UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17342

In the Matter of

RD LEGAL CAPITAL, LLC and
RONI DERSOVITZ

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FEB 01 2017
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Expert Report of David X. Martin

January 27, 2017

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I. Qualifications

1. My name is David X. Martin. I am the founder and managing partner of David X. Martin, LLC, a strategic risk management consulting firm that provides advisory services on complex risk and fiduciary issues. I have over 40 years of experience as a financial executive, during which I held senior positions at PricewaterhouseCoopers (PWC), Citibank, and AllianceBernstein, among other positions. I have extensive experience with investment strategies, quantitative research, exchanges, supervising trading desks, performing due diligence on major pricing vendors, as well as investment research.
2. I am an acknowledged Valuation Expert and have worked as an expert witness and testified on valuation issues in various proceedings. I chaired the Valuation Committee at AllianceBernstein for nine years including during the financial crisis. In this capacity, I was responsible for the daily pricing of nearly $850 billion of assets under management (including $200 billion of fixed income assets) which was comprised of 62 mutual funds, 9 hedge funds and more than 10,000 private client and institutional accounts. I also was responsible for the resolution of all operational errors that had a large valuation component. I also served as a senior executive at Citicorp responsible for the Global Custody department where my responsibilities included the pricing of roughly two trillion dollars of client assets.
3. I am also an acknowledged expert on Risk Management. I was the founding Chairman of the Investment Company Institute's Risk Committee and Co-Chair of the Buy Side Risk Committee, composed of the Chief Risk Officers of the twenty largest asset management firms. I am also an adjunct professor at New

York University's and Fordham's Graduate Schools of Business, and author of two books: *Risk and the Smart Investor*, published by McGraw Hill in the fall of 2010, and *The Nature of Risk*, published by Amazon in 2012. I have also published numerous white papers on compliance and risk, enterprise risk management and corporate governance. I serve as a member of the Sanctions Subcommittee of the U.S. Department of State's Advisory Committee on International Economy Policy and I was formerly on the Senior Advisory Board of Oliver Wyman.

4. While at AllianceBernstein, I served both as Chief Risk Officer and a Director of Sanford Bernstein LLC. I have participated in many industry conferences as a featured speaker and expert panel member, and have provided market commentary for Bloomberg Television. At Citibank, working with both John Reed, CEO, and William Rhodes, Vice Chairman, I developed and implemented a comprehensive process of enterprise-wide risk management. I focused on understanding macro-economic trends, continually reassessing the company's global risk profile, and proactively managing risk. I worked regularly with the Citicorp board, rating and regulatory agencies, major corporate clients and investors, payment systems, and sovereigns. While at PWC, I worked in the litigation support practice and prepared expert witness testimony on financial matters.

5. I am a Certified Public Accountant, and I received my Master's in Business Administration from New York University. A copy of my full curriculum vitae is attached hereto as Appendix A.

II. Assignment

6. I have been retained by Hughes Hubbard & Reed LLP, counsel for RD Legal Capital, LLC and Roni Dersovitz (collectively, "RD Legal") in this matter, to provide expert opinion relating to the valuation and portfolio impact of default judgment receivables associated with the Iranian terrorist bombing of the U.S. Marine Barracks in Beirut ("Peterson receivables").
7. In particular, I was asked to provide an opinion on four individual questions. The first question is whether RD Legal's valuation of Peterson receivables employed the same methodology as its valuation of receivables representing purchased attorney fees in settled cases.
8. The second question is what impact, if any, Peterson receivables had on the overall risk of the portfolio and on realized returns to investors.
9. The third question is whether Peterson receivables represent a single homogenous asset with a uniform and correlated risk profile.
10. The fourth question is whether RD Legal employed reasonable valuation and risk management procedures for its assets consistent with industry standards, including independent asset valuations provided by a third-party valuation advisor.
11. For my work in this matter, I am being compensated at my standard consulting rate of $1,000 per hour. My compensation is in no way contingent or based upon the content of my opinions or the outcome of this matter. I have been assisted by members of the staff of Cornerstone Research and by counsel, who worked under my direction.

III. Summary of Opinions

12. The SEC alleges that RD Legal repeatedly misrepresented to investors the *type* of assets it was purchasing because Peterson receivables were associated with a default judgment as opposed to a settled lawsuit, and included the purchase of plaintiff awards as well as attorney fees.[1] Peterson receivables and receivables from settled cases, however, are both valued using the same methodology, and both fall squarely within the same narrow asset class. Specifically, the valuation of any legal receivable purchased by RD Legal (all of which are Level 3 assets) is based on an appropriately discounted value of its future expected cash flows regardless of whether the underlying receivable is backed by a settlement, a judgment, an attorney fee, or a plaintiff award. Indeed, the only difference between a receivable related to a settled lawsuit and a Peterson receivable results from valuation assumptions reflecting individual differences in the amount of expected payments, risk of non-payment, and expected time to repayment. Hence, it is my opinion that the SEC's allegation that RD Legal was misrepresenting the type of assets it was purchasing is plainly not correct from an investor perspective.

13. The SEC also contends that Peterson receivables were a riskier investment than receivables associated with settled cases.[2] The evidence shows, however, that the Peterson receivables actually reduced the risk profile of the overall portfolio, and

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[1] "Order Instituting Administrative and Cease and Desist Proceedings Pursuant to Section 8a of the Securities Act of 1933, Section 21c of the Securities Exchange Act of 1934, Sections 203(e) and 203(f) of the Investment Advisers Act of 1940 and Section 9(b) of the Investment Company Act of 1940," July 14, 2016 ("OIP"), ¶¶ 1-4.

[2] OIP, ¶¶ 11, 56.

that as the concentration of Peterson receivables in the portfolio increased, overall portfolio risk declined.

14. Independent from the risks associated with any individual Peterson receivable, the SEC has also suggested that the *concentration* of Peterson receivables reduced diversification and, as a result, materially increased the risk to the entire portfolio.[3] My examination shows, however, that Peterson receivables were not monolithic, but instead differed in terms of their types and the structure of their cash flows, and, as the result, had different, non-correlated risk profiles. This diversification translated into differences in sensitivities of Peterson receivables to various types of risk, as evidenced by the fact that Peterson receivables experienced different payoff periods and produced different rates of return. Any claim that the concentration of Peterson receivables materially increased the overall risk to the portfolio thus is fundamentally flawed because it inaccurately and indiscriminately treats all Peterson receivables as one undifferentiated investment with a uniform and correlated risk profile.

15. Lastly, my examination shows that RD Legal acted appropriately and consistent with industry practices when assessing, marking, and reporting the value of assets comprising the investment portfolio it managed. Specifically, RD Legal: (a) conducted comprehensive due diligence and obtained an information advantage before purchasing receivables; (b) employed a sound fair market value approach to mark the positions in its investment portfolio in accordance with FASB #157; (c) properly relied on fully independent monthly asset valuations provided by

[3] OIP, ¶¶ 19.

third party Pluris Valuation Advisors LLC; and (d) adequately and accurately reported the composition and performance of the portfolio to investors.

IV. Peterson Receivables and Assets Backed by Settled Cases Are Subject to the Same Valuation Methodology and Fall Within the Same Asset Class

16. The overwhelming majority of investment positions in RD Legal's portfolio represented purchased legal receivables, i.e., purchases of future attorney fees or individual plaintiff awards at discounted prices. Regardless of whether such future attorney fees or plaintiff awards are associated with settled lawsuits or judgments (including default judgments as is the case for Peterson receivables), the manner in which RD Legal assesses the risk and value of these investments is the same.

