1 in the sections titled "Controlled by Prior Court Orders").

Dec. 5, 2002); *see generally In re Bayou Group, LLC*, 396 B.R. 810, 884 (Bankr.S.D.N.Y.2008) *aff'd in part & rev'd in part*, 439 B.R. 284 (S.D.N.Y.2010).

18. The cash-in/cash-out method is fair for purposes of quantifying the amount of claims and interests against the Debtors' estates, which accords with one of the primary tenets of bankruptcy law. As the U.S. Supreme Court recognized in *Cunningham v. Brown*, the original Ponzi scheme case involving Charles Ponzi, "equality is equity and this is the spirit of the bankrupt law." 265 U.S. 1, 13 (1924). To allow the Petters' Ponzi Scheme's fraudulent transactions to govern the Debtors' claims process would promote inequity by resulting in limited partners who invested the longest (and therefore "accrued" the most false profits) to take the greatest share of the distribution. Accordingly, principles of equity dictate use of the cash-in/cash-out method.<sup>6</sup>

#### **RESERVATION OF RIGHTS**

19. As stated above, this Motion's sole purpose is to address the methodology for calculating claims and interests. Nothing herein should be construed as the Trustee establishing the amount of any particular claim or interest or waiving his rights to object to any particular claim, interest or priority of distribution on this or any other ground (such as 11 U.S.C. §510); to the contrary, the Trustee reserves all of such rights. The Trustee's claims review process and legal analysis is ongoing, and the Trustee anticipates filing court papers in the future on these and any other appropriate grounds. Further, nothing herein is intended to be or should be

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<sup>6</sup> This Court has already applied an analogous approach in certain of the Liquidating Trustee's fraudulent transfer actions. *See, e.g., Mukamal v. Mansour (In re Palm Beach Finance Partners, L.P.)*, Adv. No. 11-02987-PGH (Bankr. S.D. Fla. Sept. 12, 2013), ECF No. 72 p. 6-8.

considered a limit to the damages that the Trustee - or any other party - can claim or recover against third parties.<sup>7</sup>

**WHEREFORE**, the Trustee respectfully requests that this Court enter an Order authorizing the use of the “cash-in/cash-out” method to calculate LP Claims and interests and granting such other and further relief as this Court deems just and proper.

s/ Jessica L. Wasserstrom  
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<sup>7</sup> *Capital Consultants*, 2002 WL 32502450, at \*3.

COMPOSITE  
EXHIBIT APalm Beach Finance Parters, L.P.  
Case No: 09-36379-BKC-PGH

