

UNITED STATES DISTRICT COURT  
DISTRICT OF COLORADO

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UNITED STATES SECURITIES AND	)		
EXCHANGE COMMISSION	)		
	)		
Plaintiff,	)		
	)	Case No. 18-cv-00529-MSK-MEH	
v.	)		
	)		
JEFFREY O. FRIEDLAND, GLOBAL	)		
CORPORATE STRATEGIES, LLC, INTIVA	)		
PHARMA, LLC,	)		
	)		
Defendants.	)		
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**[PROPOSED] DISTRIBUTION PLAN FOR  
SEC V. JEFFREY O. FRIEDLAND, ET AL. FAIR FUND**

**I. Introduction**

1. On March 5, 2018, the Securities and Exchange Commission (the “SEC” or “Commission”) filed a Complaint against Jeffrey O. Friedland (“Friedland”), Global Corporate Strategies, LLC (“Global”), and Intivia Pharma LLC (“Intivia”), (collectively the “Defendants”), and Lane 6552 LLC (“Lane”), Kathy B. Friedland, Assurance Management, LLC (“Assurance”) and The Jeffrey and Kathy Friedland Irrevocable Trust (“Friedland Trust”), (collectively the “Relief Defendants”) alleging violations of the federal securities laws. (*ECF No. 1*). Specifically, the Complaint alleged that, Friedland engaged in a nearly \$7 million securities fraud scheme to conceal the nature of his interest in an Israeli medical marijuana company, OWC Pharmaceutical Research Corp. (“OWCP”), to allow him to sell his considerable holdings in OWCP stock into a market that he helped artificially inflate. As part of his scheme, Friedland touted OWCP to investors while misrepresenting both the nature of his investments in OWCP and his professional relationship with

the company. Between August 2014 and February 2016, Friedland acquired 6.4 million shares of OWCP stock. Between February 2016 and September 2017, Friedland touted OWCP to the media, industry and investors, creating the false impression that he was merely an investor in OWCP, when he was in fact paid with millions of OWCP stock to promote the company, which he did via emails, interviews and public appearances. While he was touting OWCP, Friedland, with the help of his wife, Kathy, directly or indirectly, sold millions of his OWCP stock through entities he owned and controlled with his wife. In total, Friedland received nearly \$7 million from his illegal sales of the OWCP stock he acquired as an early investor and as compensation for agreeing to handle OWCP's media and investor relations for two years. Friedland and his wife used the proceeds to purchase homes, cars, pay off credit card debt, invest in a family trust and a foundation, transfers to family owned entities and associates and made investments in a brokerage account in the name of Lane.

2. On December 4, 2019, after the parties reached a settlement, the Court entered a Judgment against the Defendants. (*ECF No. 95*). The Judgment found Friedland and Global jointly and severally liable in the amount of \$2,089,979.02, plus pre-judgment interest in the amount of \$69,020.98; found Friedland further liable for a civil penalty in the amount of \$2,000,000; found Intiva liable for disgorgement in the amount of \$20,000; and permanently enjoined Defendants from participating in an offering of penny stock. *See id.* ¶¶ 1-4. The total amount owed by Defendants under the Judgment was \$4,179,000.

3. The Judgment also incorporated a provision allowing for the establishment of a Fair Fund for harmed investors under Section 308(a) of the Sarbanes-Oxley Act of 2002 to distribute the monies recovered from the Defendants to harmed investors. *ECF No. 95* ¶ 5 (*incorporating by reference Section V of ECF No. 92-2*). The relevant provision states, in part, that the Commission may propose a plan to distribute the funds paid under the Judgment “subject to the Court’s approval;” that “[s]uch a plan may provide that the [funds paid under the Judgment] shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-

Oxley Act;” and that the “Court shall retain jurisdiction over the administration of any distribution” of the funds. *ECF No. 92-2, Section V, p. 5.*

4. Defendants have now paid the full amount of \$4,179,000 ordered pursuant to the Judgment. The funds paid to date are currently held in an interest-bearing account at the Bureau of Fiscal Services of the U.S. Treasury Department (the “Fair Fund”). The Fair Fund currently consists of the amounts paid and interest earned to date.

5. On May 4, 2020, pursuant to this Court’s Order, Miller Kaplan Arase LLP (“Miller Kaplan”) was appointed as Tax Administrator to handle the income tax reporting requirements of the Fair Fund. *ECF No. 99.* On April 6, 2021, pursuant to this Court’s Order, JND Legal Administration (“JND”) was appointed as the Distribution Agent to assist in overseeing the administration of the Fair Fund, in consultation with Commission staff, pursuant to the terms of this Distribution Plan. *ECF No. 100.*

## II. Defined Terms

6. As used herein, the following definitions shall apply:

- (a) **“Administrative Costs”** means any administrative costs and expenses, including without limitation, the fees and expenses of the Tax Administrator and the Distribution Agent, tax obligations, and investment costs. All Administrative Costs will be paid by the Fair Fund.
- (b) **“Claim Deficiency Notice”** means the notice sent by the Distribution Agent to a Potentially Eligible Claimant whose claim is deficient in one or more ways (*e.g.*, failure to provide required information or documentation). The Claim Deficiency Notice shall advise the Potentially Eligible Claimant of the reason(s) for the deficiency, notify the Potentially Eligible Claimant of the opportunity to cure such deficiency, and provide instructions regarding further necessary actions. A Claim Deficiency Notice shall be provided no

later than sixty (60) days after the Filing Deadline. Subject to certain extensions provided for in this Distribution Plan, the deadline to cure deficiencies shall be thirty (30) days from the date of the Claim Deficiency Notice.

- (c) **“Claims Determination Date”** shall mean the date on or before which the Distribution Agent reaches its final determination concerning the validity and amount of each Potentially Eligible Claimant’s claim. Except as otherwise provided herein, the Claims Determination Date shall be no later than one hundred-twenty (120) days following the Filing Deadline.
- (d) **“Claims Determination Notice” or “Determination Notice”** shall mean the notice sent by the Distribution Agent to everyone who files a Proof of Claim Form setting forth the Distribution Agent’s determination concerning the eligibility of such claim. The Determination Notices will be mailed and/or emailed after all Proof of Claim Forms have been processed and, where necessary, Potentially Eligible Claimants have been sent a Claim Deficiency Notice and given a chance to respond.
- (e) **“Days”** shall mean calendar days, unless specified otherwise.
- (f) **“Defendants”** shall mean Jeffrey O. Friedland (“Friedland”), Global Corporate Strategies, LLC (“Global”), and Intivia Pharma LLC (“Intivia”).
- (g) **“Distribution Agent”** shall mean JND Legal Administration (“JND”), the Distribution Agent appointed by the Court to administer the distribution of the Fair Fund.
- (h) **“Distribution Payment”** shall mean the payment to an Eligible Claimant in accordance with the terms of the Distribution Plan.

