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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re

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

Debtors.

In re

KS MATTSON PARTNERS, LP,

Debtor.

Case No. 24-10545 CN (Lead Case)

(Jointly Administered)

Chapter 11

AMENDED DISCLOSURE STATEMENT IN SUPPORT OF FIRST AMENDED JOINT CHAPTER 11 PLAN OF LIQUIDATION

Date: November 19, 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

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DISCLAIMER

THIS DISCLOSURE STATEMENT PROVIDES INFORMATION REGARDING THE *FIRST 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 "<u>DEBTORS</u>") 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.

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THE PLAN PROPONENTS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT THAT MAY BE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER THE FEDERAL SECURITIES LAWS. STATEMENTS CONCERNING THESE AND OTHER

MATTERS ARE NOT GUARANTEES AND REPRESENT THE DEBTORS' ESTIMATES AND ASSUMPTIONS ONLY AS OF THE DATE SUCH STATEMENTS WERE MADE AND INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER UNKNOWN FACTORS THAT COULD IMPACT THE PLAN PROPONENTS' PLAN OR DISTRIBUTIONS THEREUNDER. IN ADDITION TO STATEMENTS THAT EXPLICITLY DESCRIBE SUCH RISKS AND UNCERTAINTIES, READERS ARE URGED TO CONSIDER STATEMENTS LABELED WITH THE TERMS "BELIEVES," "BELIEF," "EXPECTS," "INTENDS," "ANTICIPATES," "PLANS," OR SIMILAR TERMS TO BE UNCERTAIN AND FORWARD-LOOKING. CREDITORS AND OTHER INTERESTED PARTIES SHOULD ALSO REVIEW THE SECTION OF THIS DISCLOSURE STATEMENT ENTITLED "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS THAT MAY AFFECT THE PLAN AND DISTRIBUTIONS THEREUNDER.

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EXHIBITS & SCHEDULES

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

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")[1] 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 *First Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2561] (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**.[2] **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").[3] The purpose of this Disclosure Statement is to enable Investors and other creditors whose claims are impaired under the Plan and who are entitled to vote on the Plan to make an informed decision when choosing to accept or reject the Plan. This

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1 Debtor Live Oak Investments, LP is not a Plan Proponent; however, the Plan provides for the substantive consolidation of Debtor Live Oak Investments, LP with the other Debtors and its creditors and investors will be entitled to vote on the Plan

2 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.

3 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 against a Debtor 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' 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' 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 torts committed by the Debtors or their agents; and (g) any Claims arising from or relating to TIC Interests."

Disclosure Statement describes the terms and provisions of the Plan, the effects of confirmation of the Plan, the risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting and election procedures that Investors and other creditors entitled to vote under the Plan must follow for their votes to be counted.

A. Overview of the Plan

1. General Structure of the Plan

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

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

The Debtors and the Committee have conducted a comprehensive joint investigation into the prepetition conduct of the Debtors, their principals, and relevant third parties (the "Investigation"). As part of their Investigation, the Plan Proponents have issued more than 30 subpoenas, collected more than one million documents, and engaged in a process to review the approximately 1,621 filed proofs of claim and approximately 1,097 filed proofs of interest.

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

1. The Debtors operated a **Ponzi scheme**, a central feature of which was a bank account maintained at Bank of the West (subsequently acquired by BMO Bank) ending in 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 the Debtors' Investors and other creditors to propose a global settlement (the "Global Settlement")—to be effectuated through the proposed 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 Global Settlement is attached hereto as **Exhibit E** (the "Investigation Report").

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 7. 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 7 accepts the Plan, the Debtors and the Committee will move forward with confirmation of the Plan, including the substantive consolidation of the Debtors and KSMP Investment Entities. If the Investor class rejects the Plan, the Debtors and the Committee will **not** move forward with the Plan. In the event Class 7 rejects the Plan, the Debtors and Committee will need to incur additional fees and expenses to develop an alternative path forward.

The proposed Plan is **a "single pot" plan**, meaning that it pools and consolidates all of the assets and liabilities of all of the Debtors and the KSMP Investment Entities for distribution purposes.[4] This pooling is known as **substantive consolidation**. Under the Plan, no third parties—including Mr. Mattson and Mr. Timothy LeFever—will receive a release for their conduct related to the Debtors.

The Plan further provides, in accordance applicable Ponzi scheme case law, that Investor claims will be "netted" to make sure all Investors are treated fairly. Specifically, pursuant to the Global Settlement, each Investor will receive (a) a claim for the total amount of money (or value of property) it invested in the Debtors over time *less* the total amount of any distributions the Investor received over the **seven years** prior to September 12, 2024 (referred to as the **Investor Tranche 1 Claim**) and (b) a separate claim for the amount of those deducted distributions (referred to as the **Investor Tranche 2 Claim**) (if any). The Plan provides that Investors will first receive their *pro rata* distribution of available assets on account of their Investor Tranche 1 Claim. If and when each Investor Tranche 1 Claim is paid in full, Investors will then receive their *pro rata* distribution of available assets on account of their Investor Tranche 2 Claim (if any).

A key consideration of the Global Settlement is that rather than net distributions from the suspected Ponzi start date (more than a decade ago), the Investor Tranche 1 Claim will be calculated based on payments made to Investors ***seven years*** prior to September 12, 2024. In other words, under the Global Settlement, an Investor that has received distributions from the Debtors for 15 years will have its claim reduced by the amount of distributions over the last seven years, not the full 15 years. This is necessary because of the state of the business records, the costs required to net the claims from an earlier date, and to assure all Investors are treated the same.

To effectuate distributions to Investors, the Plan provides for the creation of the Plan Recovery Trust. The Plan Recovery Trust will take ownership of the Debtors' assets, sell or otherwise dispose of those assets to generate cash, and distribute that cash to Investors. The Plan Recovery Trust also

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[4] By way of example, if Entity A holds $100 of assets and owes $0 of liabilities, and Entity B holds $0 of assets and 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.

will own litigation claims against third parties, ***including Mr. Mattson and Mr. LeFever***, and may generate cash through prosecution or settlement of those claims. The Plan Recovery Trust will distribute cash to Investors and creditors over time, as it monetizes the Plan Recovery Trust Assets.[5]

The Plan Recovery Trust will also hold certain litigation claims known as "Contributed Claims." Contributed Claims include all Causes of Action 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 and that are related in any way to the Debtors, their predecessors, their respective affiliates, or any Excluded Parties. Investors will automatically contribute their Contributed Claims to the Plan Recovery Trust—and become a Contributing Claimant—if they vote to accept the Plan and do not opt out of the Contributed Claim Election, unless the Investors' claims and causes of action are listed in the Schedule of Disclaimed Contributed Claims. Only Contributing Claimants will be entitled to receive a *pro rata* share of Class C Plan Recovery Trust Units. Investors may wish to contribute their claims because combining all Contributed Claims and similar Plan Recovery Trust Actions may allow those claims to be pursued and resolved more efficiently and effectively.

The Plan Proponents believe that the settlement reflected in the Plan provides the best prospect for Investors and other creditors to maximize their recoveries from the Debtors' estates, and to receive those distributions as soon as reasonably possible.

2. Summary of Treatment of Claims and Equity Interests Under the Plan

The table below summarizes the classification and treatment of Claims and Equity Interests under the Plan. **THE PROJECTED RECOVERIES FOR CLAIMS SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY. ACTUAL RECOVERIES MAY DIFFER.**[6] For a complete description of the classification and treatment of Claims and Equity Interests, reference should be made to the Plan.

[5] Under the Plan, Investors will also receive pro rata distributions from the Investor Forfeiture Fund in the event that Forfeiture Property (if any) is obtained from Mattson and/or other Excluded Parties by the DOJ, the SEC or another Governmental Unit.

[6] *See* Plan Recovery Analysis included as part of **Exhibit C** attached hereto.

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	Sold Property Secured Lender Claims[7]	Impaired	Yes	100%
Class 4	Retained Property Secured Lender Claims[8]	Impaired	Yes	100%
Class 5	Settled Secured Lender Claims[9]	Impaired	Yes	100%
Class 6	Trade Claims	Impaired	Yes	72.7%-100%[10]
Class 7	Investor Claims	Impaired	Yes	21.1% - 40.6%
Class 8	Intercompany Claims	Impaired	No	0%
Class 9	Equitably Subordinated Claims	Impaired	No	0%
Class 10	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 <u>ACCEPT</u> THE PLAN.

B. <u>Plan Voting Instructions and Procedures</u>

1. <u>Voting Rights</u>

Under the Bankruptcy Code, only classes of claims or interests that are "impaired" and that are not deemed as a matter of law to have rejected a plan under section 1126 of the Bankruptcy Code are entitled to vote to accept or reject such plan. Any class that is "unimpaired" is not entitled to vote to accept or reject a plan and is conclusively presumed to have accepted the plan. As set forth in section 1124 of the Bankruptcy Code, a class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or equity interests of that class are modified or altered by the proposed plan.

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[7] For voting purposes and to comply with section 1122(a) of the Bankruptcy Code, each Allowed Sold Property Secured Lender Claims shall be deemed to be in its own subclass. A listing of Sold Property Secured Lender Claims will be included in the forthcoming Plan Supplement. 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.

[8] For voting purposes and to comply with section 1122(a) of the Bankruptcy Code, each Allowed Retained Property Secured Lender Claim shall be deemed to be in its own subclass. A listing of Retained Property Secured Claims will be included in the forthcoming Plan Supplement.

[9] For voting purposes and to comply with section 1122(a) of the Bankruptcy Code, each Allowed Settled Secured Lender Claims shall be deemed to be in its own subclass. A listing of Settled Secured Lender Claims will be included in the forthcoming Plan Supplement, which listing shall be subject to amendment until the Effective Date.

[10] Assumes that Class 6 votes to accept the Plan.

Holders of claims or interests within an impaired class are entitled to vote to accept or reject a plan if such claims or interests are "allowed" under section 502 of the Bankruptcy Code. **Simply put**: not everyone gets to vote on the Plan. In some cases, the law already assumes an answer—either yes (if one's rights aren't being changed) or no (if one will not receive or retain any property). But if one's rights are being changed by the Plan, and if that person's claims qualify as "allowed," then that person will have the right to cast a vote.

Under the Bankruptcy Code, acceptance of a plan by a class of claims is determined by calculating the number and the amount of allowed claims voting to accept the plan. Acceptance by a class of claims requires (i) more than one-half of the number of total allowed claims voting in the class to vote in favor of the plan *and* (ii) at least two-thirds in dollar amount of the total allowed claims voting in the class to vote in favor of the plan. Only those non-insider holders that actually vote to accept or reject the plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, for a class to accept the Plan, it is necessary that a majority of those **voting** and at least two-third of the dollars represented by those votes say "yes." .

Pursuant to the Plan, Claims in Class 3 (Sold Property Secured Claims), Class 4 (Retained Property Secured Claims), Class 5 (Settled Secured Lender Claims), Class 6 (Trade Claims), and Class 7 (Investor Claims) are impaired and entitled to receive distributions.[11] Holders of Claims in those Classes—as of the dates specified in the Solicitation Procedures Order (the "Voting Record Date")—may vote on the Plan.

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 8 (Intercompany Claims), Class 9 (Equitably Subordinated Claims), and Class 10 (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 8, 9, and 10 are treated as if they voted "no."

[11] 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.

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 7 Investor Claims only, the Plan Summary;
- The notice of, among other things, (i) the date, time, and place of the 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");[12]
- A pre-addressed, postage prepaid return envelope; and
- Such other materials as the Bankruptcy Court may direct or approve.

The Debtors, through the Voting Agent, will distribute the Solicitation Package in accordance with the Solicitation Procedures Order. The Solicitation Package, exclusive of Ballots, is also available without charge on the Debtors' restructuring website at https://veritaglobal.net/LM.

Well prior to the Voting Deadline (defined below), the Plan Proponents will file a Plan Supplement that will contain additional information relating to the Plan and its implementation, including the Plan Recovery Trust Agreement. You are encouraged to read the Plan Supplement and its attachments. As the Plan Supplement is updated or otherwise modified, it will be made available without charge on the Debtors' restructuring website at https://veritaglobal.net/LM.