LP Cash in/Cash out Analysis

LP Name	% on Schedule of Equity Holders	Filed POC #	Filed POC Amount	Total LP "In" Activity	Total LP "Out" Activity	Net LP Loss (Gain)	Previously Ordered Claim Amount	Previously Ordered Amount for Equity Interest Calculation
<b>SSR Entities</b>								
Citco Global Custody (N.A.) NV for Strategic Stable Return Fund (L.D.) LP.	3.5864%	POC-5	4,400,000.00	8,000,000.00	(3,600,000.00)	4,400,000.00		
Citco Global Custody (NA) N.V., as custodian for KBC Financial Products (Cayman Islands), Ltd. as nominee for Strategic Stable Return Fund II, LP	Included in above	POC-4	1,100,000.00	1,850,000.00	(750,000.00)	1,100,000.00		
<b>Agile Entities</b>								
Ozcar Multi-Strategies, LLC Class C #58 (Agile Safety Group)	12.8912%	POC-51	5,991,095.00	12,000,000.00	(9,818,580.33)	2,181,419.67		
Citco Glocal Custody (NA) N.V. for Agile Safety Variable Fund L.P. Ozcar Multi-Strategies, LLC Class D #365 (Agile Safety Fund (International))	Included in above	POC-52	11,604,366.00	11,750,000.00	(5,500,000.00)	6,250,000.00		
	Included in above	POC-50	8,883,801.00	7,818,580.33	-	7,818,580.33		
<b>MIO Entities</b>								
Compass Special Situations Fund LP	3.0721%	POC-13	6,333,506.00	9,700,000.00	(5,000,000.00)	4,700,000.00		
McKinsey Master Retirement Trust (MIO Partners Inc)	16.6990%	POC-14	30,669,652.00	21,200,000.00	(1,202,679.00)	19,997,321.00		
Security Benefit Life Variable Annuity Account IX	Included in above	POC-15	1,052,434.00	1,600,000.00	(1,020,181.00)	579,819.00		
Special Situation Investment Fund, LP	Included in above	POC-12	2,849,531.00	1,882,500.00	-	1,882,500.00		
<b>Freestone Entities</b>								
Freestone Capital Partners, LP	5.6603%			5,300,000.00	(5,260,000.00)	40,000.00		
Freestone Capital Qualified Partners, LP	Included in above			6,700,000.00	(5,390,000.00)	1,310,000.00		
<b>GMB Entities</b>								
GMB Low Volatility Fund, L.P.	12.1939%			31,233,806.42	(19,518,110.76)	11,715,695.66		
Ozcar Multi-Strategies, LLC Class D #424	Included in above			13,000,000.00	-	13,000,000.00		
<b>Bonebrake Investors</b>								
Bonebrake, Janet C.	0.1113%			100,000.00	-	100,000.00		
Janet C. Bonebrake Living Trust dated 08/17/06	Included in above			50,000.00	-	50,000.00		
Armadillo Partners, LLC	0.2584%			500,000.00	-	500,000.00		
Bakaysa, Steven P.	0.2482%	POC-9	500,000.00	500,000.00	-	500,000.00		
Bancroft, Jannette	0.0852%			203,000.00	(135,000.00)	68,000.00		
Blackpool Absolute Return Fund, LLC	0.3986%	POC-27	818,899.00	795,904.82	-	795,904.82		
Carruth, Frank, III	1.1454%			1,750,000.00	-	1,750,000.00		
Casdagli, Martin C.	0.4244%			650,000.00	(55,000.00)	595,000.00		
Citco Global Custody (NA) N.V. as custodian for KBC Financial Products (Cayman Islands) Ltd. as nominee for Wellfleet Income Fund, LP fka Wellfleet Income Fund (Netwide Capital LLC)	0.8536%			3,015,890.47	(1,515,886.75)	1,500,003.72		
Deer Island, LP	0.1059%			125,000.00	-	125,000.00		
Dobrinich, Dennis	0.0553%			68,500.00	(2,800.00)	65,700.00		
Dobrinich, Nancy	0.0236%			28,500.00	-	28,500.00		
EGR Partnership, Ron Prestley Mng GP	0.1215%			230,352.06	-	230,352.06		
The Father's Heart Family Foundation, Inc.	0.0351%			70,000.00	-	70,000.00		
Fortis Bank (Cayman) Limited as Custodian of Cannonball Stability Fund, L.P.	0.4111%			800,000.00	-	800,000.00		
Fortis Prime Fund Solutions Custodial Services (Ireland) Limited as nominees for KBC Financial Products (Cayman Islands) Limited as nominee For Eden Rock Finance Fund LP	5.4111%	POC-1	11,116,591.00	22,498,732.32	(17,000,000.00)	5,498,732.32		
Golden Gate Absolute Return Fund, LP	0.6094%	POC-29	1,227,366.32	945,000.00	-	945,000.00		
Goldsmith, Judith	0.2835%			550,000.00	-	550,000.00		
Goldsmith, Theodore	0.1538%			300,000.00	-	300,000.00		
Harvest Investments L.P.	0.3021%			375,000.00	-	375,000.00		
Hobgood, Wilbur	0.0423%			48,000.00	-	48,000.00		
Jeffrey B. Markel IRA	0.2842%			348,990.09	-	348,990.09		
LAB Investments Fund, LP	3.9693%	POC-7	7,500,000.00	7,700,708.93	-	7,700,708.93		
Lestage, Claude & Zenaïda	0.0145%			16,005.53	-	16,005.53		
Liguori, Albert & Ellen	0.0448%	POC-3	150,000.00	190,000.00	(116,642.16)	73,357.84		
Linkous, Randall L.	0.0254%			32,000.00	-	32,000.00		
Linkous, Sandra	0.0199%			25,000.00	-	25,000.00		