17. My examination of documents provided to me by RD Legal shows that the independent valuation service provider retained by RD Legal, Pluris Valuation Advisors, LLC ("Pluris"), uses a unified risk-adjusted present value-based framework to value both Peterson receivables and all other legal receivables in the portfolio. Specifically, Pluris determines the value of all legal receivables by calculating the present value of a future expected payoff using an appropriate discount rate. The discount rate Pluris uses derives from the overall risk profile of the receivable, which in turn is based on an analysis of a number of different risk categories, including credit risk (i.e., the risk of non-payment) and duration risk (i.e., the risk of delayed payment).

18. My opinion is also based on the examination of the asset fair value measurement methodology applied by RD Legal. Specifically, in accordance with this methodology, regardless of the type of receivable purchased, the fair value of an

asset is determined based upon the current interest rate environment, the contract and discount rates reflecting the credit risk of an obligor responsible for the payment of the receivable, the risk characteristics of the attorney business relationship, and additional risk factors related to the underlying contractual agreements.[4]

19. In my experience this methodology is routinely used and widely accepted in the financial markets when pricing assets – including fixed income, bond-like instruments – which have a future expected payoff. A risk-adjusted present value-based framework is not used in the financial markets to price other types of assets (e.g., commodity futures, exchange traded equities).

20. For these reasons, in my opinion as an asset valuation professional, the SEC's allegation that Peterson receivables were somehow a fundamentally different type of asset from the rest of the portfolio, and should have been disclosed to investors as such, is simply misplaced from an investment perspective.

V. Peterson Receivables Reduced Overall Portfolio Risk and Performed Favorably Relative to the Rest of the Portfolio

21. In my opinion, Peterson receivables reduced the credit risk and duration risk of the overall portfolio, and the performance of Peterson receivables was largely uncorrelated to other portfolio assets. As a result, Peterson receivables decreased

[4] RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2009 at p. 7; RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2011 at p. 11; RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2012 at p. 11; RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2013, RDLC-SEC004438 – 73 at RDLC-SEC004453; and RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2014, RDLC-SEC310501 – 34 at RDLC-SEC310522.

overall portfolio risk, such that as the exposure to Peterson receivables went up, the overall portfolio risk went down.

A. **Peterson Receivables Reduced Credit Risk**

22. Peterson receivables improved the overall credit rating of the assets in the RD Legal portfolio. The purpose of credit ratings is to provide investors with a simple system of gradation by which the relative creditworthiness of securities may be gauged. Moody's utilizes gradations of creditworthiness which are indicated by rating symbols, with each symbol (Alpha/Numeric) representing a group of assets in which the credit characteristics are broadly the same.

23. Moody's ratings are designed exclusively for the purpose of grading obligations according to their credit quality. Credit ratings are not intended for forecasting future trends in market prices. The fluctuations in market prices have no bearing whatsoever on the determination of ratings, which should not be construed as recommendations with respect to asset "attractiveness." The attractiveness of a given legal receivable may depend on its yield, its maturity date, or other factors, as well as on its credit quality, the only characteristic to which the rating refers.

24. RD Legal individually rated every single receivable on a scale of 1–6, with 1 being the highest rating. These ratings correspond to Moody's Bond ratings of Aa3, A2, Baa1, Baa3, B3, and below B3.[5]

25. Exhibit 1 demonstrates the effect of Peterson receivables on the weighted average credit rating of the entire RD Legal portfolio based on assigned risk ratings. Based on comprehensive due diligence it performed with the help of numerous

[5] "Alpha Generation Presentation," August 31, 2011, RDLC-SEC172458 – 86 at RDLC-SEC172477.

legal experts and other professionals (*see* Section VII *infra*), RD Legal appropriately assigned Peterson receivables a credit rating of 1. Applying that rating, the weighted average rating of the entire portfolio (the blue line) improves (i.e., declines) as Peterson receivables were added and became a larger part of the entire portfolio. In other words, Peterson receivables actually reduced the credit risk of the entire RD Legal portfolio.

26. That Peterson receivables were subject to less credit risk than other assets in the portfolio is further confirmed by the fact that the majority of those receivables were backed by greater collateral than the average non-Peterson receivable. As of the time of the maximum Peterson exposure in April 2016, more than half (58%) of the total Peterson receivables were purchased as attorney-fee receivables from the Fay and Perles law firms, which handled the Peterson litigation (the remaining Peterson receivables were legal awards purchased from plaintiffs).[6]

27. Exhibit 2 depicts how well the Peterson attorney-fee receivables were collateralized. I compared the combined Fay and Perles total collateral to the total net book value of the Peterson receivables purchased from these two firms. This analysis was performed starting with the month in which the receivables purchased from Fay and Perles reached their maximum investment size in the overall investment portfolio (measured by their purchase price) in February 2015 and ending right before the month of their final payoff in September 2016.

28. During this entire period the total collateral coverage for the Peterson attorney-fee receivables, measured as the ratio of the collateral over the receivables' net book

[6] See Exhibit 6.

value, never went below 5X. In other words, if at any time payment of the attorney-fee receivables purchased from Fay and Perles became impossible, RD Legal had the right and contractual ability to obtain proceeds from the liquidation of a fraction of the collateral pool of no less than 5X the amount of the attorney-fee receivables RD Legal had purchased.

29. In addition, my examination shows that Peterson receivables purchased from the Fay and Perles law firms were collateralized substantially better than other attorney-fee receivables in which RD Legal invested over time. Exhibit 2 compares the collateral coverage ratio for the two groups of attorney-fee receivables and makes it evident that at all times this ratio was substantially higher for Peterson attorney-fee receivables compared to the other attorney-fee receivables purchased by RD Legal between February 2015 and August 2016. On average, the collateral coverage of 5.9X for the Peterson attorney-fee receivables was 31% higher than the 4.5X coverage for the rest of the attorney-fee receivables in which RD Legal invested over this time period. These ratios further support the conclusion that Peterson receivables were subject to less credit risk than other assets in the portfolio.

30. Like other attorney-fee receivables in the portfolio, the attorney-fee receivables purchased from the Fay and Perles firms were collateralized by the total receivables of those firms, not just their overall legal fees in the Peterson litigation on which the collateralization analysis above is based. In addition, the principals of the Fay and Perles firms, Thomas Fay and Steven Perles, each signed a guaranty that would have required them to begin to repay the value of the

receivables they sold to the RD Legal funds if they were not paid off by a certain future date. This additional collateral and security further reduced the credit risk of the Fay and Perles receivables.[7]

31. Finally, the credit risk associated with the Peterson receivables was further reduced because RD Legal maintained an effective and contractually stipulated control of cash payouts on the underlying claims.[8]

B. <u>Peterson Receivables Reduced Duration Risk</u>

32. Peterson receivables also reduced the duration risk of the entire RD Legal portfolio. Duration, defined for this analysis, is the anticipated length of time a legal receivable is outstanding before it is collected. The longer the duration or anticipated time to collect the receivable, the riskier the receivable because the value of the receivable becomes more sensitive to changes in discount rates and more susceptible to credit risk. In addition, a lengthening in the duration of a given receivable due to delayed payments can negatively impact its actual realized returns ("IRR"), particularly where the receivable does not include a "per-diem/rebate" feature whereby the purchase price and fair value valuation are dictated significantly by the date the receivable is expected to be paid.