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12 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.

If you believe that you are entitled to vote on the Plan but do not receive a Ballot, if your Ballot is damaged or illegible, or if you have any questions concerning voting procedures, you should contact the Voting Agent by writing to:

LeFever Mattson Ballot Processing Center
c/o KCC dba Verita
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245
(877) 709-4751 (U.S./Canada)
(424) 236-7231 (International)

Copies of the Plan, Disclosure Statement, and other documents filed in these Cases also may be obtained free of charge on the Debtors' restructuring website at https://veritaglobal.net/LM.

You are encouraged to read the materials in the Solicitation Package in their entirety, including, without limitation, the Solicitation Procedures Order and the Voting Instructions for important information about how and when to cast your vote and special procedures for estimating the amount of your claim **FOR VOTING PURPOSES ONLY**, among other things.

The deadline to vote on the Plan is January 7, 2026 at 11:59 p.m. (Pacific Time) (the "Voting Deadline"). In order for your vote to be counted, your Ballot must be properly completed in accordance with the Voting Instructions on the Ballot and **actually received** no later than the Voting Deadline.

ALL BALLOTS ARE ACCOMPANIED BY VOTING INSTRUCTIONS. IT IS IMPORTANT THAT THE HOLDER OF A CLAIM ENTITLED TO VOTE FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED WITH EACH BALLOT.

The Voting Agent will process and tabulate Ballots for the Classes entitled to vote to accept or reject the Plan and will file a voting report (the "Voting Report"). The Voting Report will, among other things, describe every Ballot that does not conform to the Voting Instructions or that contains any form of irregularity, including, but not limited to, those Ballots that are late, illegible (in whole or in material part), unidentifiable, lacking signatures, lacking necessary information, or damaged.

THE PLAN PROPONENTS URGE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE TO RETURN THEIR BALLOTS BY THE VOTING DEADLINE AND TO VOTE TO ACCEPT THE PLAN.

3. **Election on Investor Ballots to Contribute Certain Claims**

The Ballots also permit each Investor—*i.e.*, each Holder of a Class 7 Claim—to assign its Contributed Claims to the Plan Recovery Trust. By casting a Ballot to accept the Plan and not opting out of the Contributed Claim Election, an Investor agrees that, subject to the Effective Date and the formation of the Plan Recovery Trust, it will be deemed to have assigned its Contributed Claims to the Plan Recovery Trust (provided that such Claims are not listed in the Schedule of Disclaimed Contributed Claims). Investors may wish to make this election because aggregating all Contributed Claims and similar Plan Recovery Trust Actions can allow these claims to be pursued and resolved more efficiently and effectively.

Pursuant to the Plan, "Contributed Claims" includes all Causes of Action 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 and that are related in any way to the Debtors, their predecessors, their respective affiliates, or any Excluded Parties.

If an Investor elects to contribute its Contributed Claims to the Plan Recovery Trust, that Investor will receive a Pro Rata Distribution of Class C Plan Recovery Trust Units on the Effective Date, or as soon as practicable thereafter. The distribution will be based on the ratio of (a) the Investor's Allowed Investor Claim to (b) the total Allowed Investor Claims of all Investors that make the Contributed Claims Election.

In the event that an Investor intends to apply certain IRS safe harbor procedures relating to the deduction of losses realized by investors in certain fraudulent investment schemes, the transfer by such Investor of a claim against a third party to the liquidating trust may affect the manner in which such safe harbor procedures can be applied. Accordingly, Investors are urged to consult with their own tax advisors regarding the potential tax consequences to them of transferring third party claims to the liquidating trust, including the effect of such transfer on the manner in which the IRS safe harbor procedures relating to the deduction of losses realized by investors in certain fraudulent investment schemes may be applied.

4. Confirmation Hearing and Deadline for Objections to Confirmation

Objections to Confirmation of the Plan must be Filed and served on the Plan Proponents and certain other entities, all in accordance with the Confirmation Hearing Notice, so that such objections are **actually received** by no later than **January 7, 2026 at 11:59 p.m. (Pacific Time)**. Unless objections to Confirmation of the Plan are timely served and Filed in compliance with the Solicitation Procedures Order, they may not be considered by the Bankruptcy Court. For further information, refer to Section VI of this Disclosure Statement, "Confirmation of the Plan."

II.

BACKGROUND

A. Overview of Debtors' Organizational Structure, History, and Business

1. The LFM Debtors

LFM manages a large real estate portfolio. Mr. LeFever and Mr. Mattson each own 50% of the equity in LFM. For decades, the company's business has been the ownership of investment real estate—single family homes as well as multi-unit properties. Originally, properties were owned by LFM alone or as a tenant in common with other investors. Eventually the business model shifted to creating limited liability companies, and then limited partnerships, to purchase multi-family or other commercial properties.[13] This structure allowed LFM to pool more capital by selling limited interests to a small number of accredited investors while typically reserving an ownership interest in the investment entity for itself as general partner or managing member.

Currently, LFM directly or indirectly controls or has ownership interests in fifty limited partnerships (collectively, the "LPs") and eight limited liability companies (collectively, the "LLCs"). The LFM Debtors are comprised of LFM, CIP (as defined below), the Property Manager (as defined below), and the fifty-eight LPs and LLCs (the "LFM Investment Entities") that are listed on Exhibit B to the Plan.[14] LFM, directly or indirectly, is the general partner or managing member, as applicable, of each of the LFM Investment Entities.

[13] Under this shifted business model, investors who were tenants in common often deeded their interest in the property to the newly created LLC or LP, and in exchange received a membership interest or limited partnership interest, respectively.

[14] A corporate organizational chart showing the LFM Debtors' organizational structure is attached hereto as **Exhibit B** (the "LFM Organizational Chart").

LFM also has ownership interests in four California corporations: (i) debtor Home Tax Service of America, Inc., dba LeFever Mattson Property Management (the "Property Manager"), which provides property management services, including to those properties owned by LFM Investment Entities; (ii) debtor California Investment Properties, a California corporation ("CIP"), which is a real estate brokerage; and (iii) non-debtors Pineapple Bear, a California corporation (which offers hospitality and catering services) and Harrow Cellars, a California corporation (which operated a winery and related businesses).

Since 1990, LFM grew substantially and, before the bankruptcy filings, managed a portfolio of, at times, more than 200 properties composed of commercial, residential, office, and mixed-use real estate, as well as vacant land, located mostly in Northern California, primarily in Sonoma, Sacramento, and Solano Counties (the "Properties"). The LFM Debtors generate income, in part, from the Properties through rents and use the proceeds to fund part of their operations.

LFM has no employees. CIP, which also has no employees, is a real estate brokerage that has provided services in connection with the Properties and others purchased or sold by LFM and the LFM Investment Entities. The Property Manager has approximately fifty-two employees. It provides property management services for the Properties and certain real properties owned by non-Debtors through Property-specific management agreements, and it holds bank accounts in trust for the LFM Investment Entities, for rents and expenses (the "Trust Accounts"). The Property Manager maintains the books and records of each of the LFM Investment Entities (the "LFM Debtors' Records"), except as noted below with respect to the Mattson Maintained Debtors and LFM, including the identity of Record Investors in each LFM Investment Vehicle[15] (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");[16] although LFM is the general partner or managing member of each of the Mattson Maintained Debtors, the Property Manager

[15] "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.

[16] 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.

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.

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").[17]

After more than six months of contested proceedings, KSMP consented to a stipulated order for relief in the KSMP Case, which was entered by the Bankruptcy Court on June 9, 2025 [KSMP Docket No. 131]. Robbin Itkin has been appointed as the Responsible Individual for KSMP for purposes of its bankruptcy case pursuant to local Bankruptcy Rule 4002-1 [KSMP Docket Nos. 133 & 172]. As the Responsible Individual, Ms. Itkin (a) is solely responsible for the duties and obligations of KSMP as a debtor in possession pursuant to local Bankruptcy Rule 4002-1 and (b) is vested with the authority to operate KSMP's business pursuant to section 1108 of the Bankruptcy Code.

To the best of the Plan Proponents' knowledge, KSMP has no management or employees and no traditional books and records. As discussed further below, since Ms. Itkin's appointment, KSMP's advisors have obtained limited financial data about KSMP from public records, discovery, due diligence, bank statements, and vendor invoices.

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[17] 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.).

Because KSMP lacks necessary corporate records, including those of its affiliates, it was unable to commence chapter 11 cases for three related entities—(i) Specialty Properties Partners, L.P.; (ii) Treehouse Investments, L.P.; and (iii) Perris Freeway Plaza, LP.—before filing the Plan. KSMP serves as the general partner of these entities, which the Joint Investigation shows were also involved in the Ponzi scheme.

B. Debtors' Secured and Unsecured Debt

1. The LFM Debtors

The LFM Debtors have unsecured debt in the form of trade debt, unsecured notes payable, prepaid rent or security deposits held for tenants of the Properties, and litigation claims.

As of the Petition Dates (as defined below), the LFM Debtors collectively owned approximately 175 separate properties of all types: single-family, multi-family, commercial, mixed-use, agricultural, and vacant land. Most of these properties are encumbered by at least one deed of trust held by a secured lender. The secured lenders range from institutional banks, to private hard-money lenders, to individuals. Approximately twenty-nine different secured lenders (the "Lenders") appear to hold deeds of trust and assignments of rents on the Properties. As discussed herein, the original borrower on many of the loans was KSMP.

2. The KSMP Debtors

Like the LFM Debtors, KSMP has unsecured debt in the form of trade debt, unsecured notes payable, unsecured state and municipality liabilities, and security deposits held for tenants of the Properties, and litigation claims.

As of the date hereof, KSMP is aware of 38 properties in which KSMP holds an ownership interest. Like the LFM Debtors, the properties are of various types including: single-family, multi-family, commercial, mixed-use, agricultural, and vacant land. Many of these properties are encumbered by at least one deed of trust held by a secured lender. The secured lenders range from institutional banks, to private hard-money lenders, to individuals and trusts. Approximately 18 different Lenders appear to hold deeds of trust and assignments of rents on the Properties—many of which also hold deeds of trust and assignments of rents on Properties owned by the LFM Debtors.

3. KSMP Investment Entities

The Debtors have no evidence that the KSMP Investment Entities hold any assets or that they have any liabilities apart from Investor Claims.

C. Mattson Chapter 11 Case

On November 22, 2024, LFM filed an involuntary chapter 11 petition against Mattson, commencing Case No. 24-10714 (Bankr. N.D. Cal.) (the "Mattson Case").[18] After more than seven months of contested proceedings, Mattson consented to a stipulated order for relief in the Mattson Case, which was entered by the Bankruptcy Court on July 14, 2025 [Mattson Docket No. 118]. On September 5, 2025, the Bankruptcy Court entered the *Order for Relief in an Involuntary Case* [Mattson Docket No. 127]. On September 15, 2025, Mr. Mattson filed the *Ex-Parte Request to Convert Case to Chapter 7* [Mattson Docket No. 137].

D. Mr. Mattson's Fraudulent Scheme

Dating to at least 2009, Mr. Mattson engaged in numerous fraudulent activities and transactions (collectively, the "Mattson Transactions") across the Investment Vehicles. The Mattson Transactions took several forms, including the sale of fictitious interests in many of the Debtors; the transfer of vast sums of money between and among LFM, KSMP, and other Debtors; and the transfer among the Debtors of properties encumbered with high-interest loans. Each of the Mattson Transactions is explained in further detail in the forthcoming Investigation Report.

E. Criminal and SEC Proceedings Against Mattson

1. Mattson Indictment

On May 22, 2025, Mattson was arrested pursuant to a federal grand jury indictment (the "Mattson Indictment") charging him with, *inter alia*, wire fraud (18 U.S.C. § 1343), money laundering (18 U.S.C. § 1957), and obstruction of justice in a federal investigation (18 U.S.C. § 1519).

2. Mattson SEC Complaint

On May 22, 2025, the SEC filed the Mattson SEC Complaint against Mattson and KSMP (as Relief Defendant). According to the Mattson SEC Complaint, from approximately 2007 through April

[18] 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.).