- (i) **“Distribution Plan or “Plan”** shall mean the Court approved Distribution Plan to distribute the Fair Fund, including any future funds, collected by the SEC or paid by or recovered from, the Defendants, to harmed investors, as described herein.
- (j) **“Distribution Plan Notice”** shall mean the notice given to Potentially Eligible Claimants of their potential right to participate in the distribution of the Fair Fund and their obligation to file a Proof of Claim Form in order to participate. The Distribution Agent, in consultation with the Commission staff, shall design the Distribution Plan Notice, consistent with the provisions of this Distribution Plan, and such notice shall include, at a minimum, a statement that the Fair Fund relates to OWCP common stock, instructions for submitting a Proof of Claim Form, and the Filing Deadline. The Distribution Plan Notice shall advise Potentially Eligible Claimants that by participating in the distribution of the Fair Fund, they will not be releasing any rights or claims they may have against any party (other than with respect to the Distribution Agent), including but not limited to, any party’s past and present directors, officers, promoters, advisers, agents, affiliates, nominees, assigns, creditors, or controlled entities.
- (k) **“Eligible Claimants”** shall mean Persons who purchased the Eligible Security during the Relevant Period, who suffered a Recognized Loss in accordance with the Distribution Plan, who is not an excluded party and who is determined by the Distribution Agent to be eligible under the Plan for a Distribution Payment.

- (l) **“Eligible Security”** shall mean OWCP Pharmaceutical Research Corp. (“OWCP”) common stock purchased or otherwise acquired between November 18, 2016 and September 22, 2017, inclusive.
- (m) **“Excluded Parties”** shall mean:
- i. Defendants and Relief Defendants, their current or former employees, affiliates, or controlled entities who served in such capacity during the Relevant Period, and their assigns, creditors, heirs, distributees, spouses, parents, and children;
  - ii. Any defendant in any action brought by the Commission or any class action lawsuit related to the conduct described in the Commission’s complaint in this action or any related Commission action (or any of his or her affiliates, assigns, creditors, heirs, distributees, spouses, parents, children, or controlled entities) unless and until such defendant is found not liable in all such civil suits prior to the Filing Deadline, and proof of the finding(s) is included in such defendant’s timely filed Proof of Claim Form;
  - iii. Any Person who, as of the Filing Deadline, has been the subject of criminal charges related to the violations alleged in the Commission’s complaint in this action or any related Commission action (or any of his or her affiliates, assigns, creditors, heirs, distributees, spouses, parents, children, or controlled entities) unless and until such defendant is found not guilty in all such criminal actions prior to the Filing Deadline, and proof of the finding(s) is included in such defendant’s timely filed Proof of Claim Form;

- iv. Any Person who assigned their right to obtain a recovery in the Commission’s action against Defendants; provided, however, that this provision shall not be construed to exclude those Persons who obtained such a right by gift, inheritance, devise or operation of law; or
  - v. The Distribution Agent, its employees, and those persons assisting the Distribution Agent in its role as the Distribution Agent.
- (n) **“Fair Fund”** shall mean the funds totaling \$4,179,000 paid by the Defendants, together with any additions thereto as may be provided by future Court order.
- (o) **“Filing Deadline”** shall mean the date established in accordance with this Distribution Plan by which a Potentially Eligible Claimant’s Proof of Claim Form must be postmarked or, if not sent by U.S. mail, received by the Distribution Agent to avoid the barring of any right of the Potentially Eligible Claimant to participate in any distribution from the Fair Fund. Subject to certain extensions provided for in this Distribution Plan, the Filing Deadline shall be one hundred and twenty (120) days after the Distribution Agent’s initial mailing of the Distribution Plan Notice. Proof of Claim Forms postmarked or, if not sent by U.S. mail, received after the Filing Deadline will not be reviewed and evaluated, unless SEC staff so directs the Distribution Agent.
- (p) **“Final Determination Notice”** shall mean the response from the Distribution Agent to a Potentially Eligible Claimant who responded to the Determination Notice in an effort to cure a deficiency or to seek reconsideration of a rejected claim.

- (q) **“Net Market Loss/Gain”** shall mean the market loss or gain that occurs from the trading in the Eligible Securities during the Relevant Period.
- (r) **“Minimum Distribution Amount”** shall mean the specified dollar amount that a Distribution Payment must equal or exceed in order for a distribution to be made to an Eligible Claimant. No Eligible Claimant shall receive a distribution unless the Distribution Payment is equal to or greater than \$10.00.
- (s) **“Net Fair Fund”** shall mean the Fair Fund, plus accumulated interest and earnings thereon, less any taxes, fees and expenses of the Tax Administrator and Distribution Agent, and other Administrative Costs.
- (t) **“Notice Packet”** shall mean the materials relevant to submitting a claim that will be provided to Potentially Eligible Claimants known to the Distribution Agent or to those Persons who request such materials. The Distribution Agent, in consultation with the Commission staff, shall prepare the Notice Packet, which shall include, at a minimum, a copy of the Distribution Plan Notice and the Proof of Claim Form (together with instructions for completing the Proof of Claim Form).
- (u) **“Payee List”** shall mean a list of Eligible Claimants and the amount of each Eligible Claimant’s Recognized Loss and *Pro Rata* Share.
- (v) **“Person”** shall mean a natural individual as well as a legal entity, such as a corporation, partnership, limited liability company, or governmental entity. All nouns, pronouns, and any variations thereof in this Distribution Plan shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the context may require.



- (w) **“Plan of Allocation”** shall mean the methodology used to calculate a Recognized Loss for a Potentially Eligible Claimant as set forth in Attachment A hereto.
- (x) **“Potentially Eligible Claimants”** shall mean those Persons identified by the Distribution Agent as having possible claims to recover from the Net Fair Fund under this Distribution Plan, or other Persons asserting that they have possible claims to recover from the Net Fair Fund under this Distribution Plan.
- (y) **“Prior Recovery”** is the amount of any compensation for the loss that resulted from the conduct described in the complaint in this case that was received from another source to the extent known by the Distribution Agent. An Eligible Claimant’s Distribution Payment will be no greater than the amount that when combined with the Prior Recovery equals the Eligible Claimant’s Recognized Loss.
- (z) **“Pro Rata Share”** is a computation intended to measure Eligible Claimants’ claims against one another. Should the total Recognized Loss of all Eligible Claimants exceed the Net Fair Fund, then each Eligible Claimant will receive a Distribution Payment that their Recognized Loss bears in proportion to the sum of the Recognized Losses of all Eligible Claimants.
- (aa) **“Proof of Claim Form” or “Claim Form”** shall mean the form designed by the Distribution Agent for the filing of claims in accordance with the terms of this Distribution Plan. The Proof of Claim Form will require, at a minimum, sufficient documentation reflecting any Potentially Eligible Claimant’s purchases and sales of OWCP common stock during the Relevant Period and the tax identification number of the Potentially Eligible Claimant. Proof of

Claim Forms will be available on the website established in connection with the Fair Fund. Claimants may also obtain a Proof of Claim Form from the Distribution Agent via mail, email, or by calling the toll-free helpline established for the Fair Fund.