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[7] Guaranty Between RD Legal and Fay Kaplan Law Firm, April 19, 2011, RDL-SEC607361 – 5; and Guaranty Between RD Legal and Perles Law Firm, May 28, 2010, RDL-SEC657914 – 9.

[8] Covenants of the Master Agreements between RD Legal and Fay and Perles law firms formally stipulated the control of cash on the part of RD Legal. See, e.g., Master Agreement Between Perles Law Firm and RD Legal, May 28, 2010, Section 4(d), p.6. Similarly, the Assignment and Sale Agreements between RD Legal and Peterson plaintiffs explicitly ensured the control of cash by RD Legal. See Assignment and Sale Agreement Between Francis T. McBride and RD Legal, January 21, 2015, Section 5(d) at p. 4 ("At RD's request, you will notify the accounting firm or attorney responsible for distribution of the funds to satisfy the Award (and RD may also notify that person or firm) of the terms of this Agreement, and will direct that person or firm to pay the Property Amount to RD instead of (and not to) you.").

33. Exhibit 3 tracks the impact of Peterson receivables on the duration of the entire RD Legal portfolio (which is the weighted average of every individual legal receivable in that portfolio). For the first three years, June 2011 to June 2014, the duration impact was relatively minor, as Peterson receivables lengthened the overall portfolio duration by 5 to 12 months. For most of the later period, from February 2015 to September 2016, the Peterson receivables in aggregate had a shorter duration than the rest of the portfolio, lowering the overall portfolio duration by 1 to 7 months. In effect, the Peterson receivables reduced the duration risk of the entire portfolio between 2011 and 2016 because such receivables reduced portfolio duration when the size of the overall RD Legal portfolio was the largest.

C. The Performance of Peterson Receivables Was Largely Uncorrelated to the Performance of Non-Peterson Assets in the Portfolio

34. Asset correlation is a measure of the relationship between two or more assets and their dependency. This makes it an important part of asset allocation because one goal of a prudent portfolio manager is to combine assets with a low or negative correlation, which occurs when two or more assets move inversely to each other. Combining assets that have a lower or inverse correlation not only reduces the volatility of the portfolio as a whole but also allows the portfolio manager to invest more aggressively. This is because a portfolio manager can make more individual investments in higher risk/return assets whereas the volatility of the overall portfolio is nevertheless lower.

35. The monthly returns of Peterson receivables were largely uncorrelated to the monthly returns of other RD Legal receivables which are comprised of totally

different legal cases. Exhibit 4 tracks monthly returns on Peterson attorney-fee receivables and Peterson plaintiff receivables versus monthly returns on non-Peterson receivables.[9] The return correlation between Peterson plaintiff receivables and non-Peterson receivables over the past roughly four years was only 0.159, whereas the similar return correlation between Peterson attorney-fee receivables and non-Peterson assets, while slightly higher, was still quite low at only 0.247.

36. In summary, Peterson receivables not only lowered the credit and duration risk but also substantially lowered the overall portfolio risk of RD Legal's investments.

D. <u>Peterson Receivables Performed Favorably</u>

37. Peterson receivables' realized returns compare favorably to those on the rest of the RD Legal portfolio. I computed the weighted average IRR on Peterson attorney-fee receivables – which were all paid off by September 2016 and represented the majority of the RD Legal's overall investment in Peterson receivables – to be 34.23% (Exhibit 5A). By comparison, the weighted average IRR for non-Peterson RD Legal assets that were fully paid on or before the end of September 2016 came to 24.75% (Exhibit 5B). Thus, the weighted average return on Peterson attorney-fee receivables was more than 9 percentage points higher than the weighted average return for non-Peterson assets. Taking into account the realized average return on Peterson plaintiff receivables which were either paid

[9] The monthly returns are computed using independent end-of-month asset valuations provided by Pluris and take into account interim and final (as applicable for some maturing positions) payments on these assets.

off or sold to third parties by September 2016 of 20.93% (Exhibit 5C), the weighted average return on all Peterson receivables which were either paid off or sold by the same date was 33.40%, i.e. more than 8 percentage points above the average return for non-Peterson assets.[10]

38. I also performed an alternative calculation of the actual returns on the universe of Peterson receivables that also incorporated those Peterson plaintiff receivables that were still outstanding in the RD Legal's portfolio as of September 2016. In doing that, I assumed that RD Legal would be able to sell these still outstanding receivables to a third party in September 2016 at a certain percentage of their original purchase price. This assumption (specifically, I assumed 129% of the original purchase price) is not unreasonable because it is based on the history of actual prior sales of Peterson plaintiff receivables to third party investors, such as Cedar's Funding and Constant Cash Yield LTD., in which multiple receivables were sold on average at 129% of their original purchase price. In fact, this assumption is likely to be conservative because, all else equal, a receivable would likely be sold at a higher percentage of its original purchase price at a much later date of September 2016 due to the accretion of additional interest income. Even under this conservative assumption, however, the resulting total return on the entire universe of Peterson receivables through September 2016 is still an attractive 22.05%.

[10] My conclusions about the relative performance of Peterson receivables reflect the overall favorable returns on these assets and are not sensitive to the total returns of individual assets in this category.

39. In summary, the overall performance of Peterson receivables versus the rest of the portfolio has been quite favorable.

VI. Peterson Receivables Are Not a Single Concentration, But Rather a Set of Diverse Assets With Non-Correlated Risk Profiles

40. Peterson receivables are a diverse set of assets from an investment perspective with non-correlated risk profiles based on who the receivables were purchased from and how the receivables' cash flows were structured and collateralized. As a result, Peterson receivables had different payoff periods and realized returns.

41. Exhibit 6 depicts Peterson receivables by receivable type as of April 2016, the month in which Peterson receivables reached their maximum exposure. Peterson receivables purchased from law firms – as opposed to receivables purchased from Peterson plaintiffs – were the majority (58%) of Peterson receivables as of April 2016. As noted above (*see* Section V *supra*), the Peterson attorney-fee receivables were collateralized by all fees owed to the Fay and Perles firms, while Peterson receivables backed by plaintiff awards were not. For this reason, the credit risk associated with Peterson attorney-fee receivables was not identical to the credit risk associated with Peterson plaintiff receivables.

42. Another way that the credit risk associated with Peterson receivables varies based on who sold them relates to diversification and the risk of non-payment due to theft. Unlike the collateralization factor identified above, however, this difference cuts in favor of Peterson plaintiff receivables. Specifically, because RD Legal purchased receivables in much smaller amounts from a much larger number of individual plaintiffs, the impact of a plaintiff wrongfully refusing to turn over purchased proceeds would be much less than a refusal by one of the two law firms

handling the Peterson litigation to honor their contractual obligations. This further confirms that Peterson receivables are not subject to a uniform credit risk profile, but instead must be evaluated based on differing individual credit characteristics.

43. Peterson receivables, moreover, had different expected returns. These expected returns were determined by the actually stipulated or implied contract rates applicable to the receivable, as well as the duration risk associated with the receivable. Exhibit 7 shows that Peterson plaintiff receivables had a weighted average contract rate (implied or actual depending on their cash flow structure) of 18.1%, compared to 24.9% for Peterson attorney-fee receivables. The original anticipated duration of 6.9 years for Peterson plaintiff receivables was also different from 4.0 years of anticipated duration for Peterson attorney-fee receivables.