LP Name	% on Schedule of Equity Holders	Filed POC #	Filed POC Amount	Total LP "In" Activity	Total LP "Out" Activity	Net LP Loss (Gain)	Previously Ordered Claim Amount	Previously Ordered Amount for Equity Interest Calculation
<b>Lionheart Insurance Fund Series Interests of the SALI Multi-Series Fund, LP</b>	1.3850%	POC-18	2,845,300.53	1,800,000.00	-	1,800,000.00		
Mosaic Capital Fund, LLC	2.4455%	POC-8	5,023,937.00	5,000,000.00	(2,000,000.00)	3,000,000.00		
<b>Oasis Absolute Return Fund, L.P. (Marder Investment Advisors Corp.)</b>	0.3158%			450,000.00	-	450,000.00		
Opitz, Alton R.	0.0707%			448,040.64	(357,090.05)	90,950.59		
<b>Ozcar Multi-Strategies, LLC Class C#133/K&amp;K Capital Management, Inc.</b>	4.8643%	POC-47	7,000,000.00	9,500,000.00	(2,500,000.00)	7,000,000.00		
Pemco Partners, L.P.	1.3542%			2,000,000.00	-	2,000,000.00		
<b>Pensco Trust Company FBO George C. Slain IRA Account Number SL1AU</b>	0.1695%			327,970.00	-	327,970.00		
<b>Premier Advisors Fund, LLC (successor in interest to Second City Alternatives)</b>	0.2220%			175,000.00	-	175,000.00		
Prevost, Mark	0.0213%			26,100.00	-	26,100.00		
Skybell Select, LP	1.0810%			2,000,000.00	-	2,000,000.00		
Sonata Multi-Manager Fund, LP	1.1605%			3,000,000.00	(1,039,653.44)	1,960,346.56		
Sumnicht Money Masters Fund, LP	0.4776%	POC-11	590,000.00	900,000.00	(310,000.00)	590,000.00		
Toothman, M. Lee & Shirley S.	0.0414%			50,000.00	-	50,000.00		
<b>Triumph Multi Series Fund, LP fka Calhoun Asset Mgt Veunes, Frank/Metro Gem, Inc.</b>	3.5688%	POC-49	225,000.00	225,000.00	-	225,000.00		
<b>West Capital Management (successor in interest to Elliot and Arlene Stone JTBE)</b>	0.2482%	POC-26	500,000.00	500,000.00	-	500,000.00		
<b>Controlled by Prior Court Orders</b>								
Beacon Partners LTD	1.0100%			2,850,000.00	(1,576,592.59)	1,273,407.41	30,000.00	
Bear Stearns Capital Markets Inc. #7	0.6276%			1,015,000.00	-	1,015,000.00	333,333.00	-
Bergman, John D.	0.4623%			900,000.00	(390,000.00)	510,000.00	100,000.00	-
Sterling Management, Inc.	0.3253%			3,595,000.00	(3,447,103.83)	147,896.17	-	-
Davenport, Amy C.	0.2257%	POC-35	115,481.00	350,000.00	(70,000.00)	280,000.00	280,000.00	280,000.00