- (bb) **“Recognized Loss”** shall mean the amount of loss an Eligible Claimant incurred through their investment in OWCP common stock during the Relevant Period calculated in accordance with the Plan of Allocation, as detailed in Attachment A, attached hereto.
- (cc) **“Relevant Period”** shall mean the period from November 18, 2016 through September 22, 2017 for trading in OWCP stock, inclusive.
- (dd) **“Relief Defendants”** shall mean Lane 6552 LLC (“Lane”), Kathy B. Friedland, Assurance Management, LLC (“Assurance”) and The Jeffrey and Kathy Friedland Irrevocable Trust (“Friedland Trust”).
- (ee) **“Summary Notice”** shall mean the notice published on the internet and/or in print media. Such notice (the text of which shall be approved by the Commission staff) shall include, at a minimum, a statement that the Fair Fund was established for the benefit of investors who purchased or otherwise acquired OWCP common stock during the Relevant Period, the means of submitting a Proof of Claim Form, and the Filing Deadline.
- (ff) **“Tax Administrator”** shall mean Miller Kaplan Arase LLP, the firm appointed by the Court on May 4, 2020, as the Tax Administrator in this action.
- (gg) **“Third Party Filer”** means a third-party, including without limitation a nominee, custodian, or an intermediary holding in street name, who is authorized to, and submits, a claim(s) on behalf of one or more Potentially

Eligible Claimants. Third Party Filer does not include assignees or purchasers of claims, which are excluded from receiving distribution payments. *See paragraph 6(m)(iv) above.*

### **III. The Distribution Agent**

7. The Distribution Agent will be responsible for administering the Fair Fund in accordance with the Distribution Plan. This will include, among other things, taking reasonable steps to identify and contact Potentially Eligible Claimants; obtaining accurate mailing information for Potentially Eligible Claimants; establishing a website and staffing a call center to address inquiries during the claims process; developing a claims database; preparing accountings; cooperating with the Tax Administrator to satisfy any tax liabilities and to ensure compliance with income tax reporting requirements; advising Potentially Eligible Claimants of deficiencies in claims and providing an opportunity to cure any documentary defects; taking antifraud measures, such as identifying false, ineligible and overstated claims; making determinations under the criteria established herein as to Potentially Eligible Claimants eligibility; advising Potentially Eligible Claimants of final claim determinations; and disbursing the Fair Fund in accordance with this Distribution Plan.

8. To carry out the purposes of this Distribution Plan, the Distribution Agent is authorized to make and implement immaterial changes to the Distribution Plan upon consultation and agreement with Commission staff. If a change is deemed to be material by Commission staff, Court approval is required prior to implementation, by amending the Distribution Plan.

9. The Distribution Agent may extend procedural deadlines contained in the Distribution Plan for good cause shown, if agreed upon by the Commission staff.

10. The Distribution Agent may be removed at any time by the Court, and replaced with a successor. In the event the Distribution Agent decides to resign, it will first give written notice to the Commission staff and the Court of such intention, and such resignation will not be effective

until the Court has appointed a successor. The Distribution Agent will then follow such instructions as such successor or the Court provides in turning over management of the Fair Fund.

#### **IV. Tax Administration**

11. The Fair Fund is a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code of 1986, as amended. The Tax Administrator is the administrator of such QSF, for purposes of Treas. Reg. § 1.468B-2(k)(3)(I), and shall satisfy the tax-related administrative requirements imposed by Treas. Reg. § 1.468B-1 to § 1.468B-5, , including, but not limited to:

- (a) Obtaining a taxpayer identification number;
- (b) Submitting requests for funds necessary for the timely payment of all applicable taxes, the timely payment of taxes for which the Tax Administrator has received funds, and the filing of applicable tax returns;
- (c) Satisfying any information, reporting and compliance requirements of the Foreign Account Tax Compliance Act (“FATCA”); and
- (d) Satisfying any information reporting or withholding requirements required for distributions from the Net Available Fund.

12. The Distribution Agent shall cooperate with the Tax Administrator in providing any information necessary to ensure income tax compliance for the Fair Fund.

#### **V. The Claims Process**

13. In all materials that refer to the Filing Deadline, the deadline will be clearly identified with the date, which is ninety (90) days from the initial mailing of Notice Packets.

14. To avoid being barred from asserting a claim, on or before the Filing Deadline, each Potentially Eligible Claimant must submit to the Distribution Agent a properly completed Proof of Claim Form reflecting such claim, which must be accompanied by such documentary evidence to substantiate the claim, including all documentary evidence that the Distribution Agent deems

necessary or appropriate, including but not limited to, available account statements and trade confirmations.

15. The burden to prove timely receipt of a claim by the Distribution Agent will be upon the Potentially Eligible Claimant; therefore, Potentially Eligible Claimants will be instructed to submit their Proof of Claim Form in a manner that will enable them to prove timely receipt of the Proof of Claim Form by the Distribution Agent. A Proof of Claim Form that is postmarked, or otherwise received by the Distribution Agent, after the Filing Deadline will not be accepted unless the deadline is extended by the Distribution Agent for good cause shown, after consultation with the Commission staff.

16. All claims must be verified on the basis of a signed Proof of Claim Form executed by the Potentially Eligible Claimant or its representative under the penalty of perjury under the laws of the United States. The declaration must be executed by the Potentially Eligible Claimant, unless the Distribution Agent accepts such declaration from someone authorized to act on the Potentially Eligible Claimant's behalf, whose authority is supported by such documentary evidence as the Distribution Agent deems necessary.

17. Each Potentially Eligible Claimant will have the burden of proof to establish the validity and amount of their claim, and that they qualify as an Eligible Claimant, including the burden to certify that they are not an Excluded Party. The Distribution Agent will have the right to request, and the Potentially Eligible Claimant will have the burden to promptly provide to the Distribution Agent, any additional information and/or documentation deemed relevant by the Distribution Agent.

18. The recipient of Eligible Securities as a gift, transfer, inheritance, devise or operation of law shall be eligible to file a Proof of Claim Form and participate in the distribution of the Fair Fund only to the extent the particular donor or decedent as the actual purchaser of Eligible Securities would have been eligible. The recipient of Eligible Securities during the Relevant Period

by gift, transfer, inheritance, devise, or operation of law shall not otherwise be eligible to file a Proof of Claim Form with respect to such securities, and shall not be deemed the assignee of any claim relating to the purchase of such securities unless specifically so provided in the instrument of gift or assignment. However, the donee and the donor may not both make a claim with regard to the same Eligible Securities. If both the donor and the donee make such a claim, only the claim filed by the donee will be honored.

19. Claims on behalf of a retirement plan covered by Section 3(3) of ERISA, 29 U.S.C. § 1002(3), which do not include individual retirement accounts, and such plan's participants, are properly made by the administrator, custodian or fiduciary of the plan and not by the plan's participants. The Distribution Agent will issue any payments on such claims directly to the administrator, custodian or fiduciary of the retirement plan. The custodian or fiduciary of the retirement plan will distribute any payments received in a manner consistent with its fiduciary duties and the governing account or plan provisions. With respect to any retirement plan that has been closed prior to the Distribution Agent's identification of Potentially Eligible Claimants, the Distribution Agent will endeavor to distribute funds directly to the beneficial accountholders of such retirement plans if the information required for such a distribution is known to or provided to the Distribution Agent prior to the Filing Deadline.

20. When submitting claims to the Fair Fund on behalf of its clients, all Third-Party Filers must use the electronic filing template provided by the Distribution Agent in this matter. Files that do not comply with the template and format provided by the Distribution Agent may be rejected. Third-Party Filers must also submit a signed master proof of claim and release, as well as proof of authority to file on behalf of the Potentially Eligible Claimant(s) at the time the electronic file of transactions is submitted. Failure to do so may result in rejection of the claim(s).