44. Peterson receivables are also structured differently from one another in a way that, among other things, substantially impacts duration risk. Exhibit 8A depicts Peterson receivables by receivable cash flow structure. Some Peterson receivables were purchased flat-out (33% of all Peterson receivables). The majority of the Peterson receivables (67% of all Peterson receivables), however, had a per-diem contractual feature and a well-defined contract rate. Such receivables (also called "rebated" receivables) would accrue per-diem interest at the daily contract rate after the original maturity date if the receivable was not fully paid off on or before such date. If, on the other hand, such receivables were paid off before the originally stipulated maturity date, their sellers would receive a

rebate from RD Legal, so that the effective purchase price for the receivable would increase in the instances of earlier than expected payoff.

45. Exhibit 8B shows that even within the subgroup of Peterson plaintiff receivables there was a significant variation in terms of the contract structure. Specifically, approximately one-third of such receivables (37%) were rebated contracts with a stipulated contract rate and per-diem provision, whereas the majority of them (63%) were flat-out purchases.

46. These structural differences in the sales contracts underlying the Peterson receivables are significant from an investment perspective in terms of risk and return. Specifically, the per diem receivables substantially reduced duration risk and their values were less vulnerable to payment delays because they entitled RD Legal to additional cash flows accruing at a relatively high per-diem rate in the event that payment of the receivable was delayed. Such an added protection against this duration risk would be especially valuable if longer than anticipated repayment times were accompanied by increases in interest rates and discount rates.

47. The lack of any uniform, correlated risk profile for Peterson receivables is further reflected by the fact that those receivables had varying actual realized returns ("IRRs"). I computed the weighted average IRR on the Peterson receivables purchased from the Fay and Perles law firms, all of which fully paid off on or before September 2016 (the most recent date as of which data is available; see Exhibit 5A). The weighted average IRR for these receivables was 34.23%. I also compared the weighted average IRRs of the Peterson receivables purchased from

the Fay and Perles Law firms. The Fay receivables had an average IRR of 46.25%, and the Perles receivables had an average IRR of 26.72%. I also computed realized IRRs for the subset of Peterson plaintiff receivables which fully paid off or were sold by RD Legal to third parties on or before September 2016 (Exhibit 5C). The realized IRRs for such plaintiff receivables vary from 18.82% to 28.70%, with a weighted average IRR of 20.93%. Such differences in realized returns indicate that the variation within the universe of Peterson receivables by type and cash flow structure made these assets different from one another from investment perspective.

48. Finally, Exhibit 9 demonstrates that Peterson attorney-fee receivables also differed from plaintiff receivables in terms of their actual payoff times (holding periods), measured as the difference between the time of the final payoff/sale to a third party (if applicable) and the original purchase date. Specifically, it took Peterson attorney-fee receivables on average 4.4 years to fully pay off, whereas those plaintiff receivables that paid off or were sold to third parties on or before September 2016 only took on average 1.4 years to mature.[11]

49. In summary, my analysis shows that Peterson receivables were anything but a monolithic block of assets with uniform and correlated risk profiles, and instead varied substantially in terms of their types, cash flow structures, durations,

[11] While Peterson attorney-fee receivables took longer to mature than certain plaintiff receivables, this does not indicate an improper risk assessment of these assets by RD Legal because their average realized return of 34.23% was also substantially higher than the weighted average realized return of 20.93% for those plaintiff receivables that did mature or were sold to third parties on or before September 2016. In other words, the actual performance of these assets is consistent with the theory and practice of financial markets which, all else equal, expect assets with longer maturities and thus higher level of duration risk to produce higher returns for the investors.

expected returns and actual investment performance. These differences undermine the SEC's allegations of excessive concentration in Peterson receivables and a failure to disclose a purportedly associated concentration risk to investors.

VII. RD Legal Employed Reasonable Valuation and Risk Management Procedures Consistent with Industry Standards

50. My examination shows that RD Legal acted appropriately and consistent with industry practices when assessing and valuing the assets in its investment portfolio, as well as reporting asset values and portfolio composition and performance to its investors. It is also my opinion that RD Legal's portfolio risk management processes were conducted according to industry standards.

A. RD Legal Engaged and Relied on a Variety of Professionals to Gain an Information Advantage Regarding the Receivables in Which It Invested

51. Information advantage is a key investment concept. Historical examples have shown that an information advantage can be created by: 1) the creation of a data gathering network that allows the investors to possess data others lack; 2) analysis of the data with insight and precision; and 3) once analyzed, best use of these insights for advantage and execution with timing and flawless precision.[12]

52. RD Legal has an information advantage in the industry in which it operates. Investors choose to invest in RD Legal because it built a network of law firms that were willing to sell their receivables, it was able to successfully evaluate the

[12] John Sviokla, "Five Keys to Creating an Information Advantage," *Harvard Business Review*, January 19, 2010, available at https://hbr.org/2010/01/five-keys-to-creating-an-infor, accessed on January 9, 2017.

collectability of, and otherwise value, those receivables, and it was able to purchase the receivables at an advantageous price.

53. RD Legal gained this information advantage based in part on the personal expertise of its principal, Roni Dersovitz, who has the years of litigation experience necessary to analyze underlying legal documents to understand and assess the risks associated with any significant investment decision, including the decision to invest in the Peterson litigation.[13]

54. RD Legal has also devoted substantial resources over the years to engage a variety of professionals to evaluate various aspects of its investment decisions. In particular, for example, in evaluating the Peterson litigation as an investment opportunity, RD Legal obtained and relied on memoranda from the law firm Reed Smith regarding the likelihood that that the Peterson receivables would ultimately pay out.[14] RD Legal also engaged another law firm, Smith & Mazure, to conduct due diligence on various attorney clients and evaluate the strength of their collateral.

55. RD Legal also had an information advantage in the form of asset price observations based on arms-length sales of Peterson receivables to third-party buyers. Specifically, the funds managed by RD Legal executed participation agreements with third parties in which certain Peterson receivables were

[13] RD Legal Capital Overview, RDLC-SEC088568.

[14] Memorandum from James C. Martin to Roni Dersovitz, "Analysis of the Peterson v. Islamic Republic of Iran Turnover Litigation," August 17, 2012, RDLC-SEC728796 – 826; Memorandum from James C. Martin et al to Roni Dersovitz, "Update on Peterson Turnover Litigation and Implementation of the Iran Threat Reduction and Syria Human Rights Act of 2012," May 8, 2013, RDLC-SEC667174 – 7; and Memorandum from James C. Martin to Roni Dersovitz, "Analysis of the Apellees' Brief in Peterson v. Islamic Republic of Iran," March 3, 2014, RDLC-SEC640922 – 7.

purchased (or "participated") out of the portfolio. The pricing data provided by these third-party sales supported RD Legal's assessments regarding the value of the Peterson receivables, and these assessments were further reinforced by the fact that other Peterson receivables were participated out at fair market value as determined by Pluris.[15]

56. Investment firms that have an information advantage may appear to be taking greater risks, but often times the risks are actually lower than perceived. A good example is RD Legal's purchase of the Fay and Perles receivables that were over collateralized. Exhibit 10 shows that the overall pay-off of the Fay and Perles receivables far exceeded their independent valuations provided by Pluris, creating significant profits for RD Legal's investors. These receivables were properly rated 1 and fully paid off, indicating that RD Legal properly evaluated the risk and used its information advantage to generate oversized returns for its investors.