2024, Mattson ran a Ponzi-like scheme by selling fake interests in various Debtors. The SEC alleges that, in the last five years alone, Mattson fraudulently raised more than $46 million from approximately 200 investors, including many retired seniors with IRAs. The SEC alleges that Mattson falsely told the defrauded Investors that their investments would buy them equity in specific Debtors, entitling them to distributions of the income generated by the Debtors' Properties; that he commingled new Investor funds with other personal and business funds in the 1059 Account; and that he used the commingled funds to make Ponzi-like payments to existing Investors (with 6% or more annual returns). The SEC also alleges that Mattson misappropriated Investor money to fund certain real estate transactions through KSMP, pay expenses of KSMP, and pay his own personal expenses. Finally, the SEC alleges that the Debtors' business records are incomplete, false, and/or inaccurate relating to the fraudulent scheme, and in some cases were compromised and/or deleted by Mr. Mattson.

F. Events Immediately Preceding the LFM Debtors' Chapter 11 Filing

In late 2023, allegations of Mattson's misconduct began to circulate. On April 1, 2024, after LeFever and Scott Smith, LFM's then-general counsel, asked Mattson to resign because of suspected improper activities, Mattson stepped down from his position as Chief Executive Officer and Chief Financial Officer of LFM. Investors were also informed that their monthly distribution checks would cease as of that date.

Over the following months, at least five lawsuits, including a class action suit filed in the United States District Court for the Northern District of California, were commenced against Mattson, LeFever, and the Debtors, asserting allegations of fraud. As a result of the pending litigation and need to further investigate the extent of the suspected Mattson Transactions, the LFM Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code on August 6, 2024; September 12, 2024; and October 2, 2024 (collectively, the "Petition Dates").[19]

As of the LFM Petition Date, LeFever resigned from any director or officer positions with any of the LFM Debtors, and the LFM Debtors had new directors and officers. The Board of Directors of

[19] Fifty-eight affiliated LFM Debtors, including the corporate parent, LFM, filed their chapter 11 petitions on September 12, 2024 (the "LFM Petition Date"). Debtor Windscape Apartments, LLC, filed its chapter 11 petition on August 6, 2024. Debtors Pinewood Condominiums, LP, and Ponderosa Pines, LP, filed their chapter 11 petitions on October 2, 2024.

LFM (the "LFM Board") is composed of two independent directors: Rishi Jain and Lance Miller. Mr. Bradley Sharp, who reports to the LFM Board, serves as the LFM Debtors' Chief Restructuring Officer.

III.

THE CHAPTER 11 CASES

A. First-Day and Other Routine Orders and Employment Applications

At the beginning of their chapter 11 cases, the LFM Debtors filed routine first-day motions, which were approved by the Bankruptcy Court on an interim and final basis.[20] The Bankruptcy Court ordered joint administration (for procedural purposes only) of the LFM Debtors' chapter 11 cases on September 20, 2024 and October 17, 2024,[21] and the Bankruptcy Court ordered joint administration (for procedural purposes only) of the LFM Debtors' and KSMP's chapter 11 cases on July 29, 2025. The Bankruptcy Court appointed Kurtzman Carson Consultants, LLC dba Verita Global ("Verita Global"), as claims and noticing agent. Verita Global maintains the Debtors' restructuring website at https://veritaglobal.net/LM.

During the Cases, the LFM Debtors have obtained approval from the Bankruptcy Court to employ:[22] (a) Development Specialists, Inc. ("DSI"), including the designation of Bradley Sharp of DSI as the Debtors' Chief Restructuring Officer; (b) Rishi Jain and Lance Miller as independent directors of the Board of Directors of LFM; (c) Keller Benvenutti Kim LLP as bankruptcy counsel; (d) FTI Consulting, Inc. and FTI Consulting Realty, Inc. (collectively, "FTI") as real estate advisor;[23] (e) SSL Law Firm LLP ("SSL") as real estate counsel; (f) The Law Office of Donald S. Davidson, P.C., as special investigations counsel; (g) Buchalter, a Professional Corporation, as special litigation counsel; (h) Slote, Links & Boreman, PC, as DRE Advisor; and (i) Sotheby's International Realty, Marcus & Millichap, CBRE, Inc., KKG Inc. dba Coldwell Banker Kappel Gateway Realty, The Lake

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[20] *See* Docket Nos. 12-16, 59-62, and 161-164, and 178. Additionally, before LFM's bankruptcy filing in September 2025, certain "first-day" orders were also entered in the earlier-filed Case of Debtor Windscape Apartments, LLC (Case No. 24-10417), including orders authorizing this Debtor's interim use of cash collateral [Windscape Docket No. 55] and interim continued use of this Debtor's cash management system [Windscape Docket No. 56].

[21] Docket Nos. 45 & 168; Windscape Apartments, LLC, Case No. 24-10417, Docket No. 79; Pinewood Condominiums, LP, Case No. 24-10598, Docket No. 15; Ponderosa Pines, LP, Case No. 24-10599, Docket No. 19.

[22] *See* Docket Nos. 51, 160, 179, 641, 644, 1401, 846, 847, 969, 972, 973, 1040.

[23] FTI serves as the joint real estate advisor for the Committee and the Debtors.

Tahoe Brokerage Company, Inc., Compass California II, Inc., NRT West, Inc., and CB Sacramento as real estate brokers (collectively, the "LFM Real Estate Brokers").

During the Cases, KSMP has obtained approval from the Bankruptcy Court to employ:[24] (a) Hogan Lovells US LLP as bankruptcy counsel; (b) Robbin Itkin as Responsible Individual; (c) Stapleton Group a Part of J.S. Held LLC as operations and asset manager; and (d) Kidder Matthews, Compass, W Real Estate – Sonoma, Premiere Estates Auction Company, and Douglas Elliman (approval pending) as real estate brokers (collectively, the "KSMP Real Estate Brokers" and together, with the LFM Real Estate Brokers, the "Real Estate Brokers").

B. Use of Cash Collateral / DIP Financing

1. The LFM Debtors

Cash Collateral: At the beginning of their chapter 11 cases, the LFM Debtors filed a motion for use of cash collateral and obtained permission to use cash collateral on interim and final bases [*see* Docket Nos. 124 and 449]. As of the LFM Petition Date, most of the Properties were generating rents or other cash proceeds ("Cash Collateral") that were collateral of the Lenders under their deeds of trust. By their motion, the LFM Debtors sought to use the Cash Collateral of Lenders who became "Accepting Lenders" (subject to certain 13-week property budgets prepared by the LFM Debtors) and, if necessary, present evidence that the interests of "Nonaccepting Lenders" were or would be adequately protected. Subsequent to the Court granting the motion, the LFM Debtors obtained approval of Cash Collateral stipulations with various Lenders [*see, e.g.*, Docket Nos. 233, 234, 239, 240, 241, 242, 355, 410, 411, 482, 503, 510, 655, 681, 711, 712, 1153, 1167, 1171, 1225, 1240, 1661, and 1664]. The LFM Debtors separately filed a motion to use the cash collateral of Socotra on February 12, 2025 [Docket No. 808], which the Bankruptcy Court granted on interim and final bases [*see* Docket Nos. 929 and 968].

In January 2025, the LFM Debtors filed a motion seeking authorization to use the Cash Collateral of certain secured creditors who appear to hold deeds of trust and assignments of rent on certain of the Properties, to fund operating expenses at the Property level [*see* Docket No. 694] (the "Cash Collateral Motion – Third Party Borrowers"). While the LFM Debtors own the Properties, the

[24] *See* KSMP Docket No. 223; Docket Nos. 2086, 2240, 2241, 2242, and 2243.

LFM Debtors were not and are not in privity with and have no contractual relationship with these secured creditors.[25] The Bankruptcy Court granted the Cash Collateral Motion – Third Party Borrowers on March 5, 2025 [Docket No. 970].

DIP Financing: On January 23, 2025, the Bankruptcy Court authorized the LFM Debtors, on a final basis, to obtain up to $6 million of secured, superpriority postpetition financing from Serene Investment Management, LLC (the "DIP Lender") pursuant to the terms of the credit agreement attached to the final order [*see* Docket No. 643 (the "Final LFM DIP Order")]. Subject to the limitations set forth in the Final DIP Order, the LFM Debtors granted the DIP Lender an allowed superpriority administrative claims against LFM and Heacock Park Apartments, LP ("Heacock Park") pursuant to section 364(c)(1) of the Bankruptcy Code; liens on and security interests in notes in the respective amounts of $7,294,493.35 and $2,600,000.00 held by LFM (the "Cornerstone Notes") secured by senior liens on property located at 23570 Arnold Dr., Sonoma, California and owned by Heacock Park (the "DIP Collateral"), pursuant to section 364(c)(2).

2. KSMP

DIP Financing: On August 6, 2025, the Bankruptcy Court authorized KSMP, on an interim basis, to separately obtain up to $1 million of secured, superpriority postpetition financing from the DIP Lender pursuant to that certain July 31, 2025 DIP Term Sheet [*see* Docket No. 1966 (the "Interim KSMP DIP Order")]. KSMP's authorization to obtain up to $4,000,000 of secured, superpriority postpetition financing from the DIP Lender was approved by the Court on a final basis pursuant to a final order entered on September 25, 2025 [Docket No. 2414].

C. Appointment of the Unsecured Creditors' Committee

On October 9, 2024, the United States Trustee (the "U.S. Trustee") appointed the Committee. On November 25, 2024, and August 26, 2025, the U.S. Trustee filed amended Committee appointment notices. The Committee consists of eight members, all of whom are investors and/or creditors in the Debtors: (i) Lull Family Living Revocable Trust, (ii) the Mullin Family Trust, (iii) Charles Edgar, (iv)

[25] 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.

the Umbriac & Tubley Family Trust, (v) Walter Schenk, (vi) the Manfred K. Fischer Trust, (vii) the Hayes 2004 Family Trust, and (viii) the Anderson 2001 Revocable Trust.

Pursuant to Court orders, Pachulski Stang Ziehl & Jones LLP is employed as the Committee's bankruptcy counsel, FTI is jointly employed as the LFM Debtors' and Committee's real estate advisor, and PwC US Business Advisory LLP is employed as the Committee's financial advisor.[26]

D. Schedules and Statements of Financial Affairs

On November 15, 2024, the LFM Debtors filed their respective Schedules and Statements [Docket Nos. 292-353]. The LFM Debtors filed Amended Schedules and Statements on September 9, 2025 [Docket Nos. 2251-2291, 2293-2305].

On August 8, 2025, KSMP filed its Schedules and Statements [Docket Nos. 1980-1981]. As noted above, KSMP lacks traditional books and records. KSMP's Schedules and Statements were prepared from financial data derived from public records, information obtained in discovery, due diligence, and information obtained from other sources. KSMP is continually learning new information about its assets, liabilities and affairs, and will update its schedules in due course to reflect this information.

While the Debtors and their advisors made their best effort to prepare the Debtors' Schedules and Statements as accurately as possible, the Debtors stress that, in light of Mr. Mattson's prior mismanagement—and given the state of KSMP's books and records—the Schedules and Statements of the LFM Debtors and KSMP may be incomplete and, at least for KSMP, will likely require revisions.

E. Claims Bar Dates

Pursuant to an order entered on December 13, 2024 [Docket No. 459], the Bankruptcy Court established February 14, 2025, as the deadline for nongovernmental creditors to file proofs of Claim against the LFM Debtors and for Investors to file proofs of interest in the LFM Debtors. Pursuant to an order entered on August 28, 2025 [Docket No. 2184], the Bankruptcy Court established October 3, 2025, as the deadline for nongovernmental creditors to file proofs of Claim against KSMP.

[26] *See* Docket Nos. 250, 641, and 1235.

To date, approximately 1,621 proofs of claim and 1,097 proofs of interest have been filed. The Debtors have not completed claim/interest reconciliation work (to the extent feasible) but do anticipate doing so before the Effective Date of the Plan.