21. Each Third-Party Filer must establish the validity and amount of each claim in its submission. Like all other Potentially Eligible Claimants to the Fair Fund, Third-Party Filers must

submit such supporting documentary evidence of purchases, dispositions, and holdings of Eligible Securities as the Distribution Agent deems necessary or appropriate to substantiate each individual claim. Without limitation, this includes the complete name of the Potentially Eligible Claimant (beneficial account owner) and its TIN (for individuals) or EIN (for companies), sufficient contact information to confirm the identity of the beneficial owner, and documentation from the original bank, broker or other institution of purchases and dispositions of Eligible Securities (account statements, confirmations and other documentation of purchases and dispositions ) during the Relevant Period on their trade dates, as well as holdings of Eligible Securities on pertinent dates. Documentation generated by the Third-Party Filer as well as affidavits in lieu of supporting documentation will not be accepted, unless for good cause the Distribution Agent determines it acceptable. The Distribution Agent will have the right to request, and the Third-Party Filer will have the burden of providing to the Distribution Agent, any additional information and/or documentation deemed necessary by the Distribution Agent to substantiate the claim(s) contained in the submission. Documentation from a Third-Party Filer that is not acceptable to the Distribution Agent will result in rejection of the affected claim(s). The determination of the Distribution Agent to reject a claim for insufficient documentation is final and within the discretion of the Distribution Agent and may not be appealed.

22. Distribution payments must be made by check or electronic payment payable to the beneficial account owner. The Third-Party Filer shall not be the payee of any distribution payment check or electronic payment. Any other payment arrangement must be discussed with the Distribution Agent and must be authorized by the Potentially Eligible Claimant (beneficial account owner). Compensation to the Third-Party Filer for its services may not be paid or deducted from the Distribution Payment.

23. Custodians, trustees, or professionals investing on behalf of more than one Potentially Eligible Claimant in a pooled investment fund or entity will be required to complete a

certification, which will require them, at a minimum, to attest that any distribution to the custodian, trustee, or investment professional representing multiple potentially eligible beneficial owners, will be allocated for the benefit of current or former pooled investors and not for the benefit of management. The certification form will be available on the Fair Fund website and upon request from the Distribution Agent. All such custodians, trustees, or professionals investing on behalf of more than one Potentially Eligible Claimant in a pooled investment fund or entity must have an auditable mechanism available to the Distribution Agent and the SEC staff to confirm that each Potentially Eligible Claimant, if determined an Eligible Investor, received the Distribution Payment directed to them.

A. The Notice Process

24. The Distribution Agent will send by mail, email, or other means, a Notice Packet to the Distribution Agent's list of banks, brokers, and other nominees, as well as any other institutions identified during the outreach process that may have records of purchasers of the Eligible Security during the Relevant Period ("Nominees" or "Custodians"). The Distribution Agent will request that these entities, to the extent that they were record holders for beneficial owners of the Eligible Security:

- (a) Within fourteen (14) days of the Nominees' or Custodians' receipt of the Notice Packet, notify and send the Notice Packet to the respective beneficial owners so that the beneficial owners, and, as requested, provide to the beneficial owners a Notice Packet, so that beneficial owners may timely file claims. The burden will be on the Nominees or Custodians to ensure the Notice Packets and other relevant materials are properly disseminated to the beneficial owners; and/or
- (b) provide to the Distribution Agent, within fourteen (14) days of receipt of the Notice Packet, a list of last known names and addresses for all beneficial owners for whom the Nominees or Custodians purchased, as the record holder, the Eligible Security



during the Relevant Period, so that the Distribution Agent can communicate with the beneficial owners directly.

25. At the discretion of the Distribution Agent, a reasonable number of additional copies of the Notice Packet shall be made available to any Nominee or Custodian requesting same for the purpose of distribution to beneficial owners.

26. Requests to the Distribution Agent for additional copies of the Claims Packet in excess of five hundred (500) are subject to approval by the Distribution Agent in consultation with the Commission staff.

27. Documented reasonable out-of-pocket expenses incurred by the Nominees or Custodians, which would not have been incurred but for compliance with ¶ 24(a) above, shall be reimbursed by the Fair Fund. The amount of such expenses allowed will be at the discretion of the Distribution Agent in consultation with the Commission staff. Unless otherwise determined by the Distribution Agent in consultation with the Commission staff, out-of-pocket expenses based on the following rates will be considered reasonable:

- (a) a maximum of \$0.08 per Notice Packet plus postage at the pre-sort postage rate per Notice Packet actually mailed;
- (b) \$0.05 per email of Publication or Notice and Claim Form link disseminated; or
- (c) \$0.20 per name, address, and email address provided to the Distribution Agent, up to a maximum amount of \$1,500.00.

28. Within sixty (60) days following the entry by the Court of its order approving this Distribution Plan, the Distribution Agent shall:

- (a) Design a Notice Packet, which shall be submitted to Commission staff for review and approval;
- (b) Create a mailing and claims database, consisting of the information of the Potentially Eligible Claimants;

- (c) Run a National Change of Address search to retrieve updated addresses for all records in the database, thereby ensuring updated mailing information for Potentially Eligible Claimants;
- (d) Mail by United States First Class Mail a Notice Packet to each Potentially Eligible Claimant known to the Distribution Agent;
- (e) Establish and maintain a website, [www.jeffreyfriedlandfairfund.com](http://www.jeffreyfriedlandfairfund.com), dedicated to the administration of the Fair Fund from which each Potentially Eligible Claimant may request a Notice Packet by mail or download a copy of the Notice Packet and other relevant documents online;
- (f) Provide a copy of the Distribution Plan and Notice Packet to the Commission staff for posting to its website and request that the Commission staff establish a link to the Fair Fund's website;
- (g) Establish and maintain a traditional mailing address and an email address, which will be listed on all correspondence from the Distribution Agent;
- (h) Establish a toll-free telephone number (877) 379-5985 by which Potentially Eligible Claimants can obtain information about the Fair Fund;
- (i) Mail Notice Packets to beneficial owners identified through the efforts described above, any additional Potentially Eligible Claimant known to the Distribution Agent, as well as any additional Nominal Holders that may hold Eligible Securities in "street name" as nominees for the benefit of their customers who are the beneficial owners of the Eligible Security; and
- (j) Publish the Summary Notice approved by the Commission staff.

29. The Commission staff retains the right to review and approve any material posted on the Fair Fund's website, any material mailed, and any scripts used in connection with communication with Potentially Eligible Claimants.

30. On an on-going basis, the Distribution Agent shall supply a Notice Packet to any Potentially Eligible Claimant who requests one via mail, phone, or e-mail prior to the Filing Deadline.

31. The Distribution Agent shall attempt to locate any Potentially Eligible Claimant whose Notice Packet has been returned by the United States Postal Service (“USPS”) as undeliverable. The Distribution Agent shall immediately mail again any returned undelivered mail for which the USPS has provided a forwarding address.

32. The Distribution Agent may engage a third-party search firm to conduct more rigorous searches for addresses of missing Potentially Eligible Claimants. Additional efforts to identify new addresses for returned undelivered mail will be conducted as necessary and economically reasonable, after consultation with the Commission staff. The Distribution Agent will make available, upon request by the Commission staff, a list of all Potentially Eligible Claimants whose Notice Packets have been returned as “undeliverable” due to incorrect addresses and for which the Distribution Agent has been unable to locate a current address.