57. That RD Legal was able to exploit this information advantage to the benefit of its investors is evidenced by the results of the analysis presented in Exhibit 9. That analysis shows that the Peterson plaintiff receivables which fully paid off by September 2016 did so significantly faster than originally estimated (on average in 1.4 years compared with the original maturity, conservatively estimated at 6.8 years for these assets). Moreover, all of the Peterson attorney-fee receivables that have fully paid off did so in 4.4 years on average, which is only 5 months longer than originally expected.

[15] Master Participation Agreement Between RD Legal and Constant Cash Yield, June 13, 2014, RDLC-SEC668130 – 85.

B. RD Legal's Information Advantage Allowed It to Recognize and Exploit the Peterson Opportunity for the Benefit of Its Investors

58. In conducting due diligence relating to the Peterson litigation, RD Legal, in reliance on various professionals, identified a number of facts that supported its conclusion that investing in Peterson receivables would carry minimal risk and be profitable.

59. First, RD Legal learned the United States had moved approximately $1.75 billion in Iranian funds from a Citibank account in New York into a Qualified Settlement Trust for the benefit of the Peterson plaintiffs.[16] RD Legal further learned that, even if the Second Circuit or Supreme Court were to disallow the Peterson plaintiffs' efforts to seek a turnover of the blocked funds based on the challenge to the Iran Threat Reduction and Syria Human Rights Act of 2012 enacted by the U.S. Congress under the doctrine of the separation of powers under 22 U.S.C. § 8772,[17] the judgment turning over the Citibank proceeds would very likely have been affirmed under the Terrorism Risk Insurance Act.[18]

60. Second, RD Legal learned that, separate from the Peterson proceedings, the United States Attorney for the Southern District of New York filed an action in

[16] "Order Approving Qualified Settlement Fund," July 9, 2013, available at http://www.beirutbombinglawsuit.com/files/2016/08/Order-Approving-QSF.pdf.

[17] Bank Markazi maintained that Section 8772 violated the separation-of-powers doctrine, contending that the U.S. Congress had usurped the judicial role by directing a particular result in a pending enforcement proceeding. The United Stated Supreme Court ultimately rejected that argument.

[18] "Order Approving Qualified Settlement Fund." Furthermore, the Second Circuit and the Supreme Court in fact concluded that Section 8772 permissibly changed the law applicable in a pending litigation, enabling the frozen assets of Bank Markazi to be turned over as compensation for families of the victims. See Adam Liptak, "Supreme Court Rules Iran Bank Must Pay for Terrorist Attacks," *New York Times*, April 20, 2016, available at https://www.nytimes.com/2016/04/21/business/supreme-court-rules-iran-bank-must-pay-for-terrorist-attacks.html, accessed on January 9, 2017; and *Bank Markazi v. Peterson et al*, No. 14-770, April 20, 2016, available at https://www.supremecourt.gov/opinions/15pdf/14-770_9o6b.pdf.

2009 seeking the forfeiture of several tracts of real property, including 650 Fifth Avenue in New York, which had been purchased illegally for the benefit of the government of Iran.[19] The district court ordered these properties forfeited and that a portion of the proceeds from the sale of the building at 650 Fifth Avenue were to be set aside for the Peterson plaintiffs, if they had not already collected on their judgments.[20] In July 2016, the Second Circuit Court of Appeals reversed the district court rulings and remanded the matter for further proceedings, but the real property remains another potential source of collecting any outstanding balance of the Peterson receivables.[21]

61. Third, RD Legal learned that Congress passed the Justice for United States Victims of State Sponsored Terrorism Act, which provides a mechanism for victims of terror to receive restitution. The Peterson plaintiffs would have been eligible to seek payment under this statute if for any reason they were not able to collect against the funds held in the Qualified Settlement Trust. Congress has allocated an initial $1 billion in U.S. taxpayer funds to a Terrorism Victims Fund. Separately, Congress earmarked $3.8 billion – monies that were taken out of a fine on BNP Paribas for "violations of U.S. sanctions against Iran, Sudan, and

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[19] U.S. Department of Justice, "Manhattan U.S. Attorney Announces Settlement Relating To Iranian-Owned Manhattan Office Tower That Will Provide Recovery to Terrorism Victims," April 17, 2014, available at https://www.justice.gov/usao-sdny/pr/manhattan-us-attorney-announces-settlement-relating-iranian-owned-manhattan-office, accessed on January 9, 2017.

[20] Patricia Hurtado, "N.Y. Tower in Suit Tied to Iran Is Forfeited, Judge Rules," *Bloomberg*, March 28, 2014 available at https://www.bloomberg.com/news/articles/2014-03-28/n-y-tower-in-suit-tied-to-iran-is-forfeited-judge-rules-1-, accessed on January 9, 2017.

[21] Barry Meier and Benjamin Weiser, "Court Halts U.S. Seizure of New York Building Linked to Iran," *New York Times*, July 20, 2016, available at https://www.nytimes.com/2016/07/21/business/iran-assets-terrorism-appeals-court-ruling.html, accessed on January 9, 2016.

Cuba" – specifically for the Terrorism Victims Fund and 9-11 victim compensation programs – and has indicated that the fund will be replenished as necessary.[22]

62. Fourth, RD Legal learned that President Obama had entered a blocking order in February 2012 under the sanctions framework created by Congress, freezing all property and interests held for the government of Iran or any Iranian financial institution.[23]

63. RD Legal concluded based on this information that, whatever the outcome of the Peterson litigation, the proceeds from the securities that had been held at Citibank for Bank Markazi were never going to be returned to Iran. It further concluded that Peterson plaintiff claims ultimately would have been paid either out of the funds held at Citibank or through several fund vehicles set up by the U.S. Government specifically to compensate victims of terrorist acts.

[22] John Bellinger, "Omnibus Bill Creates One Billion Dollar Fund for Victims of Terrorism (and allows up to $250 million to go to their attorneys)," *Lawfare*, December 28, 2015, available at https://www.lawfareblog.com/omnibus-bill-creates-one-billion-dollar-fund-victims-terrorism-and-allows-250-million-go-their, accessed on January 9, 2017 ("Bellinger (2015)").

[23] U.S. Department of the Treasury, "Fact Sheet: Implementation of National Defense Authorization Act Sanctions on Iran," February 6, 2012, available at https://www.treasury.gov/press-center/press-releases/Pages/tg1409.aspx, accessed on January 9, 2017. In addition, in December 2015 President Obama signed into the law the Consolidated Appropriations Act which among other actions, created the United States Victims of State Sponsors of Terrorism Fund. The $1 billion Fund, paid for by tax dollars, allows victims of state-sponsored terrorism acts to obtain compensation. See Bellinger (2015). Judgment creditors from the *Peterson* case were allowed to file a claim with the Fund to obtain compensation if they filed by October 12, 2016. See U.S. Victims of State Sponsored Terrorism Fund, "U.S. Victims of State Sponsored Terrorism Fund Frequently Asked Questions," Updated December 22, 2016, available at http://www.usvsst.com/docs/USVSST-Website-FAQS-12-22-16.pdf, accessed on January 9, 2017. Additionally, the Consolidated Appropriations Act set aside $3.8 billion dollars collected from fines against BNP Paribas for violations of US sanctions to also be used as compensation for victims of certain terrorist acts. See Bellinger (2015).