Davenport, Robert M.	0.4836%	POC-36	247,484.00	750,000.00	(150,000.00)	600,000.00	600,000.00	600,000.00
Davenport, Robert M., Jr.	0.1638%	POC-34	83,802.00	804,786.05	(589,189.77)	215,596.28	215,596.28	215,596.28
Harrold, David and Michelle, JTBE	0.0833%			304,640.55	(216,640.55)	88,000.00	-	-
Beal, Barry A.	4.0473%	POC-30	804,894.00	5,000,000.00	(2,384,843.75)	2,615,156.25	2,615,156.25	2,615,156.25
Beal GST Exemption Trust	Included in above	POC-40	399,912.00	2,554,458.08	(1,356,084.82)	1,198,373.26	1,198,373.26	1,198,373.26
Carlton Beal Family Trust FBO Barry Beal	Included in above	POC-31	1,229,432.00	6,500,000.00	(2,384,843.75)	4,115,156.25	4,115,156.25	4,115,156.25
Kelen H. Beal Estate	Included in above	POC-32	234,790.00	2,757,444.07	(2,194,444.07)	563,000.00	563,000.00	563,000.00
The Beal Trust U/A 04/17/68	Included in above	POC-39	38,370.00	289,550.32	(190,784.68)	98,765.64	98,765.64	98,765.64
Beal Family Trust FBO Kelly S Beal	0.1715%	POC-37	87,783.00	900,000.00	(850,000.00)	50,000.00	50,000.00	50,000.00
Beal, Lynda K.	0.4689%	POC-43	239,934.00	800,000.00	-	800,000.00	800,000.00	800,000.00
Beal, Nancy C.	0.1936%	POC-33	99,058.00	700,000.00	(417,838.71)	282,161.29	282,161.29	282,161.29
Beal, Spencer	3.3364%	POC-41	257,368.00	1,000,000.00	-	1,000,000.00	1,000,000.00	1,000,000.00
Spencer Evans Beal Family Trust	Included in above	POC-38	245,559.00	1,034,571.76	(127,189.79)	907,381.97	907,381.97	907,381.97
Carlton Beal Family Trust FBO Spencer Beal	Included in above	POC-42	806,440.00	2,976,597.58	-	2,976,597.58	2,976,597.58	2,976,597.58
<b>Prevost Family Trust Dtd 6/8/05, Bruce F. Prevost and Colleen F. Prevost, Settlers and/or Trustees</b>	0.1466%			293,400.83	-	293,400.83	-	-
<b>Profiteers (stricken by prior Court Orders or to be stricken)</b>								
Allegra, Vincent	0.0236%			500,000.00	(625,000.00)	(125,000.00)	-	-
Palm Beach Diversified Income, LP	1.2638%			15,500,000.00	(17,470,000.00)	(1,970,000.00)	-	-
VAS Partners, LLC	0.0236%			600,000.00	(824,343.00)	(224,343.00)	-	-
<b>TOTALS (excluding profiteers):</b>	<b>100.1479%</b>		<b>115,271,785.85</b>	<b>247,908,098.49</b>	<b>(109,141,695.31)</b>	<b>138,766,403.18</b>	<b>16,165,521.52</b>	<b>15,702,188.52</b>