F. Asset Sales

As discussed herein, the Debtors collectively hold a highly diversified real estate portfolio of over 200 Properties—comprised of commercial, residential, office, and mixed-use real estate, as well as vacant land—located throughout Northern California, including in the cities of Cameron Park, Carmichael, Ceres, Citrus Heights, Concord, Elk Grove, Fairfield, Fresno, Napa, Orangevale, Perris, Roseville, Sacramento, San Leandro, Sonoma, Suisun City, Truckee, Vacaville, and Vallejo. While Properties have not been appraised individually, the Debtors estimate that they are collectively worth several hundred million dollars, and that the Debtors have equity in many of the Properties. The Debtors and their professionals, specifically FTI, SSL, Stapleton, and the Real Estate Brokers, have conducted, and continuing to conduct in the case of KSMP, a thorough review of the real estate portfolio and are running sale processes to monetize the Properties (the "Sale Process"). To facilitate a streamlined Sale Process, the LFM Debtors filed motions for the approval of certain omnibus procedures for the sale of the Properties, including the use of sale notices and procedures for parties to object or submit overbids (including credit bids). The Bankruptcy Court granted the LFM Debtors' motions pursuant to orders entered on March 5, 2025 [Docket No. 971] and May 1, 2025 [Docket No. 1381] (the "Sale Procedures Orders").

As of October 15, 2025, nearly 40 sale notices have been filed pursuant to the Sale Procedures Orders. As shown on Schedule 2, numerous such sales have closed. The Debtors, including KSMP, expect to consummate additional asset sales before the Effective Date. Nonetheless, the Debtors expect that there will be Properties retained by the Debtors and transferred to the Plan Recovery Trust upon the Effective Date (the "Retained Real Properties"). The Retained Real Properties will be identified in the Plan Supplement.

G. Committee's Motion for Substantive Consolidation of LFM and KSMP

On June 20, 2025, the Committee filed its motion to have LFM and KSMP substantively consolidated [Docket No. 1585; *see also* Docket Nos. 1586, 1713, 1715, 1716] (the "KSMP Sub Con

Motion"). As set forth in detail in the KSMP Sub Con Motion, as a result of Mr. Mattson's malfeasance, the business and financial affairs of KSMP and LFM are so intertwined and poorly documented as to render the exercise of disentangling their affairs needlessly expensive, complicated, and likely futile. On July 29, 2025, the Court entered its *Stipulated Bridge Order in Connection with the Motion to Substantively Consolidate the Bankruptcy Estates of LeFever Mattson and KS Mattson Partners, LP* [Docket No. 1887] (the "Bridge Order"). Pursuant to the Bridge Order, the LFM Debtors' Cases and the KSMP Case were administratively consolidated, and the KSMP Sub Con Motion will be held in abeyance pending the prosecution of the Plan.

H. Committee Standing Stipulations

Pursuant to orders entered on April 8, 2025, May 23, 2025, July 1, 2025, July 10, 2025, and July 18, 2025, the Committee has standing to pursue:

- Estate causes of action against Mr. Mattson, Mr. LeFever and their non-Debtor affiliates (including KSMP) and defenses to claims asserted by Mattson and LeFever against the Debtors;
- Potential claims and actions against Hanson Bridgett LLP, former outside corporate counsel to the Debtors, and Scott Smith, a former partner of Hanson Bridgett LLP who subsequently served as in-house general counsel to the Debtors from approximately February 2024 to the LFM Petition Date;
- Estate causes of action against Socotra and its affiliates and defenses to claims asserted by Socotra and its affiliates against the Debtors; and
- Estate causes of action against the Secured Lenders (as defined in Docket No. 1744) and defenses to claims asserted by the Secured Lenders (as defined in Docket No. 1744) against the Debtors.

I. Motion to Appoint Trustee for Live Oak Investments, LP

The Andrew Revocable Trust dated June 21, 2001, and the Burgess Trust dated October 9, 2006 (purported holders of certain equity interests in debtor Live Oak Investments, LP ("Live Oak")), filed a motion to appoint a Chapter 11 trustee for Live Oak [Docket No. 1746].[27] The Debtors opposed

[27] The Chase 1992 Family Trust filed a statement in support of this motion at Docket No. 2007.

this motion [Docket No. 1699 and 1978], which opposition was joined by the Committee [Docket No. 1671]. This matter remains pending before the Court.

J. Settlement with Socotra

On October 15, 2025, the Plan Proponents filed a joint motion for Court approval under Bankruptcy Rule 9019 [Docket No. 2556] (the "Socotra Settlement Motion") of the Socotra Settlement Agreement entered into by the Plan Proponents on the one hand, and Socotra Capital, Inc. and certain listed affiliates on the other hand. This settlement represents the successful conclusion of substantial arm's length negotiations and a formal mediation by the settling parties under the supervision of retired Judge Lee Bogdanoff. In the sound exercise of their business judgment, after substantial diligence efforts led by the Committee, preparation by the Committee of a proposed draft complaint against Socotra, as well as detailed factual and legal research and investigations conducted by the Debtors and the Committee, the Plan Proponents concluded that the benefits of the Socotra Settlement Agreement far outweigh any costs or foregone litigation opportunities. In short, this settlement will enable the Debtors to resolve the largest secured claims against their estates, obtain the vote of Socotra in support of the Plan, avoid millions of dollars in heavily contested litigation, capture millions of dollars in value for the estates through sales of Socotra collateral via a beneficial sharing formula, and avoid unnecessary delay in distributions to creditors and investors.

This matter is pending before the Court.

IV.

OVERVIEW OF THE PLAN AND PROVISIONS RELATING TO THE GLOBAL SETTLEMENT

This section provides a brief summary of certain material provisions and elements of the Plan. It is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and definitions therein). The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein; reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions. Additional details regarding the Global Settlement will be contained in the Investigation Report.

A. **<u>Comprehensive Compromise and Settlement Under the Plan</u>**

Pursuant to subsections 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 Plan will constitute a good-faith compromise and settlement of all claims and controversies relating to the rights that Investors and other creditors may have against any Debtor with respect to any Claim, any Equity Interest, or any Distribution on account thereof, as well as 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 or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are (i) in the best interest of the Debtors, their estates (the "<u>Estates</u>"), and their respective stakeholders; and (ii) fair, equitable, and reasonable.

This 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 three non-debtor affiliates (the KSMP Investment Entities) are pooled and consolidated for distribution purposes, through substantive consolidation under the Plan. **Pursuant to applicable law, 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.** Pursuant to the Global Settlement, each Investor will receive a claim for money (or value of property) it invested in the Debtors or the KSMP Investment Entities over time less any distributions the Investor received over the seven years prior to September 12, 2024. 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 on or after September 12, 2017—the earliest date for which the Debtors have available bank records—will be offset/netted in calculating Investor Claims.

The Plan Proponents believe that the comprehensive compromises and settlements to be effected by the Plan are appropriate and intend to request that the Bankruptcy Court approve the compromises and settlements contemporaneously with confirmation of the Plan. 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 and Investors.

Among the many complex disputed matters that will be resolved through the Global Settlement embodied in the Plan are the following, any one of which could be the subject of years of expensive, complicated, and uncertain litigation:

- The unwinding of the Mattson Transactions,
- Fraudulent conveyance claims stemming from the Mattson Transactions,
- The ownership structure of the Debtors,
- The tracing of Properties transferred among the Debtors, and
- The tracing of cash among the Debtors.

Each of these matters will be explained further in the Investigation Report.

1. Substantive Consolidation Issues

Substantive consolidation is a construct of federal common law, emanating from equity, which treats separate legal entities as if they were merged into a single survivor left with all the cumulative assets and liabilities, save for inter-entity liabilities, which are erased. As will be further described in the Investigation Report, there is a compelling argument for substantive consolidation of the Debtors and KSMP Investment Entities, given the effects of the Mattson Transactions and the historical commingling of assets and liabilities among the Debtors and non-debtor affiliates. *See, e.g.*, *In re Bonham*, 229 F.3d 750, 764-65 (9th Cir. 2000) (consolidating debtor and non-debtor entities in Ponzi scheme case). The process to "unscramble" these Entities, which the Plan Proponents doubt is even possible, would be lengthy and likely so expensive that Investor recoveries would dramatically decrease, if not fall to zero.

Accordingly, the Plan provides for substantive consolidation of the Debtors' and KSMP Investment Entities' assets and liabilities for the purposes of Distributions under the Plan. Consistent with the substantive consolidation contemplated by the Plan and in order to reduce administrative costs, on the Effective Date, all of the Debtors will be dissolved automatically without the need for any corporate action or approval, without the need for any corporate, limited liability company, or limited partnership filings, and without the need for any other or further actions to be taken on behalf of such dissolving Debtor or any other Person or any payments to be made in connection therewith. The Plan Recovery Trust Assets, which includes Available Cash of the Debtors as of the Effective Date, Retained Real Properties, and Avoidance Actions and Causes of Action held by the Debtors or the Estates, will vest in a Plan Recovery Trust. As further explained in Sections IV.C and IV.D, the Plan Recovery Trust will be responsible for Distributions of Available Cash to the Plan Recovery Trust Beneficiaries in accordance with the Plan Recovery Trust Waterfall.

This substantive consolidation will not affect (without limitation) (i) the defenses of the Debtors, KSMP Investment Entities or the Plan Recovery Trust to any Claim, Avoidance Action, or other Cause of Action, including the ability to assert any counterclaim; (ii) the setoff or recoupment rights of the Debtors, KSMP Investment Entities or the Plan Recovery Trust; (iii) requirements for any third party to establish mutuality prior to substantive consolidation in order to assert a right of setoff against the Debtors, KSMP Investment Entities or Plan Recovery Trust; or (iv) distributions to the Debtors, the Estates, the KSMP Investment Entities or the Plan Recovery Trust out of any insurance policies or proceeds of such policies. The contemplated substantive consolidation also will not: (i) affect the separate legal existence of the Debtors and KSMP Investment Entities for purposes other than implementation of the Plan pursuant to its terms, including without limitation the ability of the Plan Recovery Trustee to bring any Plan Recovery Trust Action in the name of an individual Debtor or KSMP Investment Entity; (ii) impair, prejudice, or otherwise affect any individual Debtor's or KSMP Investment Entity's Causes of Action, including Avoidance Actions, against any Person that vest in the Plan Recovery Trust; (iii) constitute or give rise to any defense, counterclaim, or right of netting or setoff with respect to any Cause of Action vesting in the Plan Recovery Trust that could not have been asserted 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.

2. Ponzi Scheme Issues

Additional disputes and possible litigation could arise regarding whether the Debtors were operating a Ponzi scheme, when that scheme began, and the implications of such conduct.

As will be discussed in the Investigation Report, the Debtors' advisors have found that (i) no later than September 2017, the Debtors' business records and other available evidence presents attributes commonly seen in Ponzi schemes; (ii) many Debtors had either negative equity or a disabling lack of liquidity that demanded the use of cash belonging to other related entities; (iii) the "debt service" and investment returns paid to Investors could never have been paid without the use of new capital from new Investors because the Properties were not sufficiently profitable to have done so; (iv) the Debtors participated in voluminous intercompany lending that was a prevalent feature of the Debtors' operations; and (v) Mr. Mattson removed millions of dollars from the Debtors. As part of Confirmation of the Plan, the Debtors will seek a finding that the Debtors and KSMP Investment Entities operated as a Ponzi Scheme beginning at least as of September 12, 2017. Before the deadline to file the Plan Supplement, the Committee intends to file a detailed declaration from their financial advisor that contains testimony regarding the conclusions the financial advisor has reached—that the Debtors and KSMP Investment Entities were operated as a Ponzi scheme for at least the last decade, and absolutely no later than September 12, 2017—based on its investigation.