C. RD Legal Properly Employed a Market Fair Value Approach For Its Portfolio

64. The definition of fair value according to FASB #157 (as revised) is the exchange price notion: "This Statement clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability in the market at the measurement date, considered from the perspective of a market participant who holds the asset or owes the liability. Therefore, the definition focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price)."[24]

65. This Statement also "emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, this Statement establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The notion of

[24] "Summary of Statement No. 157," Financial Accounting and Standards Board, accessed on January 9, 2017.

unobservable inputs is intended to allow for situations in which there is little, if any, market activity for the asset or liability at the measurement date."[25]

66. This statement also clarifies that "a fair value measurement for a liability reflects its nonperformance risk (the risk that the obligations will not be fulfilled). Because nonperformance risk includes the reporting entities' credit risk, the reporting entity should consider the effect of its credit risk (credit standing) on the fair value of the liability in all periods in which the liability is measured."[26]

67. RD Legal assigns credit ratings to all litigation receivables, which reflects a market approach. Independent valuations of RD Legal's assets were also based on individualized receivable discount rates which reflected asset duration risk, as well as non-performance risk related to timing and the nature of the underlying litigation, including the likelihood of success. As explained above, in cases where risk parameters of a receivable were uncertain, independent legal due diligence advisors (including Smith Mazure and Wiss & Company LLP) were engaged to conduct an enhanced legal review to assess the amount and timing of the payoff on such a receivable. For example, in their AUP reports, Wiss & Company summarize the findings of Smith Mazure and also independently confirm a number of features of the receivables. In particular, they confirm the "validity of each note and security agreement between the fund and borrower…," the "validity of the sale of each factored legal fee acquired by the Fund…," "whether RDLC's due diligence procedures were adhered to relative to each asset funded by the

[25] "Summary of Statement No. 157."

[26] "Summary of Statement No. 157."

Fund", and "whether the net assets acquired by the Fund exceeds the aggregate amounts of investor capital within RDLFP directly or via participations sold to RDLFO."[27] In the 2013 Q3 AUP report, Wiss & Company and Smith Mazure found no exceptions for any of these aspects.[28] This entire valuation approach utilized by RD Legal is entirely consistent with FASB #157.

D. Pluris Performed Independent Portfolio Valuation for RD Legal

68. RD Legal engaged an independent valuation advisor, Pluris Valuation Advisors LLC ("Pluris"), to value the receivables on its books on a monthly basis. At each monthly valuation date, Pluris valued the assets by computing the present value of the amount RD Legal expected the receivable to pay at a projected future payment date. The primary inputs affecting the present value calculation (other than the amount of the receivable purchased) were the expected date of payment and a discount rate specific to each individual receivable. In effect, the reported values of the legal receivables in the RD Legal portfolio were representative of their market fair values.

69. Exhibit 11 exemplifies the independent nature of Pluris' asset valuations by comparing the total valuations of the RD Legal portfolio by Pluris against RD Legal's own portfolio valuations, or portfolio Net Book Values. To report Pluris' total portfolio values, I aggregated across the monthly valuations that Pluris assigned to every receivable. To report RD Legal Net Book Values for the

[27] Wiss & Company, "Independent Accountants' Report on Applying Agreed-Upon Procedures, RD Legal Capital, LLC, Quarter Ending September 30, 2013," 2013, pp. 1–2.

[28] Wiss & Company, "Independent Accountants' Report on Applying Agreed-Upon Procedures, RD Legal Capital, LLC, Quarter Ending September 30, 2013," 2013, pp. 1–2.

portfolio, I aggregated across receivable NBVs at which RD Legal carried these receivables on its books every month. The analysis covers the period from June 2011 through September 2016, the most recent date as of which portfolio data are available. It can be clearly seen from this analysis that while Pluris' and RD Legal's portfolio valuations were relatively similar, they were never the same, which is not unusual for highly illiquid assets for which there were no market or observable valuation inputs. Based on this analysis, it appears that Pluris' valuations were independent because they reflected different valuations within a reasonable range than RD Legal throughout the entire period from June 2011 through September 2016.

E. RD Legal Portfolio Risk Management Processes Were Performed According to Industry Standards

70. RD Legal has a portfolio risk management process that includes: (i) the governance and organization of the risk management process; (ii) the identification and measurement of risks; (iii) the management of risk, and (iv) monitoring and reporting.[29]

71. In terms of governance and organization, it is my opinion that the risk management process at RD Legal is proportionate to the nature, scale and complexity of RD Legal's activities and the assets it manages. There is appropriate segregation of duties and effective utilization of resources and accountability. Further, the risk management processes are appropriately

[29] "RD Legal Due Diligence Questionnaire," March 2012, RDLC-SEC665141 – 55 at RDLC-SEC665153 ("Risk management is embedded within the documentation processes by which new funding opportunities are reviewed, contracts prepared and ultimately funded or declined. Exceptions to the stipulated process are approved only by senior management or the managing member of the Investment Manager.").

documented, there is a pervasive risk culture, and RD Legal operates in an environment of full risk awareness. Risk considerations are appropriately taken into account in the company's decision making process.[30]

72. With respect to the identification of risks, it is my opinion that the risk management function is appropriately resourced and operates in accordance with adequate standards of competence and efficiency. RD Legal personnel have the skills, knowledge and expertise needed to properly identify and measure all risks.[31] In addition, the risk management measurement function employs sound processes, professional expertise, and adequate techniques and systems to ensure that investment decisions are compatible with risk limits and that risk management processes operate in parallel with and are intrinsically tied to the investment process.[32]

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[30] "RD Legal Due Diligence Questionnaire," 2015, RDLC-SEC032239 – 53 at RDLC-SEC032251 ("RDLF employs multiple audit procedures on every investment position... [T]he investment process requires every position greater than $500,000 to be reviewed by the law firm of Reisman Peirez Reisman & Capobianco LLP and also by RDLF's in-house Counsel, Irena Norton. Factored receivable positions less than $500,000 are reviewed by Irena Norton. Each investment is reviewed prior to funding to confirm that the investment meets the underwriting standards outlined in RDLC's offering memorandum. Once an investment is funded, Wiss & Company (one of the largest regional accounting firms in New Jersey) will perform an Agreed Upon Procedures report (AUP) every 1st, 2nd and 3rd quarter of the year on selected transactions and confirm to the investors that we followed the operating procedures. RDLF also has an internal operations person responsible for getting updates on each position every 30 to 45 days.").

[31] "Alpha Generation Presentation," August 31, 2011, RDLC-SEC172458 – 86 at RDLC-SEC172482 – 86; and "RD Legal Capital Overview," RDLC-SEC088568.

[32] "RD Legal Due Diligence Questionnaire," March 2012, RDLC-SEC665141 – 55; and "RD Legal Due Diligence Questionnaire," 2015, RDLC-SEC032239 – 53. In addition, RD Legal engages third parties to assess the asset risks, and to verify that it is adhering to its stipulated procedures and risk limits. See also Wiss & Company, "Independent Accountants' Report on Applying Agreed-Upon Procedures, RD Legal Capital, LLC, Quarter Ending September 30, 2013," 2013, p. 2("We found no exceptions as a result of applying the procedures noted above" [in reference to] "[w]hether RDLC's due diligence procedures were adhered to relative to each asset funded by the Fund.").

73. In terms of the management of risks, it is my opinion that the risk management procedures of RD Legal ensure that the actual level of the risks incurred remain consistent with its approved risk profile that arise from its investment strategy.