Palm Beach Finance II, L.P.  
 Case No: 09-36396-BKC-PGH  
 LP Cash in/Cash out Analysis

LP Name	% on Schedule of Equity Holders	Filed POC #	Filed POC Amount	Total LP "In" Activity	Total LP "Out" Activity	Net Investor Loss (Gain)	Previously Ordered Claim Amount	Previously Ordered Amount for Equity Interest Calculation
<b>ABR Capital Entities</b>								
ABR Capital Fixed/Option Income Strategic Fund, LP	0.0929%			210,426.55	(208,530.91)	1,895.64		
ABR Signature Select Insurance Fund Series Interests of the SALI Multi-Series Fund, LP	Included in above			200,000.00	-	200,000.00		
<b>Jamiscott Entities</b>								
Jamiscott, LLC	3.4524%	POC-20	3,600,005.00	2,837,466.09	-	2,837,466.09		
Claridge Associates, LLC	Included in above	POC-22	2,214,114.00	2,000,000.00	-	2,000,000.00		
BayRoc Associates, LLC	Included in above	POC-21	1,107,057.00	1,000,000.00	-	1,000,000.00		
Leonard & Lillian Schneider/JamiScott LLC	0.8283%	POC-18	1,660,585.00	1,500,000.00	-	1,500,000.00		
Schneider, Scott	0.7412%	POC-17	1,485,932.00	1,135,031.60	-	1,135,031.60		
<b>Blackpool Entities</b>								
Blackpool Partners, LLC	1.4784%	POC-26	1,505,434.00	1,250,000.00	-	1,250,000.00		
Blackpool Absolute Return Fund, LLC	Included in above	POC-27	1,816,990.00	1,750,000.00	-	1,750,000.00		
<b>SSR Entities</b>								
Citco Global Custody (NA) N.V. Custodian for KBC Financial Products (Cayman Islands) Ltd as nominee for Strategic Stable Return Fund II LP	3.8395%	POC-3	1,970,000.00	1,970,000.00	-	1,970,000.00		
Citco Global Custody (NA) n.V. for Strategic Stable Value Return Fund (ID) LP	Included in above	POC-4	5,000,000.00	5,000,000.00	-	5,000,000.00		
<b>Agile Entities</b>								
Citco Global Custody (NA) NV Agile Safety Variable Fund LP	8.8272%	POC -33	5,028,787.00	4,000,000.00	-	4,000,000.00		
Ozcar Multi-Strategies, LLC Class D #58 aka Agile Safety Master Fund	Included in above	POC-32	9,303,881.00	5,621,901.32	-	5,621,901.32		
<b>Genesis Capital Entities</b>								
Genesis Special Opportunity (QP), LP	13.2562%			5,150,000.00	-	5,150,000.00		
Genesis Special Opportunity, LP	Included in above			2,425,000.00	-	2,425,000.00		
Genesis Strategic Investors (QP), LP	Included in above			10,622,263.98	-	10,622,263.98		
Genesis Strategic Investors, LP	Included in above			7,753,876.49	-	7,753,876.49		
<b>Metro Gem</b>								
Vennes, Frank	3.7917%			5,394,932.04	(1,694,932.04)	3,700,000.00		
Metro Gem, Inc.	Included in above			7,717,156.67	(7,096,444.67)	620,712.00		
<b>Umbach Entities</b>								
Ozcar Multi-Strategies LLC Class C#1/Class D#1/Umbach	16.3444%			23,286,660.60	(13,194,971.32)	10,091,689.28		
Deutsche Bank (Cayman) Limited as custodian for HSBC USA Inc. fka JP Morgan Whitefriars	Included in above	POC-31	9,000,000.00	21,612,051.88	(12,000,000.00)	9,612,051.88		
Scotiabanc, Inc/Umbach	6.5766%			20,262,945.32	(11,448,568.02)	8,814,377.30		
Aegis Capital Fund, LLC	1.6076%			3,000,000.00	-	3,000,000.00		
Barnett, Joel and Nancy (JTWROS)	0.5203%			1,049,228.40	-	1,049,228.40		
BNP Paribas Bank & Trust Cayman Limited FBO Guardian Asset Finance Master BV fka Cass & Co. FBO Guardian One Master BV Fund c/o Comerica Bank fka Guardian One LP	2.3533%			10,752,040.16	(7,686,040.16)	3,066,000.00		
BNP Paribas Private Bank and Trust Cayman Ltd-Aris Multi-Strategy Fund, LP, Pledged to BNP Paribas Securities Carruth, Frank H. III	7.1907%	POC-7	15,704,786.26	10,600,000.00	(1,000,000.00)	9,600,000.00		
Citizen's Bank as custodian for Ocean Gate Opportunity Fund, LP	2.2958%			1,000,000.00	(982,170.62)	17,829.38		
Deutsche Bank (Cayman) Limited as custodian for ZLP Domestic Investments, LP fka ZLP Domestic Investments, LP	2.2958%			6,000,000.00	(2,500,000.00)	3,500,000.00		
Goldsmith, Judith Ellen	1.3735%			6,044,666.81	(3,044,666.81)	3,000,000.00		
Goldsmith, Theodore	0.1374%			300,000.00	-	300,000.00		
The Gantcher Group	0.1645%			350,000.00	-	350,000.00		
Golden Sun Multi - Manager Fund, LP	0.1005%			201,502.20	-	201,502.20		
Harborlight FAB Fund, LP	3.0494%	POC-30	6,659,879.00	7,000,000.00	(2,000,000.00)	5,000,000.00		
JDFE Master Fund, LP/ John Daniel	0.6933%			1,500,000.00	-	1,500,000.00		
LAB Investments Fund, LP by LAB Advisors, LLC as GP	0.6868%			1,500,000.00	-	1,500,000.00		
	3.2419%	POC-6	6,500,000.00	6,755,173.84	-	6,755,173.84		