Following a judicial determination that the Debtors were operating a Ponzi scheme, any payments of "interest" or other consideration that was transferred from any Person to an Investor during the period before the Petition Dates, but typically excluding payments representing the return of or repayment of principal owed on the applicable investment, could potentially be avoided and recovered as an "actual" fraudulent transfer. *See, e.g.*, *Donell v. Kowell*, 533 F.3d 762, 770-72 (9th Cir. 2008); *AFI Holding, Inc. v. Mackenzie*, 525 F.3d 700, 708-09 (9th Cir. 2008); *Perkins v. Haines*, 661 F.3d 623, 627 (11th Cir. 2011); *Geltzer v. Barish (In re Geltzer)*, 502 B.R. 760, 770 (Bankr. S.D.N.Y. 2013); *Fisher v. Sellis (In re Lake States Commodities, Inc.)*, 253 B.R. 866, 871-72 (Bankr. N.D. Ill. 2000). Because avoidance litigation would be a further hardship on the victims of the Debtors' fraudulent scheme, and to eliminate the significant litigation expense and inefficiency associated with seeking recovery from Investors of prepetition distributions on account of interest or the like (that would ultimately only reduce the aggregate amount available for distribution on account of allowable claims), the Plan contemplates that each Investor will receive (a) a claim for the total amount of money (or value of property) it invested in the Debtors over time *less* the total amount of any distributions the Investor received over the seven years prior to the Petition Date (the "Investor Tranche 1 Claim") and (b) if applicable, a separate claim for the amount of those deducted distributions (the "Investor Tranche 2 Claim"). The Plan provides that Investors will first receive their *pro rata* distribution of available assets on account of their Investor Tranche 1 Claim. If and when each Investor Tranche 1 Claim is paid in full, Investors will then receive their *pro rata* distribution of available assets on account of their Investor Tranche 2 Claim (if any).

A key consideration of the Global Settlement is that rather than net distributions from the suspected Ponzi start date (more than a decade ago), the Investor Tranche 1 Claim will be calculated based on payments made to Investors ***seven years*** prior to September 12, 2024. In other words, under the Global Settlement, an Investor that has received distributions from the Debtors for 15 years will have its claim reduced by the amount of distributions over the last seven years, not the full 15 years. This is necessary because of the state of the business records, the costs required to net the claims from an earlier date, and to assure all Investors are treated the same.

The Plan Proponents seek to establish claims allowance and settlement procedures (the "Investor Claim Settlement Procedures")—parallel to solicitation of the Plan—that implement the terms of the Global Settlement with respect to the allowance of Investor Claims (*see* Docket No. 2365). This parallel process will enable the Plan Proponents to make progress on the allowance of Investor Claims in advance of the hearing on confirmation of the Plan and thus expedite distributions to Investors following the Effective Date.

B. The Settlement Provisions in the Plan Are Fair and Reasonable and in the Best Interest of All Investors and Other Creditors.

The proposed Plan facilitates the prompt resolution of the countless complex legal issues and disputes in the Cases by resolving several major issues that would otherwise require lengthy, costly, and uncertain litigation. If these issues were litigated, it could be years before Investors receive distributions, if any at all. In contrast, the Plan provides a certain mechanism for significant Distributions to be made to Investors and other Creditors in a more timely and orderly fashion.

The terms of the Global Settlement under the Plan were heavily negotiated by the LFM Debtors, KSMP, and the Committee, each of which acted at arm's length and had the benefit of sophisticated external advisers. The Plan Proponents believe strongly that the Plan's comprehensive compromise and settlement is superior to the disorderly and uncertain alternatives.

As will be set forth in more detail in the Investigation Report, the Plan Proponents believe that the terms of the comprehensive compromise and settlement to be effected by the Plan are fair and reasonable, and that its approval is in the best interests of the Estates and all stakeholders. The Plan Proponents will provide further evidence and argument supporting approval of this comprehensive compromise and settlement, including the elements detailed above, at the Confirmation Hearing.

C. Plan Recovery Trust

On the Effective Date, the Plan Recovery Trustee will execute the Plan Recovery Trust Agreement and shall take any other action necessary to establish the Plan Recovery Trust in accordance with the Plan and the beneficial interests therein. The purpose of the Plan Recovery Trust will be to pursue, collect, or monetize the Plan Recovery Trust Assets and make Distributions from the proceeds of such assets to the Plan Recovery Trust Beneficiaries in accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business. On the Effective Date, all of the Debtors' and the Estates' respective rights, title, and interest in and to all Plan Recovery Trust Assets will automatically vest in the Plan Recovery Trust.

The Oversight Committee, whose initial volunteer members will be chosen by the Committee and identified in the Plan Supplement, will supervise the Plan Recovery Trustee. The Plan Recovery Trustee shall have the authority to, among other things, (i) review, reconcile, and object to Claims and Equity Interests in the Debtors; (ii) calculate and make Distributions in accordance with the Plan Recovery Trust Waterfall; (iii) retain and employ professionals; (iv) sell, monetize, or abandon Plan Recovery Trust Assets; and (v) pursue, prosecute, settle, or abandon any Plan Recovery Trust Actions. The Plan Recovery Trust Actions include (i) all Avoidance Actions and Causes of Action held by the

Debtors or the Estates and (ii) any Causes of Action that are contributed to the Plan Recovery Trust as Contributed Claims (*see* Section IV.E.1), in each case as against any Entity that is not a Debtor.

D. <u>Distributions to Holders of Trade Claims and Plan Recovery Trust Beneficiaries</u>

With regard to Trade Claims in Class 6, the Plan provides that, (a) ***if Class 6 votes to accept the Plan,*** on the Effective Date, or as soon as practicable thereafter, each Holder of an Allowed Trade Claim will receive its Pro Rata share of the Trade Claims Settlement Fund ($4,000,000), in full and final satisfaction, settlement, and release of such Allowed Trade Claims; **or** (b) ***if Class 6 votes to reject the Plan***, the Trade Claims Settlement Fund will not be established, and instead, each Holder of an Allowed Trade Claim will receive from the Plan Recovery Trust on account of its Allowed Class 6 Claim, its *pro rata* distribution of the Class A Plan Recovery Trust Units, which will be treated *pari pasu* with Investor Tranche 1 Claims.

After (i) all administrative and priority claims (including, without limitation, Administrative Expense Claims, Involuntary Gap Claims, Priority Tax Claims, and Priority Claims), and (ii) all Plan Recovery Trust expenses, including any litigation financing expenses, are paid or reserved for, the Plan Recovery Trust will make Distributions of Available Cash to the Plan Recovery Trust Beneficiaries pursuant to the Plan Recovery Trust Waterfall:

(i) <u>Class A Plan Recovery Trust Units</u>. *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, if Class 6 votes to reject the Plan) and Investor Tranche 1 Claims have been paid in full;

(ii) <u>Class B Plan Recovery Trust Units</u>. *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) <u>Class C Plan Recovery Trust Units</u>. 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.

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.

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 are legally assignable (including Causes of Action that are legally assignable solely because of the preemptive effect of the Plan) that the Contributing Claimant has against any Person that is not a Debtor and that are related in any way to the Debtors, their predecessors, their respective affiliates, or any Excluded Parties. Contributed Claims would include (a) all Causes of Action based on, arising out of, or related to the marketing, sale, or issuance of any investments related to the Debtors; (b) all Causes of Action for unlawful dividend, fraudulent conveyance, fraudulent transfer, voidable transaction, or other avoidance claims under state or federal law; (c) all Causes of Action based on, arising out of, or related to the misrepresentation of any of the Debtors' financial information, business operations, or related internal controls; (d) all Causes of Action 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 (e) all Causes of Action based on aiding or abetting, entering into a conspiracy with, or otherwise supporting torts committed by the Debtors or their agents. Contributed Claims shall not include the rights of a Contributing Claimant to receive the Distributions, if any, to which it is entitled under the Plan.

If an Investor elects to contribute its Contributed Claims to the Plan Recovery Trust, that Investor will receive a Pro Rata Distribution of Class C Plan Recovery Trust Units on the Effective Date, or as soon as practicable thereafter. The distribution will be based on ratio of (a) the Investor's Allowed Investor Claim to (b) the total Allowed Investor Claims of all Investors that make the Contributed Claims Election. By accepting the Plan and not opting out of the Contributed Claim Election, 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. In the exercise of its reasonable discretion and in accordance with the Plan Recovery Trust Agreement, the Plan Recovery Trustee shall not be obligated to pursue any Contributed Claim.

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 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.

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. <u>The Plan Proponents May Not Be Able to Obtain Confirmation of the Plan</u>

As with any proposed plan, the Plan Proponents may not receive the requisite acceptances to confirm the Plan. If votes in Class 7 (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 7 (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.

C. <u>The Conditions Precedent to the Effective Date of the Plan May Not Occur</u>

As more fully set forth in the Plan, the Effective Date is subject to several conditions precedent. 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.

D. <u>Claims Estimation and Allowance of Claims</u>

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 7 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 7 may be either adversely or favorably affected by the aggregate amount of Class 7 Claims ultimately Allowed.

E. 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 Causes of Action. The Debtors expressly reserve all Avoidance Actions and Causes of Action, other than those Avoidance Actions and Causes of Action that are expressly waived, relinquished, released, compromised, or settled in the Plan, pursuant to the Confirmation Order, or pursuant to any other order of the Court, as Plan Recovery Trust Actions for later adjudication, and no preclusion doctrine (including the doctrines of res judicata, collateral estoppel, judicial estoppel, equitable estoppel, issue preclusion, claim preclusion, and laches) shall apply to such Avoidance Actions or Causes of Action as Plan Recovery Trust Actions on or after the Effective Date.

Moreover, no Person may rely on the absence of a specific reference in the Plan, the Confirmation Order, the Plan Recovery Trust Agreement, or the Disclosure Statement to any Contributed Claims against such Person as any indication that the Plan Recovery Trust will not pursue any and all available Contributed Claims against such Person. The objection to the Allowance of any Claims will not in any way limit the ability or the right of the Plan Recovery Trust to assert, commence, or prosecute any Contributed Claims. Nothing contained in the Plan, the Confirmation Order, the Plan Recovery Trust Agreement, or the Disclosure Statement will be deemed to be a waiver, release, or relinquishment of any Contributed Claims which the Contributing Claimants had immediately before the Effective Date. The Plan Recovery Trust shall have, retain, reserve, and be entitled to assert all

Contributed Claims fully as if the Contributed Claims had not been contributed to the Plan Recovery Trust in accordance with the Plan and the Plan Recovery Trust Agreement.

Without limiting the generality of the preceding two paragraphs and associated reservations, the Debtors note that all parties in interest should review **Exhibit D**, which is a non-exclusive analysis of the Plan Recovery Actions that are being preserved under the Plan.

F. Risks Regarding Real Estate

The Plan relies, in large part, on the sale of the Properties to produce Cash for distribution to Investors and other creditors. If such sales are delayed, incur costs that exceed estimates, or are at prices below estimates, payments may be correspondingly delayed or decreased. The various risks associated with the Properties and the real-estate industry include economic conditions; the supply and demand for properties, particularly of the sorts owned or controlled by the Debtors; the financial conditions for tenants, buyers, and sellers of properties; changes in interest rates; changes in environmental laws or regulations, planning laws and other governmental roles and fiscal and monetary policies; changes in real-property tax rates and related tax deductions; negative developments in the economy that depress travel and retail activity; uninsured casualties; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors that are beyond the reasonable control of the Debtors and the Plan Recovery Trust. In addition, real-estate assets are subject to long-term cyclical trends that can give rise to significant volatility in values. Real-estate investing and development may be subject to a higher degree of market risk because of concentration in a specific industry, sector, or geographic sector. Real-estate investments may be subject to other general and specific risks, including declines in the value of real estate generally, risks related to general and economic conditions, changes in the value of the comparable properties, and defaults by real estate borrowers within the particular market or the broader economy.

VI.

CONFIRMATION OF THE PLAN

A. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Court, after notice, to hold a hearing regarding Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The Court has scheduled the Confirmation Hearing to commence on **February 4, 2026, at 11:00 a.m. (Pacific Time)**, before the Honorable Charles Novack, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of California, Oakland Division. The Confirmation Hearing Notice sets forth the time and date of the Confirmation Hearing. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

Objections to Confirmation of the Plan must be filed and served so that they are actually received by no later than **January 7, 2026, at 11:59 p.m. (Pacific Time). Unless objections to Confirmation of the Plan are timely served and filed in compliance with the Solicitation Procedures Order, they may not be considered by the Bankruptcy Court**.