B. Review of Claims and Notification

33. The Distribution Agent shall review each Proof of Claim Form received to determine the eligibility of each Potentially Eligible Claimant to participate in the distribution of the Fair Fund by reviewing the claim data supporting documentation (or lack thereof), verifying the claim, and calculating each Potentially Eligible Claimant’s Recognized Loss pursuant to the Plan of Allocation. Each Potentially Eligible Claimant will have the burden of providing to the Distribution Agent, any additional information and/or documentation deemed relevant by the Distribution Agent.

34. For those claims determined to be deficient, in whole or in part, the Distribution Agent shall provide to each Potentially Eligible Claimant a Claim Deficiency Notice setting forth the reason(s) why the claim is deficient. The Claim Deficiency Notice shall be provided to such affected claimants within sixty (60) days of the Filing Deadline.

35. Any Potentially Eligible Claimant who has received a Claim Deficiency Notice shall have thirty (30) days from the date of the Claim Deficiency Notice to cure any deficiencies identified in the Claim Deficiency Notice.

36. A Potentially Eligible Claimant who has failed to file an appropriate Proof of Claim Form in a timely manner, or who has failed to cure a deficiency in a timely manner identified in a Claim Deficiency Notice, is not permitted to object to the barring or denial of his or her claim on the basis that:

- (a) The Distribution Agent failed to mail, or properly to mail, or that such Potentially Eligible Claimant failed to receive, a copy of the Distribution Plan Notice, Proof of Claim Form, Claim Deficiency Notice, or Determination Notice;
- (b) The Distribution Agent failed to properly record the receipt of an initial Proof of Claim Form, or a revised Proof of Claim Form to cure deficiencies, or the requisite supporting documentation; or
- (c) A Potentially Eligible Claimant's name and/or proper contact information was not properly recorded in the Distribution Agent's records.

37. The Distribution Agent will provide a Determination Notice within one hundred and twenty (120) days of the Filing Deadline to each Potentially Eligible Claimant who has filed a Proof of Claim Form with the Distribution Agent, setting forth the Distribution Agent's conclusions concerning such claim. The Determination Notice will provide to each Potentially Eligible Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency (*e.g.*, failure to provide required information or documentation).

38. In the event the claim is denied, in whole or in part, the Determination Notice will state the reason for such denial. Any Potentially Eligible Claimant seeking reconsideration of a denied claim must advise the Distribution Agent in writing within thirty (30) days of the date of the Determination Notice. All requests for reconsideration must include the necessary documentation

to substantiate the basis upon which the Potentially Eligible Claimant is requesting reconsideration of their claim.

39. The Distribution Agent will send, as appropriate, a Final Determination Notice to all Potentially Eligible Claimants who responded to the Determination Notice in an effort to cure a deficiency or to seek reconsideration of a rejected claim. The Distribution Agent will send such Final Determination Notices within sixty (60) days of the date of the Determination Notice.

40. The Distribution Agent may consider disputes of any nature presented by Potentially Eligible Claimants, and will consult the SEC staff as appropriate. The Distribution Agent will have the authority to waive technical claim deficiencies and approve claims on a case-by-case basis, or in groups of claims. All determinations made by the Distribution Agent in accordance with the Plan in any dispute, request for reconsideration, or in attempt to cure a deficient claim will be final and not subject to appeal.

41. All Potentially Eligible Claimants have the burden of providing the Distribution Agent with any changes to his, her or its name or mailing address or other contact information.

## **VI. Distribution of the Net Fair Fund**

42. The Distribution Agent shall distribute the Net Fair Fund to all Eligible Claimants only after all timely submitted Proof of Claim Forms have been processed and all Potentially Eligible Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to cure, pursuant to the procedures set forth above.

43. The Distribution Agent, in consultation with the Tax Administrator and the SEC staff, shall determine the Net Fair Fund by retaining a prudent reserve to pay Administrative Costs. After all distributions and payment of all tax obligations, any remaining amounts in the reserve will become part of the residual described in paragraph 62. For purposes of calculating the residual of the Net Fair Fund, any disgorgement amount(s) ordered by the Court shall be deemed to have been paid out first to Eligible Claimants, with any prejudgment interest and/or penalty amount(s) to be

paid out to Eligible Claimants only after the total disgorgement has been paid out in full.

44. Within sixty (60) days following the Final Determination Notice, the Distribution Agent shall prepare a final Payee List that includes the names of Eligible Claimants, the Recognized Loss of each Eligible Claimant, and the Distribution Payment amount. The Distribution Agent shall provide the final Payee List to the Commission staff for review. Upon review the Commission staff shall petition the Court to transfer funds held at the BFS to the Distribution Agent for distribution pursuant to the Distribution Plan. In recommending a distributable amount to the Court, the Distribution Agent will retain a prudent reserve to pay any taxes, fees, and expenses payable in connection with the Fair Fund, as well as a reasonable contingency for potential unforeseen issues. The final payee list shall, upon request, be made available to the Court under seal.

45. Prior to the disbursement of the Net Fair Fund, the Distribution Agent will establish an Escrow account (“Escrow Account”) with a United States commercial bank that is not unacceptable to the Commission staff (the “Bank”), pursuant to a form provided by the Commission staff (the “Escrow Agreement”).

46. The Distribution Agent, pursuant to the Escrow Agreement, shall establish with the Bank a deposit account (e.g. controlled distribution account, managed distribution account, linked checking and investment account) (the “Deposit Account”), insured by the FDIC up to the guaranteed FDIC pass through limit. The Deposit Account shall be linked with the Escrow Account and shall be named, and records maintained, in accordance with the Escrow Agreement.

47. Upon the Commission staff’s receipt, review, and acceptance of the Payee List and the “Declaration” from the Distribution Agent pursuant to paragraph 51, the Commission staff will seek an order from the Court (the “Order to Disburse”) to disburse funds to the Bank in accordance with the Payee List (the “Escrow Property”) and pursuant to the Escrow Agreement, for distribution by the Distribution Agent in accordance with the Plan. All disbursements will be made pursuant to a Court Order. Upon issuance of an Order to Disburse, the Commission staff will direct the transfer

of funds to the Bank.

48. During the term of the Escrow Agreement, the Escrow Property shall be fully invested and reinvested by the Bank in short-term U.S. Treasury securities backed by the full faith and credit of the United States Government or an agency thereof, of a type and term necessary to meet the cash liquidity requirements for payments to Eligible Claimants and tax obligations, including money market mutual funds registered under the Investment Company Act of 1940 that invest 100% of their assets in direct obligations of the United States Government.

49. All interest, dividends, and/or income earned by the Escrow Property will accrue for the benefit of the Escrow Property. All Administrative Costs associated with the Escrow and Deposit Accounts will be the responsibility of the Distribution Agent, who may be reimbursed for said costs as provided in this Plan. No such Administrative Costs may be paid to the Bank, its agents, and/or its affiliates from the Escrow Property.

50. Within twenty (20) business days of the Bank's transfer of the Escrow Property into the Escrow Account, the Distribution Agent shall use its best efforts to commence mailing Distribution Payment checks or effect electronic payments.