LP Name	% on Schedule of Equity Holders	Filed POC #	Filed POC Amount	Total LP "In" Activity	Total LP "Out" Activity	Net Investor Loss (Gain)	Previously Ordered Claim Amount	Previously Ordered Amount for Equity Interest Calculation
Laulima Partners, LP	1.2470%			2,500,000.00	-	2,500,000.00		
Maxine B. Adler Revocable Trust U/A Dtd 5/17/2001	0.4644%	POC-25	1,000,000.00	1,000,000.00	-	1,000,000.00		
Mosaic Capital Fund, LLC	2.7169%	POC-8	6,105,913.00	4,000,000.00	-	4,000,000.00		
Mishkin, Nancy Caryl	0.0916%			200,000.00	-	200,000.00		
Oasis Absolute Return Fund, LP (Marder Investment Advisors Corp)	0.3755%			600,000.00	-	600,000.00		
Ozcar Multi Strategies LLC Class C#232 (Table Mountain Capital)	1.2858%	POC-2	2,500,000.00	2,500,000.00	-	2,500,000.00		
Pemco Partners LP	1.9004%			3,000,000.00	-	3,000,000.00		
Quantum Hedge Strategies Fund	0.6868%			1,500,000.00	-	1,500,000.00		
Ralston, Kenneth A.	0.2380%			625,000.00	(175,000.00)	450,000.00		
Raymond G. Feldman Family Venture, LLP	0.2532%	POC-29	530,247.71	500,000.00	-	500,000.00		
Sandlow, Thomas	0.2241%			268,138.00	-	268,138.00		
SBIC Income Fund	1.3506%			2,400,000.00	-	2,400,000.00		
Select Access (Institutional) LLC	0.4179%			900,000.00	-	900,000.00		
Skybell Select, LP	2.8394%			5,683,325.00	-	5,683,325.00		
Stephen & Lisa Williams Family Trust DTD 12/21/05	1.0264%	POC-1	1,800,000.00	1,800,000.00	-	1,800,000.00		
Thomas J. Ginley Life Insurance Trust Dtd 1-22-97	0.2995%	POC-44 <sup>1</sup>	600,499.00	576,008.33	-	576,008.33		
<b>Controlled by Prior Court Orders</b>								
Barry A. Beal	0.9551%			1,000,000.00	-	1,000,000.00	1,000,000.00	1,000,000.00
Carlton Beal Family Trust FBO Barry A. Beal	Included in above			1,000,000.00	-	1,000,000.00	1,000,000.00	1,000,000.00
Harrold, David W. and Michelle M. JTBE	0.0697%			376,099.50	(301,099.50)	75,000.00	-	-
Prevost Family Trust dated 6-8-05 Bruce F. Prevost and Colleen F. Prevost, Settlers and/or Trustees	0.2284%			494,815.45	-	494,815.45	-	-
<b>Profiteers (stricken by prior Court Orders or to be stricken)</b>								
Leslie Schneider				1,060,303.35	(1,206,067.19)	(145,763.84)	-	-
Integrity Partners (Walchek Integrity, LP)	0.0662%			3,000,000.00	(3,044,666.81)	(44,666.81)	-	-
Citco Global Custody (NA) NV as Custodian for KBC Financial Products (Cayman Islands) Ltd as nominee for Palm Beach Diversified Income LP	0.6193%			48,850,000.00	(65,300,000.00)	(16,450,000.00)	-	-
<b>TOTALS (excluding profiteers):</b>	<b>100.0000%</b>		<b>85,094,109.97</b>	<b>219,675,710.23</b>	<b>(63,332,424.05)</b>	<b>156,343,286.18</b>	<b>2,000,000.00</b>	<b>2,000,000.00</b>

<sup>1</sup> Claim filed as POC-44 in the wrong estate (PBFP). Liquidating Trustee will be filing an objection seeking to re-assign the claim to PBF II.