B. Requirements for Confirmation of the Plan

Among the requirements for the Confirmation of the Plan are that the Plan (i) is accepted by all Impaired Classes of Claims or, if rejected by an Impaired Class of Claims, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Impaired Class of Claims; (ii) is feasible; and (iii) is in the "best interests" of Holders of Claims.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Plan Proponents believe that: (i) the Plan satisfies or will satisfy all of the necessary statutory requirements of chapter 11 of the Bankruptcy Code, (ii) the Plan Proponents have complied or will have complied with all of the necessary requirements of chapter 11 of the Bankruptcy Code, and (iii) the Plan has been proposed in good faith. More specifically, the Plan Proponents believe that the Plan satisfies or will satisfy the following applicable Confirmation requirements of section 1129 of the Bankruptcy Code:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Plan Proponents have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Cases, or in connection with the Plan and incident to the Cases, has been disclosed to the Court, and any such payment: (1) made before the Confirmation of the Plan is reasonable or (2) is subject to the approval of the Court as reasonable, if it is to be fixed after Confirmation of the Plan.

- 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. <u>**Best Interests of Creditors**</u>

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 <u>**Exhibit C**</u> (the "<u>Liquidation Analysis</u>").

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 and other creditors. In the event of conversion, the chapter 7 trustee, Investors, and other creditors would need to engage in extensive litigation to resolve these and other issues, or would need to try to negotiate an alternative settlement, all without the benefit of committee representation for Investors and other creditors. This process would be extremely time-consuming and costly, and would very likely reduce and delay any recoveries available for Investors and other creditors of the Estates.

In addition, a chapter 7 trustee likely would act quickly to sell or otherwise monetize the Debtors' assets, including because (i) a chapter 7 trustee probably would not have adequate staffing or funding to dispose of the Properties over an extended period of time and (ii) a chapter 7 trustee would need to seek authorization to operate the Debtors' remaining business, which is relief that should be granted only "for a limited period" in any event, *see* 11 U.S.C. § 721. Such a forced sale by a chapter 7 trustee would likely ultimately result in substantially lower recoveries from the sale of the Debtors' assets, as set forth in the Liquidation Analysis. Additionally, there is a risk that the chapter 7 estates are not substantively consolidated. In this scenario, multiple chapter 7 trustee would be appointed and there would likely be material delays and significant increased professional fees.

On balance, the Plan Proponents believe that a chapter 7 trustee would be less likely to maximize the value available from all the Estate Assets and would be unable to obtain the benefits of the compromises and settlements available under the Plan. Therefore, the Plan Proponents believe that confirmation of the Plan will provide each Investor and other creditors with an equal or greater recovery than such party would receive pursuant to the liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

D. <u>Feasibility</u>

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors (unless such liquidation or reorganization is proposed in the plan). The

Plan Proponents believe that this requirement is satisfied, and the Debtors believe the Debtors' Cash and any additional proceeds from the Plan Recovery Trust Assets will be sufficient to allow the Plan Recovery Trustee to make all payments required to be made under the Plan. Accordingly, the Plan Proponents believe that the Plan is feasible.

E. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or interests that is impaired under a plan accept the plan. A class that is not "impaired" under a plan is conclusively presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required.

A class is "impaired" unless a plan: (a) leaves unaltered the legal, equitable, and contractual rights to which the claim or the interest entitles the holder of such claim or interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of allowed claims in that class, counting only those claims held by creditors that actually voted to accept or reject the plan. Thus, a Class of Impaired Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number actually voting cast their Ballots in favor of acceptance.

F. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted that plan, *provided* that the plan has been accepted by at least one impaired class of claims, determined without including the acceptance of the plan by any insider. Notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cramdown," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under and has not accepted the plan.

To the extent that any Impaired Class **other than Class 7** rejects the Plan or is deemed to have rejected the Plan, the Plan Proponents will request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code. **The Plan Proponents will not request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code if Class 7 votes to reject the Plan.** The Plan Proponents reserve the right to alter, amend, modify, revoke, or withdraw the Plan, the Plan Supplement, or any schedule or exhibit, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that reject or are deemed to have rejected a plan and that are of equal priority with another class of claims or interests that is receiving different treatment under the plan. The test does not require that the treatment of such classes of claims or interests be the same or equivalent, but that such treatment be "fair" under the circumstances. In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account various factors in determining whether a plan discriminates unfairly. Accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class. The Plan Proponents submit that if they are required to "cram down" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that it does not "discriminate unfairly" against any rejecting Class.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes that reject or are deemed to have rejected a plan and are of different priority and status vis-à-vis another class (*e.g.*, secured versus unsecured claims, or unsecured claims versus equity interests), and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in the class, including interest. As to the rejecting class, the test sets different standards depending on the type of claims or interests in the rejecting class. The Plan Proponents submit that if they are required to "cram down" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that the 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.**[28] 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.[29] This discussion does not address the tax

[28] 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.

[29] 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

consequences to holders of Claims who did not acquire such Claims at the issue price on original issue. No aspect of foreign, state, local or estate and gift taxation is addressed.

It is intended and assumed for purposes of this Disclosure Statement, that Investor Claims will be treated as indebtedness of the Debtors for U.S. federal income tax purposes and that the tax consequences to the Debtors and the Investors will be determined accordingly. The IRS has submitted Claims in these Cases and it is expected that as part of the settlement with the IRS, the characterization of the Investor Claims and the tax treatment of the Plan to the Debtors will be negotiated and agreed to. However, there is no authority addressing the treatment of claims similar to the Investor Claims and there no assurance that the IRS will agree to the treatment of the Investor Claims as indebtedness. If the Investor Claims are instead treated as equity interests in the Debtor entities, the tax consequences of the Plan to Investors would be significantly different then described below and Investors could be subject to tax on gains related to the transfer of the Properties to the liquidating trust or other Creditors, or to sales that may have been consummated prior to the commencement of the Bankruptcy proceedings.

In addition to the investor Claims being characterized as indebtedness, the tax treatment of Holders of Claims and the character, amount, and timing of income, gain, or loss recognized as a consequence of the Plan and the Distributions provided for by the Plan may vary, depending upon the following factors, among others:

(i) whether the Claim or portion thereof constitutes a Claim for principal or interest;

(ii) the type of consideration, if any, received by the Holder in exchange for the Claim, and whether the Holder receives Distributions under the Plan in more than one taxable year;

(iii) whether the Holder is a citizen or resident of the United States for tax purposes, is otherwise subject to U.S. federal income tax on a net basis, or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above;

(iv) the manner in which the Holder acquired the Claim;

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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.

(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 MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER IS STRONGLY URGED TO CONSULT SUCH

HOLDER'S INDEPENDENT TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN INCOME TAX CONSEQUENCES OF THE PLAN.

B. <u>Certain U.S. Federal Income Tax Consequences of the Plan Recovery Trust</u>

Under the terms of the Plan, the Plan Recovery Trust Assets will be transferred to the Plan Recovery Trust in a taxable disposition. Any income or gain from the transfer of assets to the Plan Recovery Trust shall flow through to the ultimate taxpaying owner or member of the transferring Debtor who will be responsible for paying any resulting tax liability. The tax consequences of the Plan, however, are subject to many uncertainties due to the complexity of the Plan and the lack of interpretative authority regarding certain changes in the tax law. Uncertainties with regard to the U.S. federal income tax consequences of the Plan also arise due to the inherent nature of estimates of value that will impact the determination of the amount of income or gain from the transfer of assets to the Plan Recovery Trust.

As of the Effective Date, the Plan Recovery Trust shall be established for the benefit of all Plan Recovery Trust Beneficiaries. The Plan Recovery Trustee will make a good-faith valuation of the Plan Recovery Trust Assets. All parties (including, without limitation, the Plan Recovery Trustee and the Plan Recovery Trust Beneficiaries) must consistently use such valuation for all U.S. federal income tax purposes. Allocations of taxable income of the Plan Recovery Trust (other than taxable income allocable to a Distribution Reserve) among Plan Recovery Trust Beneficiaries shall be determined by reference to the manner in which an amount of cash equal to such taxable income 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 tax book value, and other than assets allocable to a Distribution Reserve) to the holders of the beneficial interests in the Plan Recovery Trust, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Plan Recovery Trust. Similarly, taxable loss of the Plan Recovery Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a distribution in liquidation of the remaining Plan Recovery Trust Assets. The tax book value of the Plan Recovery Trust Assets for this purpose shall be equal to the fair-market value of the Plan Recovery Trust Assets on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the IRC, applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Plan Recovery Trustee of an IRS private letter ruling if the Plan Recovery Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Plan Recovery Trustee), the Plan Recovery Trustee will (a) elect to treat any Plan Recovery Trust Assets allocable to a Distribution Reserve (a reserve for amounts and Plan Recovery Trust interests retained on account of Contingent Claims, Disputed Claims or Unliquidated Claims) as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 and (b) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. Accordingly, the Distribution Reserves will be subject to tax annually on a separate entity basis on any net income earned with respect to the Plan Recovery Trust Assets in such reserves, and all distributions from such reserves will be treated as received by holders in respect of their Claims as if distributed by the Debtors. All parties (including, without limitation, the Plan Recovery Trustee and the Holders of the Plan Recovery Trust Units) will be required to report for U.S. federal income tax purposes consistently with the foregoing.

The Plan Recovery Trust is intended to qualify as a liquidation trust for U.S. federal income tax purposes. In general, a liquidation trust is not a separate taxable entity but rather is treated for U.S. federal income tax purposes as a "grantor" trust (i.e., a pass-through entity). The IRS, in Revenue Procedure 94-45, 1994-28 I.R.B. 124, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidation trust under a chapter 11 plan. The Plan Recovery Trust has been structured with the intention of complying with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including the Plan Recovery Trustee and the Holders of Plan Recovery Trust Units) are required to treat for U.S. federal income tax purposes, the Plan Recovery Trust as a grantor trust of which the Holders of Plan Recovery Trust Units are the owners and grantors.

Although the following discussion assumes that the Plan Recovery Trust would be treated as a grantor trust for U.S. federal income tax purposes, no ruling has been requested from the IRS concerning the tax status of the Plan Recovery Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Plan Recovery Trust as a grantor trust for U.S. federal income tax purposes. If the IRS were to successfully challenge this classification, the U.S. federal income tax consequences to the Plan Recovery Trust and the holders of Plan Recovery Trust Units could vary from those discussed herein and, thus, there could be less Available Cash than projected, resulting in lower recoveries for holders of Plan Recovery Trust Units.

C. Consequences to Holders of Claims Generally

In general, each holder of an Allowed Claim will recognize gain or loss in an amount equal to the difference between (i) the "amount realized" by such holder in satisfaction of its Claim and (ii) such holder's adjusted tax basis in such Claim. The "amount realized" by a holder will equal the sum of cash and the aggregate fair-market value of the property received by such holder pursuant to the Plan (such as a holder's undivided beneficial interest in the assets transferred to the Plan Recovery Trust). Where gain or loss is recognized by a holder in respect of its Allowed Claim, the character of such gain or loss (i.e., long-term or short-term capital, or ordinary income) will be determined by a number of factors including (i) the tax status of the holder, (ii) whether the Claim constituted a capital asset in the hands of the holder and how long it had been held, (iii) whether the Claim was originally issued at a discount or acquired at a market discount, and (iv) whether and to what extent the holder had previously claimed a bad debt deduction or theft loss in respect of the Claim.

Generally, a Holder of an Allowed Claim will realize gain or loss on the exchange under the Plan of its Allowed Claim for Cash or other property in an amount equal to the difference between (i) the sum of the amount of any Cash and the fair market value on the date of the exchange of any other property received by the Holder and (ii) the adjusted tax basis of the Allowed Claim exchanged therefor (other than basis attributable to accrued but unpaid interest previously included in the Holder's taxable income). It is possible that any loss, or a portion of any gain, realized by a Holder of a Claim may have to be deferred until all of the Distributions to such Holder are received.