51. In consultation with Commission staff, the Distribution Agent shall work with the Bank on an ongoing basis to deposit or invest funds in the Escrow and Deposit Accounts so as to result in the maximum return, taking into account the safety of such deposits or investments and tax implications; and to determine an allocation of funds between the Escrow and the Deposit Accounts. The Distribution Agent shall provide duplicate bank and/or investment statements on any accounts established by the Distribution Agent to the Tax Administrator on a monthly basis and shall assist the Tax Administrator in obtaining mid-cycle statements, as necessary.

52. The Distribution Agent will also provide a "Declaration" to the Commission staff, representing that the final Payee List: (a) was compiled in accordance with the Distribution Plan; (b)

is accurate as to Eligible Claimants' names, addresses, and their Recognized Losses; and (c) provides all information necessary to make Distribution Payments to each Eligible Claimant.

53. Checks will be issued by the Distribution Agent from the Deposit Account set up at the Bank. Checks will be issued in U.S. dollars and shall bear a stale date of ninety (90) days from the date of issuance. Accordingly, checks that are not negotiated within this period shall be voided and the issuing financial institution shall be instructed to stop payment on those checks, except as provided in paragraphs 58 through 60 below. Where an Eligible Claimant's check has not been negotiated within the ninety (90) day period and has been voided by the Distribution Agent, that Eligible Claimant's claim shall be extinguished upon the occurrence of the stale date. All such funds will be remain in the Fair Fund.

54. All Distribution Payments shall be preceded or accompanied by a communication that includes, as appropriate:

- (a) A statement characterizing the distribution;
- (b) A statement that the tax treatment of the distribution is the responsibility of each recipient and that the recipient should consult his or her tax advisor for advice regarding the tax treatment of the distribution;
- (c) A statement that checks will be void after ninety (90) days after the date of issuance; and,
- (d) The name of a person or entity to contact, if the Eligible Claimant has any questions regarding the distribution.

55. All Distribution Payments, on their face or the accompanying mailing, shall clearly indicate that the money is being distributed from a Fair Fund established to compensate investors for harm suffered as a result of their investment in OWCP common stock. Any such communication shall be submitted to the Commission staff and the Tax Administrator for review and approval.



56. Wire transfer may be utilized at the discretion of the Distribution Agent to transfer approved Distribution Payments to Eligible Claimants. Wire transfers will be initiated by the Distribution Agent using a two-party check and balance system, whereby completion of a wire transfer will require an authorization by two members of the Distribution Agent's senior staff. Wire transfers will be executed in U.S. dollars, unless otherwise agreed to with the Commission staff.

57. If payment instructions have been provided and verified by the Distribution Agent, Distribution Payments to Eligible Investors will be made by wire transfer or by any method otherwise approved by the Distribution Agent. For any wire or other electronic transfer, the exact amount necessary to make a payment shall be transferred from the Escrow Account directly to the payee account in accordance with written instruction provided to the Escrow Bank by the Distribution Agent. In the event that a wire or electronic transfer to an Eligible Investor is unsuccessful, the Eligible Investor has not provided sufficient information to the Distribution Agent, or the Distribution Agent has not been able to verify the provided wire transfer or electronic payment information to its satisfaction, the Distribution Payment will be made by check sent by overnight mail to the Eligible Investor. In consultation with the SEC staff and subject to the controls set forth herein, the Distribution Agent shall have the discretion to make a payment by electronic transfer other than wire transfer if appropriate under the circumstances. All Distribution Payments will be made in U.S. currency.

58. The Distribution Agent shall use all reasonable commercially available resources to locate all Eligible Claimants whose checks are returned to the Distribution Agent as undeliverable by the USPS. However, the Eligible Claimant has the burden of providing the Distribution Agent with any changes to his or her mailing address.

59. Under no circumstances shall the Distribution Agent, its employees or its agents incur any liability to any Person in connection with a distribution made in accordance with the list of all Eligible Claimants and their Recognized Loss as approved by the Court, and all Persons are

enjoined from taking any action in contravention of this provision. Upon receipt and acceptance by an Eligible Claimant of a distribution from the Fair Fund, such Eligible Claimant shall be deemed to have released all claims that such Eligible Claimant may have against the Distribution Agent, its employees, agents, and attorneys in connection with the Distribution Plan and the administration of the Fair Fund, and shall be deemed enjoined from prosecuting or asserting any such claims.

## **VII. Post-Distribution**

60. The Distribution Agent shall reissue checks to Eligible Claimants, upon the receipt of a valid, written request from the Eligible Claimant. In cases where an Eligible Claimant is unable to endorse a disbursement check as written (*e.g.*, name change as a result of marriage, divorce or death), and the Eligible Claimant or its lawful representative requests the reissuance of a disbursement check under a different name, the Distribution Agent will request, and must receive, documentation supporting the change. The Distribution Agent will review the documentation to determine the authenticity and propriety of the change request. If such change request is properly documented, the Distribution Agent will issue an appropriately redrawn check to the requesting party. Such reissued checks will be void after thirty (30) days from issuance and in no event will a check be reissued after one hundred twenty (120) days after the original check was issued.

61. In addition, the Distribution Agent will make reasonable efforts to contact Eligible Claimants to follow up on the status of uncashed Distribution Payments over \$100.00 (other than those returned as “undeliverable”) and take appropriate action to follow up on the status of uncashed checks at the request of Commission staff. The Distribution Agent may reissue such checks, subject to the time limits detailed herein.

62. The Distribution Agent may perform an advanced address search for those checks that are returned as undeliverable, to the extent such search is feasible, and will reissue such checks so long as the new address is received within ninety (90) days after the original check was issued. Furthermore, the Distribution Agent will take additional steps, as necessary, to follow up on the

status of uncashed checks at the request of Commission staff and will reissue such checks if necessary, within one hundred twenty (120) days after the original check was issued.

63. The Distribution Agent will work with the Bank and maintain information about uncashed checks, returned payments, any returned items due to non-delivery, insufficient addresses, and/or other deficiencies. The Distribution Agent is responsible for researching and reconciling errors and reissuing payments when possible and for maintaining a record of such efforts. The Distribution Agent is also responsible for accounting for all payments. The amount of all uncashed payments will continue to be held in the Fair Fund.

### **VIII. Residual Funds and Second Distribution**

64. A residual within the Net Fair Fund (the “Residual”) will be established for any amounts remaining after all assets have been disbursed. The Residual may include, among other things, funds reserved for future taxes, Administrative Costs and for post-distribution contingencies, amounts from Distribution Payment checks that have not been cashed, amounts from Distribution Payment checks that were not delivered or accepted upon delivery, and tax refunds. For purposes of calculating the residual of the Net Available Fair Fund, any disgorgement amounts ordered by the Court shall be deemed to have been paid out first to Eligible Claimants, with any prejudgment interest and/or penalty amounts to be paid out to Eligible Claimants only after the total disgorgement has been paid out in full.

65. The Distribution Agent, in consultation with SEC staff, may distribute the Residual, if feasible, to Eligible Claimants in a manner that is consistent with this Distribution Plan up to the Recognized Loss amount for each Eligible Claimant and subject to the requirements of the Plan of Allocation detailed herein, provided however, that the second distribution shall only be made to those Eligible Claimants who: received Distribution Payments in the first distribution; and/or cashed the checks issued or received electronic payments, in the first distribution. Eligible Claimants who did not receive or negotiate their Distribution Payments in the first distribution shall

not receive any further distributions. Any distributions subsequent to the second distribution shall be limited to only those Eligible Claimants who negotiated the checks issued, or received electronic payments, in the immediately preceding distribution, and shall be in a manner that is consistent with the Distribution Plan and the Plan of Allocation detailed herein.

66. If, after the distribution is complete and all Administrative Costs have been paid, and funds remain in the Fair Fund, and the Distribution Agent, in consultation with the SEC staff, has determined further distributions to be infeasible, the Residual shall be transferred to the SEC, pending a final accounting. Upon completion of the final accounting, the SEC staff will file a motion with this Court to approve the final accounting, which will include a recommendation as to the final disposition of the Residual, consistent with *Liu v. SEC*, 140 S. Ct. 1936 (2020). If distribution of the Residual to investors is infeasible, the SEC staff may recommend the transfer of the Residual to the general fund of the U.S. Treasury subject to Section 21F(g)(3) of the Exchange Act.<sup>1</sup>

#### **IX. Wrap-Up and Wind Down of Distribution**

67. Pursuant to Commission direction, the Distribution Agent will either turn over to the Commission or destroy all documents, including documents in any media, six years after the approval of the final accounting. In addition, the Distribution Agent will shut down the toll-free number and website established specifically for the administration of the Fair Fund six months after the transfer of any remaining funds to the Commission, or at an earlier date pursuant to the Commission staff's direction.

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<sup>1</sup> Section 21F(g)(3) of the Exchange Act, 15 U.S.C. § 78u-6(g)(3), provides, in relevant part, that any monetary sanction of \$200 million or less collected by the SEC in any judicial action brought by the SEC under the securities laws that is not added to a disgorgement fund or fair fund or otherwise distributed to victims, plus investment income, shall be deposited or credited into the SEC Investor Protection Fund.

**X. Payment of Taxes and Administrative Costs**

68. All taxes, BFS fees, and reasonable fees and expenses of the Tax Administrator and Distribution Agent will be paid from the Fair Fund, subject to the review by the Commission's staff, upon Court approval.

**XI. Accountings**

69. The Distribution Agent shall provide Commission staff, who shall file with the Court, a status report in a format to be provided by Commission staff, within forty-five (45) days of the Court approval of this Distribution Plan, and shall provide to Commission staff and file additional status reports and quarterly account statements within twenty (20) days after the end of every quarter thereafter.

70. The progress report and quarterly account statement shall inform the Court, and Commission staff, of the activities and status of the Fair Fund during the relevant reporting period, and once the funds are transferred to the Distribution Agent will specify, at a minimum:

- (a) the location of the account(s) comprising the Fair Fund; and
- (b) an interim accounting of all monies in the Fair Fund as of the most recent month-end, including the value of those account(s), all monies earned or received into these account(s), funds distributed to Eligible Claimants under this Distribution Plan, and any monies expended from the Fair Fund to satisfy any fees, costs, taxes and other expenses incurred in the implementation of this Distribution Plan.

71. When the final distribution is completed, the Distribution Agent shall provide to Commission staff a final report summarizing all tasks undertaken and the outcome of its efforts. The Distribution Agent shall make arrangements for the final payment of taxes and all other outstanding fees and expenses, and submit a final accounting of all monies received, earned, spent, and distributed in connection with the administration of the Distribution Plan.

72. The Clerk of the Court shall provide the Distribution Agent with any and all account information relating to funds held in the BFS account that may be required for the progress and final reports, including providing copies of any account statements that the Distribution Agent may request.

## **XII. Other Rights and Powers**

73. The Distribution Agent is entitled to rely on all outstanding rules of law and Court orders, and shall not be liable to anyone for any action taken or omitted by it in connection with this Distribution Plan, except upon a finding by this Court of misfeasance, gross negligence, or reckless disregard of duty under this Distribution Plan.

74. The submission of a Proof of Claim Form and the receipt and acceptance of a distribution by an Eligible Claimant is not intended to be a release of an Eligible Claimant's rights and claims against any party.

75. The Distribution Agent is authorized to enter into agreements with financial institutions ("Institutions") as may be appropriate or necessary in the administration of the Fair Fund, provided that such Institutions are not excluded pursuant to other provisions of this Distribution Plan. In connection with such agreements, the Institutions shall be deemed to be agents of the Distribution Agent under this Distribution Plan.

76. All proceedings with respect to the administration, processing, and determination of claims and the determination of all related controversies, shall be subject to the exclusive jurisdiction of this Court.

## **XIII. Termination of the Fair Fund**

77. Once all Distribution Payments have been negotiated or voided, any funds remaining in the Escrow and Deposit Accounts will be transferred to the Commission.

78. Upon receipt of the Residual, the SEC will seek an Order from the Court, as appropriate, approving the final accounting, discharging the Distribution Agent, disposing of the Residual, and terminating the Fair Fund.

79. The Fair Fund shall be eligible for termination and the Distribution Agent eligible for discharge, after all of the following have occurred: (a) the final accounting has been submitted and approved by the Court; (b) all Administrative Expenses including taxes, fees, and other expenses have been paid; and (c) The Court has approved the SEC staff's recommendation as to the final disposition of the Residual consistent with *Liu v. SEC*, 140 S. Ct. 1936 (2020).

80. Once the Fair Fund has been terminated, no further claims will be allowed and no additional payments will be made whatsoever.

## ATTACHMENT A

### Plan of Allocation

This Plan of Allocation is designed to compensate investors (“Potential Claimants”) based on their losses on shares of OWCP common stock (the “Security”) purchased between November 18, 2016 and September 22, 2017 (the “Relevant Period”) as a result of the misconduct alleged in the complaint. Potential Claimants who did not purchase shares of the Security during the Relevant Period are ineligible to recover under this Plan. Average closing prices of the Security during the 90-day Lookback Period (defined below) have been calculated by the Commission’s staff economists and are reflected in Table A.

The Fund Administrator will calculate the amount of loss for each share of the Security purchased or acquired during the Relevant Period (“Recognized Loss per Share”) as follows:

For each share of the Security purchased or acquired between November 18, 2016 and September 22, 2017, inclusive, and

- A. Sold prior to the close of trading on September 22, 2017 the Recognized Loss per Share shall be the purchase/acquisition price *minus* the sale price.
- B. Sold after the close of trading on September 22, 2017 and prior to the close of trading on December 22, 2017 (the “Lookback Period”), the Recognized Loss per Share shall be the *lesser of*:
  - i. the purchase/acquisition price *minus* the moving average closing price of OWCP common stock on the sale date as set forth in Table A below; or
  - ii. the purchase/acquisition price *minus* the sale price.
- C. Held as of the close of trading on December 22, 2017, the last day of the Lookback Period, the Recognized Loss per Share shall be the purchase/acquisition price *minus* \$0.39, the



average closing price of OWCP common stock during the Lookback Period, as shown on the last row in Table A below.

If the Recognized Loss per Share calculates to a negative number, reflecting a gain, the Recognized Loss per Share on such shares will be \$0.00.

All prices mentioned in the calculations exclude all taxes, fees and commissions. Purchases and sales shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

### **Additional Provisions**

FIFO Methodology: For each Potential Claimant who made multiple purchases and sales of Security during the Relevant Period, the transactions will be matched according to the first-in, first-out (“FIFO”) method. The earliest sales during the Relevant Period will be matched first against any holdings at the opening of the Relevant Period. Once the beginning holdings have all been matched, or in the event that the Potential Claimant had no beginning holdings, then any further sales will be matched against the earliest Relevant Period purchases and chronologically thereafter.