When gain or loss is recognized by a Holder, such gain or loss may be long-term capital gain or loss if the Claim disposed of is a capital asset in the hands of the Holder and has been held for more than one year. **Each Holder of an Allowed Claim should consult its own tax advisor to determine whether gain or loss recognized by such Holder will be long-term capital gain or loss and the specific tax effect thereof on such Holder**.

A Holder of an Allowed Claim who receives, in respect of the Holder's Allowed Claim, an amount that is less than that Holder's tax basis in such Allowed Claim may be entitled to a bad-debt deduction under IRC section 166(a). The rules governing the character, timing, and amount of a bad-debt deduction place considerable emphasis on the facts and circumstances of the holder, the obligor, and the instrument with respect to which a deduction is claimed. **Holders of Allowed Claims, therefore, are urged to consult their own tax advisors with respect to the ability to take a bad-debt deduction**. A Holder that has previously recognized a loss or deduction in respect of that Holder's Allowed Claim may be required to include in gross income (as ordinary income) any amounts received under the Plan to the extent such amounts exceed the Holder's adjusted basis in such Allowed Claim. Holders of Investor Claims may also be entitled to claim losses on account of a Ponzi scheme, as discussed in Section VII.D. below.

Holders of Allowed Claims who were not previously required to include any accrued but unpaid interest with respect to an Allowed Claim may be treated as receiving taxable interest income to the extent any consideration they receive under the Plan is allocable to such interest. A Holder previously required to include in gross income any accrued but unpaid interest with respect to an Allowed Claim may be entitled to recognize a deductible loss to the extent such interest is not satisfied under the Plan.

A Holder of an Allowed Claim constituting an installment obligation for tax purposes may be required to currently recognize any gain remaining with respect to such obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than at face value or distributed, transmitted, sold, or otherwise disposed of within the meaning of IRC section 453B.

Holders of Disallowed Claims will not receive any Distribution as part of the Plan. Accordingly, because such a Holder may receive an amount that is less than that Holder's tax basis in such Claim, such Holder may be entitled to a bad-debt deduction under IRC section 166(a). The rules governing the character, timing, and amount of a bad-debt deduction place considerable emphasis on the facts and circumstances of the holder, the obligor, and the instrument with respect to which a bad-debt deduction is claimed. Holders of Disallowed Claims, therefore, are urged to consult their own tax advisors with respect to the ability to take a bad debt deduction.

D. Consequences to Plan Recovery Trust Beneficiaries

After the Effective Date, any amount that a Plan Recovery Trust Beneficiary (as a Holder of a Plan Recovery Trust Unit) receives as a distribution from the Plan Recovery Trust in respect of its beneficial interest in the Plan Recovery Trust should not be included, for U.S. federal income tax purposes, in the Holder's amount realized in respect of its Allowed Claim but should be separately treated as a distribution received in respect of such Holder's beneficial interest in the Plan Recovery Trust. In general, a Holder's aggregate tax basis in its undivided beneficial interest in the assets transferred to the Plan Recovery Trust will equal the fair market value of such undivided beneficial interest as of the Effective Date and the Holder's holding period in such assets will begin the day following the Effective Date. Distributions to any Holder of an Allowed Claim will be allocated first to the original principal portion of such Claim as determined for federal tax purposes and then, to the extent the consideration exceeds such amount, to the remainder of such Claim. However, there is no assurance that the IRS will respect such allocation for U.S. federal income tax purposes.

For all U.S. federal income tax purposes, all parties (including the Plan Recovery Trustee and the Holders of Plan Recovery Trust Units) shall treat the transfer of the Plan Recovery Trust Assets to the Plan Recovery Trust, in accordance with the terms of the Plan, as a transfer of those assets directly to the Holders of Allowed Claims (and, with respect to the Contingent Claims, Disputed Claims and Unliquidated Claims, to the Distribution Reserve) followed by the transfer of such assets by such Holders to the Plan Recovery Trust. Consistent therewith, all parties shall treat the Plan Recovery Trust as a grantor trust of which such Holders are to be the owners and grantors. Thus, such Holders (and any subsequent Holders of interests in the Plan Recovery Trust) shall be treated as the direct owners of an undivided beneficial interest in the assets of the Plan Recovery Trust. Accordingly, each Holder of a beneficial interest in the Plan Recovery Trust will be required to report on its U.S. federal income tax return(s) the Holder's allocable share of all income, gain, loss, deduction, or credit recognized or incurred by the Plan Recovery Trust. The Plan Recovery Trust's taxable income will be allocated to the Holders of Plan Recovery Trust Units in accordance with each such Holder's pro rata share of the Plan Recovery Trust Units in the Plan Recovery Trust Assets. The character of items of income, deduction, and credit to any Holder and the ability of such Holder to benefit from any deductions or losses may depend on the particular situation of such Holder. The U.S. federal income tax reporting obligation of a Holder of a beneficial interest in the Plan Recovery Trust is not dependent upon the Plan Recovery Trust distributing any cash or other proceeds. Therefore, a Holder of a beneficial interest in the Plan Recovery Trust may incur a U.S. federal income tax liability regardless of the fact that the Plan Recovery Trust has not made, or will not make, any concurrent or subsequent distributions to the Holder. If a Holder incurs a U.S. federal tax liability but does not receive distributions commensurate with the taxable income allocated to it in respect of its Plan Recovery Trust Unit in the Plan Recovery Trust, the Holder may be allowed a subsequent or offsetting loss.

The Plan Recovery Trustee will file with the IRS returns for the Plan Recovery Trust as a grantor trust pursuant to Treasury Regulations section 1.671-4(a). The Plan Recovery Trustee will also send to each Holder of a beneficial interest in the Plan Recovery Trust a separate statement setting forth the Holder's share of items of income, gain, loss, deduction, or credit and will instruct the Holder to report such items on its U.S. federal income tax return. Events subsequent to the date of this Disclosure Statement, such as the enactment of additional tax legislation, could also change the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder.

A Plan Recovery Trust Beneficiary who is a victim of a Ponzi scheme might be entitled to claim a loss dependent on its individual circumstances. Such losses that arise out of property used in a trade or business or a transaction entered into for profit are deductible in the year in which the loss is sustained and in an amount not to exceed the adjusted tax basis of the property involved. A theft loss generally cannot be deducted in a tax year to the extent that there are reasonable prospects of a recovery of some or all of the loss. In that event, the deduction is postponed until it can be ascertained with reasonable certainty the likelihood and amount of any reimbursement that will be received. The loss generally must be deducted in the first year a reasonable prospect of recovery no longer exists, and cannot be claimed in any subsequent year. The reasonable prospect of reimbursement rule applies only to that part of the loss for which reimbursement is available. However, in 2009, the IRS issued Rev. Proc. 2009-20, 2009-14 I.R.B. 735, to provide an optional safe harbor allowing certain taxpayers to claim a theft loss deduction under IRC section 165 for qualified losses resulting from certain fraudulent investment schemes. Rev. Proc. 2009-20 generally defines a qualified loss as a loss from a specified fraudulent arrangement, including Ponzi schemes, for which authorities have charged the lead figure by indictment, information, or criminal complaint with a crime that meets the definition of theft for purposes of IRC section 165. Under these safe-harbor provisions, a qualified investor may deduct 95% of qualified investment in the discovery year (i.e., the year in which the indictment, information, or complaint described in Rev. Proc. 2009-20 is filed) if the qualified investor does not pursue any potential third-party recovery. A 75% deduction is available in the discovery year if a qualified investor is pursuing or intends to pursue any potential third-party recovery. The details for qualification for the safe harbor deduction are set forth in Rev. Proc. 2009-20.

In 2011, the IRS issued Rev. Proc. 2011-58, 2011-58 I.R.B. 849, which modified the provisions of Rev. Proc. 2009-20. Under Rev. Proc. 2011-58, the safe harbor provisions of Rev. Proc. 2009-20 may be utilized if a lead figure was charged by indictment or information under state or federal law with the commission of fraud, embezzlement, or a similar crime that, if proven, would meet the definition of theft for purposes of IRC section 165 and Treasury regulations section 1.165-8(d) under the law of the jurisdiction in which the theft occurred, and the indictment or information has not been withdrawn or dismissed (other than because of the death of the lead figure). Under Rev. Proc. 2011-58, the safe harbor provisions of Rev. Proc. 2009-20 may also be utilized if a lead figure was the subject of a state or federal criminal complaint alleging the commission of a crime described in section 4.02(1) of Rev. Proc. 2011-58, the complaint has not been withdrawn or dismissed (other than because of the death of the lead figure), and either (a) the complaint alleged an admission by the lead figure, or the execution of an affidavit by that person admitting the crime; or (b) a receiver or trustee was appointed with respect to the arrangement or assets of the arrangement were frozen.

Rev. Proc. 2011-58 further clarified, among other things, that the terms "indictment," "information," and "criminal complaint" as used in Rev. Proc. 2009-20 have meanings similar to the use of those terms in the Federal Rules of Criminal Procedure. Given the Mattson Indictment and

Mattson SEC Complaint, safe harbor treatment under Rev. Proc. 2009-20 may be available to certain Plan Recovery Trust Beneficiaries. **Plan Recovery Trust Beneficiaries should consult with their own tax advisors to determine if a theft loss deduction is permissible**, as well as the timing, amount, and applicable limitations for any such theft loss deduction.

E. Withholding on Distributions and Information Reporting

All Distributions to Holders of Allowed Claims under the Plan and any Distributions to the Holders of Plan Recovery Trust Units are subject to any applicable tax withholding, including employment tax withholding. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then-applicable withholding rate. Backup withholding generally applies if the payment recipient (i) fails to furnish the recipient's social security number or other taxpayer identification number, (ii) furnishes an incorrect taxpayer identification number, (iii) fails to properly report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the taxpayer's identification number provided is the recipient's correct taxpayer identification number and that such recipient is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain Persons are exempt from backup withholding, including, in certain circumstances, corporations, and financial institutions.

In addition, a Holder of an Allowed Claim that is a not a U.S. entity may be subject to additional withholding, depending on, among other things, the particular type of income and whether the type of income is subject to a lower treaty rate. As to certain Claims, it is possible that withholding may be required with respect to distributions by the Debtor making such Distribution or by the Plan Recovery Trust, as applicable, even if no withholding would have been required if payment was made before the Cases. A non-U.S. Holder may also be subject to other adverse consequences in connection with the implementation of the Plan. As discussed above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to non-U.S. Holders. Non-U.S. Holders are urged to consult their own tax advisors regarding potential withholding on Distributions under the Plan.

In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their own tax advisors regarding these Treasury Regulations and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations and require disclosure on the Holder's tax returns.

VIII.

RECOMMENDATION

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

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Respectfully submitted,

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By: */s/ Thomas B. Rupp*
Tobias S. Keller
David A. Taylor
Thomas B. Rupp

Counsel to the LFM Debtors

HOGAN LOVELLS US LLP

By: */s/ Erin N. Brady*
Richard L. Wynne
Erin N. Brady
Edward J. McNeilly

Counsel to KS Mattson Partners, LP

PACHULSKI STANG ZIEHL & JONES LLP

By: */s/ Jason H. Rosell*
Debra Grassgreen
John D. Fiero
Jason H. Rosell
Brooke E. Wilson

Counsel to the Official Committee of Unsecured Creditors

<u>EXHIBIT A</u>

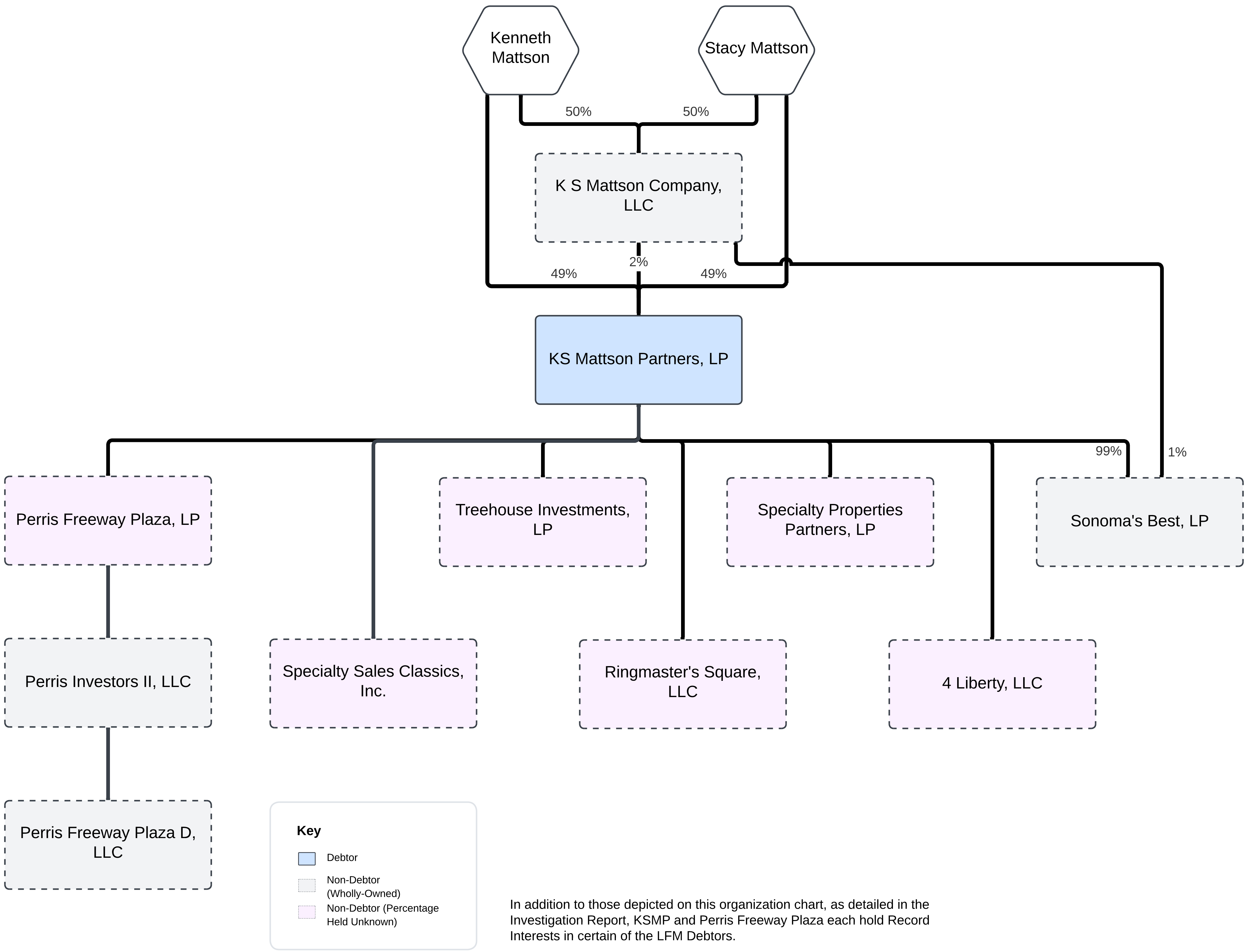
Joint Chapter 11 Plan

[Filed Separately]

<u>**EXHIBIT B**</u>

Corporate Organizational Charts


Timothy LeFever
Kenneth Mattson
50%
50%
LeFever Mattson
LeFever Mattson I, LLC
Divi Divi Tree, LP
Sequoia Investment Properties, LP
66.67%
Home Tax Service of America, Inc.
River Tree Partners, LP
Country Oaks I, LP
Douglas Fir Investments, LP
Windscape Apartments I, LP
Windscape Apartments II, LP
Bishop Pine, LP
Firetree I, LP
Sienna Pointe, LLC
Riverview Shopping Center II, LLC
California Investment Properties
56.8%
43.2%
56.8%
43.2%
RT Golden Hills, LP
RT Capitol Mall, LP
Douglas Fir Investments D, LLC
Windscape Apartments I D, LLC
Windscape Apartments II D, LLC
Woodland Oaks Investments LLC
Waters Edge Riverside Properties LLC
Firetree II, LP
Harrow Cellars
Buck Avenue Apartments, LP
99%
1%
99%
1%
Red Mulberry Tree, LP
Red Cedar Tree, LP
Windscape Holdings, LLC
Firetree III, LP
Pineapple Bear
Riverview Shopping Center I, LLC
Windscape Apartments, LLC
Apan Partners, LLC
Autumn Wood I, LP
Bay Tree. LP
Beach Pine, LP
Black Walnut, LP
Buckeye Tree, LP
Bur Oak, LP
Butcher Road Partners, LLC
Cambria Pine, LP
Chestnut Oak, LP
Foxtail Pine, LP
Ginko Tree, LP
Golden Tree, LP
Hagar Properties, LP
Heacock Park Apartments, LP
Live Oak Investments, LP
Monterey Pine, LP
Napa Elm, LP
Nut Pine, LP
Pinecone, LP
Pinewood Condominiums, LP
Ponderosa Pines, LP
Red Oak, LP
Red Oak Tree, LP
Redbud Tree, LP
River Birch, LP
Scotch Pine, LP
Spruce Pine, LP
Tradewinds Apartments, LP
Vaca Villa Apartments, LP
Valley Oak Investments, LP
Watertree I, LP
Willow Oak, LP
Windtree, LP
Yellow Poplar, LP
Key
Debtor (Wholly-Owned)
Debtor (Not Wholly-Owned)
Non-Debtor



In addition to those depicted on this organization chart, as detailed in the Investigation Report, KSMP and Perris Freeway Plaza each hold Record Interests in certain of the LFM Debtors.

<u>EXHIBIT C</u>

Liquidation 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 Effective Date and 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 analysis (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, is an uncertain 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 management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis may not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results. This Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code after conversion of the Chapter 11 Cases on the Conversion Date (defined below). The underlying financial 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 two weeks after a contested confirmation hearing of the Plan and is presumed to be February 28, 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 August 31, 2025, and those values are assumed to be representative of the Debtors' assets and liabilities as of the Conversion Date. The Debtors' Management team believes that the August 31, 2025, book value of assets and liabilities are the best available estimates of such book values as of the Liquidation Date. 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 20 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.

LIQUIDATION ANALYSIS

Ch. 7 Liquidation Analysis
$ in 000s

	Note	Ch. 7 Estimated Range of Outcomes				Ch. 11 Estimated Range of Outcomes	
		Low		High		Low	High
	Note	$	%	$	%	%	%
Unsold Retained Properties	[1]						
Gross Asset Sale Proceeds		$ 18,005		$ 30,930			
Closing Costs		(1,350)		(2,080)			
Taxes Paid at Closing		(190)		(400)			
Secured Debt and Other Amounts		(8,314)	*100%*	(18,707)	*100%*	*100%*	*100%*
Net Asset Sale Proceeds		**8,150**		**9,743**			
Cash on Hand	[2]	105,868		105,868			
Other Assets	[3]	1,183		2,100			
Other Recoveries (net)	[4]	-		20,000			
Total Assets Available for Distribution		**$ 115,202**		**$ 137,711**			
DIP Financing Claims	[5]	**(12,100)**	*100%*	**(12,100)**	*100%*	*100%*	*100%*
Remaining Assets Available for Distribution		**103,102**		**125,611**			
Administrative Claims							
Ch. 7 Trustee Commission	[6]	(3,752)	*100%*	(4,767)	*100%*		
Ch. 7 Case Professionals	[7]	(21,000)	*100%*	(15,000)	*100%*		
Ch. 11 Administrative Claims	[8]	(44,510)	*100%*	(39,410)	*100%*	*100%*	*100%*
Total Administrative Claims		**(69,262)**		**(59,177)**			
Remaining Assets Available for Distribution		**33,840**		**66,434**			
Priority Claims	[9]	**(1,558)**	*100%*	**(958)**	*100%*	*100%*	*100%*
Funds Available for Distribution		**$ 32,282**		**$ 65,476**			
Estimated Claims Pool		Claim Amount	*Recovery*	Claim Amount	*Recovery*	*Ch. 11 Recovery*	*Ch. 11 Recovery*
Class 6 (Trade Claims)	[10]	**5,500**	***13.7%***	**4,000**	***27.9%***	*72.7%*	*100.0%*
Class 7 (Investor Claims)	[11]						
Investor Tranche 1 Claims	[12]	**$ 231,000**	***13.7%***	**$ 231,000**	***27.9%***	*21.1%*	*40.6%*
Investor Tranche 2 Claims	[12]	**$ -**	***0.0%***	**$ -**	***0.0%***	*0.0%*	*0.0%*

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 Broker Opinions of Value ("BOV") 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:

- Preference Recoveries. Represents the estimated range of recoveries on account of preference payments (*i.e.*, payments made to vendors and investors in the 90 days preceding the Chapter 11 bankruptcy that 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 other claims and causes of action based on the information and analysis available at the time of filing the liquidation analysis. The estimates are presented net of any professional fees related to successful recoveries.

The Liquidation Analysis assumes that there will not be any collections related to other recoveries in the low scenario.

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 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. 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. This is in addition to the baseline costs associated with the administration of these 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 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 9 – 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 10 – Trade Claims (Class 6)

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 6 (Trade Claims) accepts the Plan in the plan recovery analysis and holders of Class 6 receive their *pro rata* share of the Trade Claims Settlement Fund ($4 million).

Note 11 – Investor Claims (Class 7)

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 12 – 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 12 – 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.

5. All persons and entities that received contributions from the Debtors or their affiliates, including, without limitation, charitable contributions and political contributions (*e.g.*, First Covenant Church of Oakland, Creekside Community Church of San Leandro, Youth for Christ, Capitol Resource Institute, and Laurel Wreath Foundation).

6. All persons and entities that received fraudulent transfers or preferential payments within the meaning of sections 544, 547, 548 and 549 of the Bankruptcy Code, and all parties for whose benefit such transfers were made within the meaning of section 550 of the Bankruptcy Code, including, without limitation, any professional fee retainers paid by the Debtors for the benefit of Kenneth W. Mattson (*e.g.*, Law Offices of Randy Sue Pollock).

7. All financial institutions (including, without limitation including where such financial institutions are the successors or assigns of the financial institution that maintained such deposit accounts or made such loans) that maintained deposit accounts for, or made loans to, the Debtors or their affiliates, including, without limitation, the financial institutions identified on Schedule 1 hereto.

8. All title insurers and underwritten title companies that were involved in the closing or insurance for (i) any loans to the Debtors or their affiliates or (ii) any transfers of ownership of any real properties to or from the Debtors or their affiliates.

9. All title companies that were involved in (i) the recordation and reconveyance of deeds of trust involving the Debtors or their affiliates or (ii) the recordation of grant deeds or other ownership deeds involving the Debtors or their affiliates.

10. All contractors and suppliers used by the Debtors and their affiliates, including, without limitation, Monley Hamlin Construction.

11. All financial advisors that recommended investing in the Debtors or their affiliates.

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 property of the estate after the KSMP Petition Date, (iii) America West Lender Services, LLC, Deutsche Bank Trust Company Americas as Trustee for Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through Certificates, Series 2007-Q01, Nationstar

Mortgage, LLC dba Mr. Cooper and all other persons or entities involved with respect to the foreclosure against 3557 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.

15. All other Causes of Action against 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 with respect to Live Oak, LP.

16. All persons and entities that are liable to the Debtors for causes of action unrelated to the Mattson Transactions, including for tort and breach of contract actions against former vendors and contract counterparties, including, without limitation, an action to collect on the judgment of the Sonoma County Superior Court in *KS Mattson Partners v. Benedetti Farms, Inc.* (SCV-270023).

17. All persons and entities that are occupying any real property in which any of the Debtors have an interest without lawful authority or appropriate compensation to the Debtors.

18. Marc Lair, Equitable Ocean Front, LLC, Hampton Mortgage Group, and any affiliates of any of the foregoing, for all Causes of Action related to the Mattson Transactions.

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

#	**Financial Institution Target**
27	RePro Financial
28	Select Portfolio Servicing, Inc. (Servicer)
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

<u>EXHIBIT E</u>

Investigation Report

[Filed Separately]