Acquisitions: The receipt or grant of the Security to the Potential Claimant by gift, devise, inheritance, or operation during the Relevant Period is not considered an eligible purchase if the original purchase did not occur during the Relevant Period. Such shares will be excluded from the calculation of the Potential Claimant’s Recognized Loss.

Options and Derivatives: OWCP common stock is the only security eligible for recovery under this Plan. Option contracts to purchase or sell the Security are not securities eligible for recovery under the Plan. With respect to the Security purchased or sold through the exercise of an option, the purchase/sale date is the exercise date of the call and the assignment date of the put, and the purchase/sale price is the strike price of the call at the time of exercise and the strike price of the put at the time of assignment. Transactions in the Security during the Relevant Period that are pursuant to, or in connection with, a swap or another derivative will not be eligible for a recovery.

Short Sales: If the sale date for a share falls before the purchase date, then the share has a Recognized Loss per Share of \$0.00. The date of covering a short sale is deemed to be the date of purchase of the Security and the date of a short sale is deemed to be the date of sale of the Security. The earliest Relevant Period purchases will be matched against any short position existing on the date prior to the start of the Relevant Period, and not be entitled to a recovery, until that short position is fully covered.

Recognized Loss: A Potential Claimant's Recognized Loss will be the sum of the Recognized Loss per Share, as calculated above, on all shares of the Security purchased or acquired during the Relevant Period. If the Recognized Loss calculates to a gain, then the Recognized Loss will be \$0.00.

Market Loss Limitation: If a Potential Claimant's actual market loss on shares of the Security purchased during the Relevant Period is less than his, her or its Recognized Loss, then the Potential Claimant's Recognized Loss shall be limited to the actual market loss amount. If the actual market loss calculates to a gain, then the Potential Claimant's Recognized Loss will be \$0.00. The actual market loss will be calculated as (a) the total purchase amount for shares of the Security purchased during the Relevant Period less (b) the sales proceeds on any of those shares sold during the Relevant Period, and (c) the holding value on the remaining of those shares, which will be for purposes of this calculation, \$0.39 per share, the moving average closing price of OWCP common stock between September 25, 2017 and December 22, 2017, as shown on the last row in Table A.

Allocation of Funds: If the Net Available Fair Fund, as defined in the Plan, is equal to or exceeds the sum of the Recognized Losses of all Potential Claimants, each Potential Claimant's distribution amount will equal to his, her or its Recognized Loss, plus "Reasonable Interest" if applicable. If the Net Available Fair Fund is less than the sum of the Recognized Losses of all Potential Claimants, each Potential Claimant's distribution amount will equal his, her, or its "Pro Rata Share" of the Net Available Fair Fund (and no Reasonable Interest). In either case, the

distribution amount will be subject to the “Minimum Distribution Amount.”

Reasonable Interest: If the Net Available Fair Fund exceeds that necessary to pay all Potential Claimants their Recognized Losses, the Fund Administrator, in consultation with the Commission staff, may include reasonable interest in the distribution amount to compensate Potential Claimants for the time value of their respective Recognized Losses. Reasonable Interest will be calculated using the Short-term Applicable Federal Rate plus three percent (3%), compounded quarterly from the end of the Relevant Period through the approximate date of the disbursement of the funds. If there are insufficient funds to pay Reasonable Interest in full to all Potential Claimants, the excess funds will be divided, pro rata, among the Potential Claimants, based on the Reasonable Interest amount calculated for each Potential Claimant.

Pro Rata Share: A pro rata share computation is intended to measure Potential Claimants’ Recognized Losses against one another. The Fund Administrator shall determine each Potential Claimant’s Pro Rata Share as the ratio of the Potential Claimant’s Recognized Loss to the sum of Recognized Losses of all Potential Claimants.

Prior Recovery: To avoid payment of a windfall, the Distribution Payment will be no larger than the Eligible Claimant’s Recognized Loss minus the amount of any compensation for the loss that resulted from the conduct described in the Order that was received from another source (e.g., class action settlement), to the extent known by the Fund Administrator (“Prior Recovery”), if any Reasonable Interest, if awarded, may be added to such Distribution Payment.

Minimum Distribution Amount: The Minimum Distribution Amount will be \$10.00. If a Potential Claimant’s distribution amount is less than the Minimum Distribution Amount, that Potential Claimant will be deemed ineligible to receive a Distribution Payment and their distribution amount will be reallocated on a pro-rata basis to Potential Claimants that have distribution amounts that are greater than or equal to the Minimum Distribution Amount. A Potential Claimant that has a distribution amount (inclusive of Reasonable Interest, if any) that equals or exceeds the Minimum

Distribution Amount will be deemed a Payee and receive a Distribution Payment for their distribution amount.

**Table A****OWCP Common Stock Moving Average Closing Price  
September 25, 2017 – December 22, 2017**

	<b>Moving Average Closing Price from September 25, 2017 to Date Shown</b>	<b>Date</b>	<b>Moving Average Closing Price from September 25, 2017 to Date Shown</b>	<b>Date</b>	<b>Moving Average Closing Price from September 25, 2017 to Date Shown</b>
9/25/2017	\$0.22	10/25/2017	\$0.37	11/27/2017	\$0.37
9/26/2017	\$0.23	10/26/2017	\$0.37	11/28/2017	\$0.37
9/27/2017	\$0.23	10/27/2017	\$0.37	11/29/2017	\$0.37
9/28/2017	\$0.26	10/30/2017	\$0.36	11/30/2017	\$0.37
9/29/2017	\$0.29	10/31/2017	\$0.36	12/1/2017	\$0.38
10/2/2017	\$0.31	11/1/2017	\$0.36	12/4/2017	\$0.38
10/3/2017	\$0.33	11/2/2017	\$0.36	12/5/2017	\$0.38
10/4/2017	\$0.34	11/3/2017	\$0.36	12/6/2017	\$0.39
10/5/2017	\$0.35	11/6/2017	\$0.36	12/7/2017	\$0.39
10/6/2017	\$0.36	11/7/2017	\$0.36	12/8/2017	\$0.39
10/9/2017	\$0.36	11/8/2017	\$0.36	12/11/2017	\$0.39
10/10/2017	\$0.36	11/9/2017	\$0.36	12/12/2017	\$0.39
10/11/2017	\$0.36	11/10/2017	\$0.35	12/13/2017	\$0.39
10/12/2017	\$0.35	11/13/2017	\$0.35	12/14/2017	\$0.39
10/13/2017	\$0.35	11/14/2017	\$0.35	12/15/2017	\$0.40
10/16/2017	\$0.36	11/15/2017	\$0.36	12/18/2017	\$0.40
10/17/2017	\$0.36	11/16/2017	\$0.36	12/19/2017	\$0.39
10/18/2017	\$0.36	11/17/2017	\$0.36	12/20/2017	\$0.39
10/19/2017	\$0.36	11/20/2017	\$0.36	12/21/2017	\$0.39
10/20/2017	\$0.37	11/21/2017	\$0.36	12/22/2017	\$0.39
10/23/2017	\$0.37	11/22/2017	\$0.36		
10/24/2017	\$0.37	11/24/2017	\$0.36		