74. On the function of monitoring and reporting, it is my opinion that all aspects of the risk management process are subject to appropriate review by senior management and by the external auditors. The review appropriately considers the adequacy and effectiveness of the structures, procedures, and techniques adopted for risk management.[33] Furthermore, RD Legal itself and/or the third parties engaged by RD Legal provide regular and adequate disclosure and portfolio performance reporting to the Funds' investors.[34]

VIII. Conclusions

75. The SEC's allegation that RD Legal was misrepresenting the type of assets it was purchasing is plainly not correct from an investor perspective because the Peterson receivables are valued using the same methodology and risk assessment procedure as is used to value portfolio assets backed by settled cases.

76. The Peterson receivables reduced overall portfolio risk, such that as Peterson receivables increased, the overall portfolio risk diminished.

[33] "RD Legal Funding Offshore Fund, Ltd Financial Statements for the Year Ended December 31, 2014," April 15, 2015, RDLC-SEC310501 – 34 at RDLC-SEC310517("On an ongoing basis, the Investment Manager will evaluate the collectability of the investments within the Fund and their capacity to realize the return anticipated when the investment was initially made.").

[34] These reports include Monthly Investor Statements prepared by [RD Legal]'s accounting department and Woodfield Fund Administration, Investor Performance Sheets distributed by [RD Legal]'s investor relations team by the 20th of the following month, Policy and Procedures Reports prepared by Wiss & Company, and RD Legal's Year-end audited financial statements prepared by Marcum, LLP. See also "RD Legal Due Diligence Questionnaire," March 2012, RDLC-SEC665141 – 55; and "RD Legal Due Diligence Questionnaire," 2015, RDLC-SEC032239 – 53.

77. The Peterson Receivables were not a single concentration but rather a set of diverse receivables that differed by type (attorney-fee receivables vs. plaintiff receivables), payoff structure (receivables with per diem (rebate) provisions versus receivables with no such provisions), and investment characteristics (such as expected returns and durations). These assets also exhibited differential investment performance in terms of realized returns and time to full payoff.

78. RD Legal's valuation and portfolio risk management processes were performed according to industry standards.

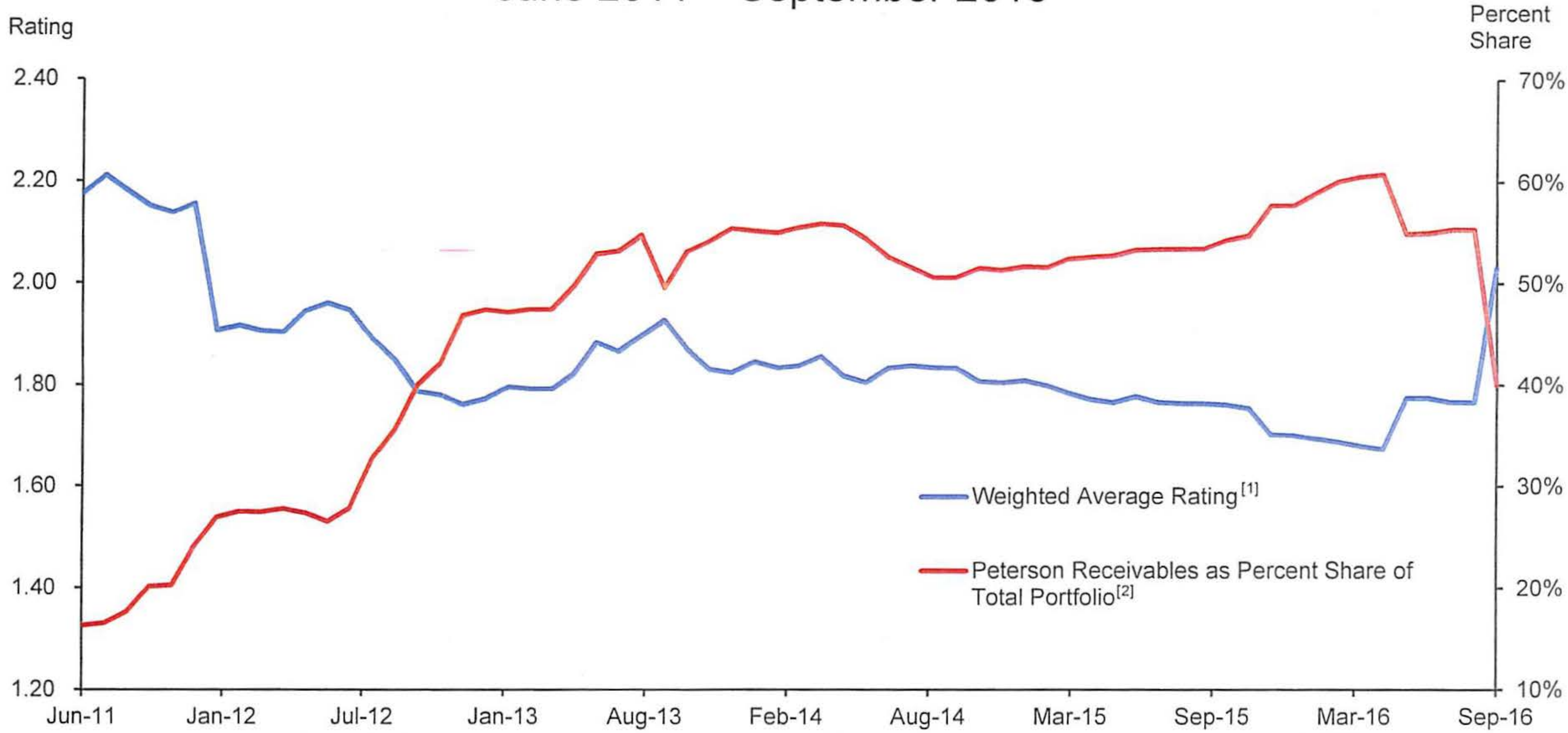
Dated: January 27, 2017

David X. Martin

EXHIBIT 1

Weighted Average Rating vs. Peterson Receivables as a Percent Share of Total Portfolio

June 2011 – September 2016



Source: RD Legal; Pluris valuation reports; "Alpha Generation Presentation," August 31, 2011, RDLC-SEC172458 – 86 at RDLC-SEC 172477

Note:

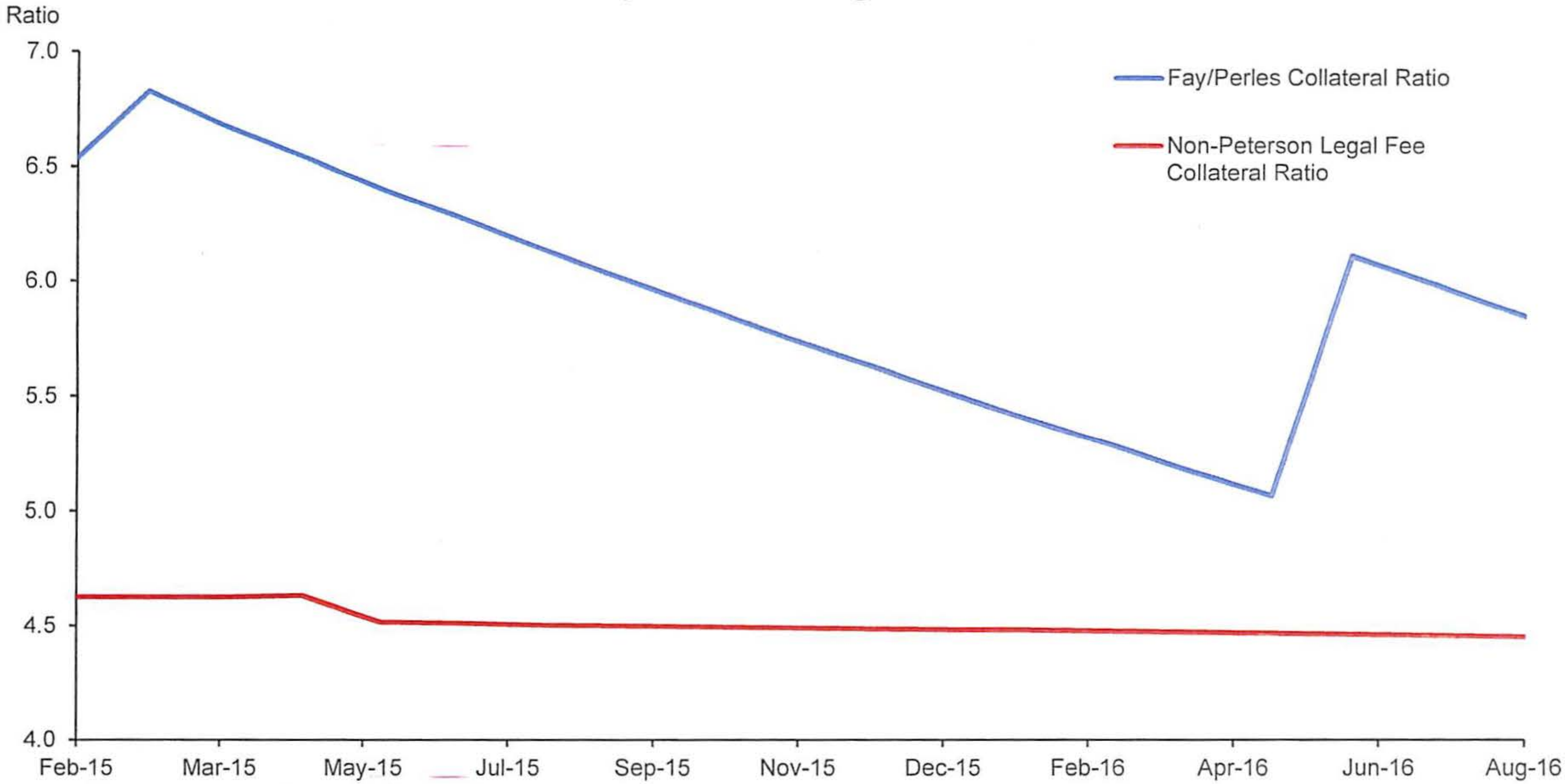
[1] Ratings for receivables are provided by RD Legal and rated on a scale of 1–6, with 1 being the highest rating. These ratings correspond to Moody's Bond Ratings of Aa3, A2, Baa1, Baa3, B3, and below B3, respectively. The average rating in a given month is weighted using each receivable's purchase price. Receivables for where either the rating, expected repayment date, or funding date is missing are excluded from the analysis.

[2] Peterson receivables are identified using materials provided by RD Legal. Peterson Receivables as Percent Share of Total Portfolio is calculated by dividing the sum of purchase prices of Peterson receivables by the total sum of all receivable purchase prices for a given month.

EXHIBIT 2

Ratio of Total Collateral to Total NBV for Fay/Perles vs. Non-Peterson Legal Fee Receivables[1]

February 2015 – August 2016[2]

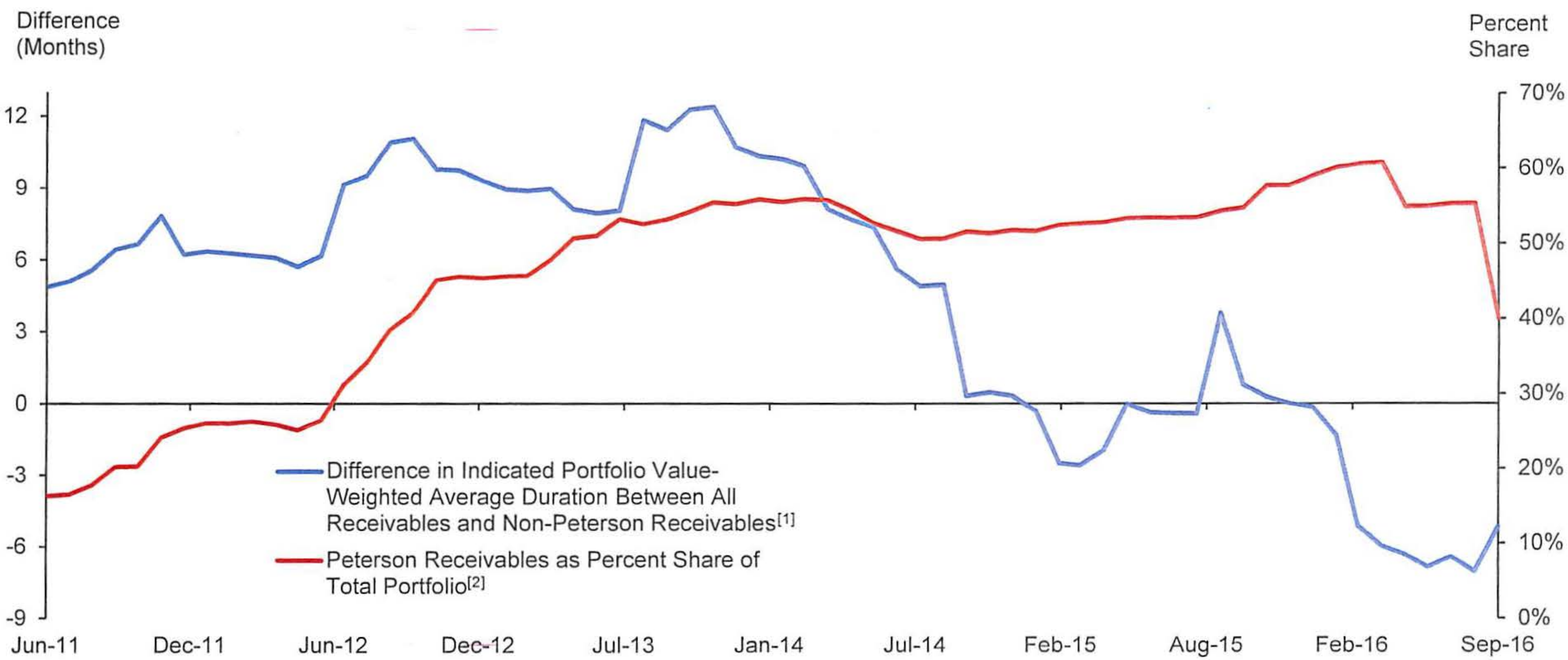


Source: RD Legal; Pluris valuation reports

Note:
[1] Fay and Perles Peterson Legal Fee receivables and Non-Peterson Legal Fee Receivables are identified using materials provided by RD Legal. Law firms with Non-Peterson Legal Fee receivables with amounts participated to CCY or other parties are excluded. Excludes law firms with Legal Fee receivables with missing or zero NBV values in a given month. Fay and Perles Peterson Legal Fee receivables collateral amounts are adjusted for when Fay receivables are paid off, using the total legal fees purchased.
[2] Analysis dates begin the month on which the Fay and Perles receivables reached maximum exposure and end in the last full month prior to their final payoff.

EXHIBIT 3

Impact of Peterson Receivables on Portfolio Duration
June 2011 – September 2016



Source: RD Legal; Pluris valuation reports

Note:

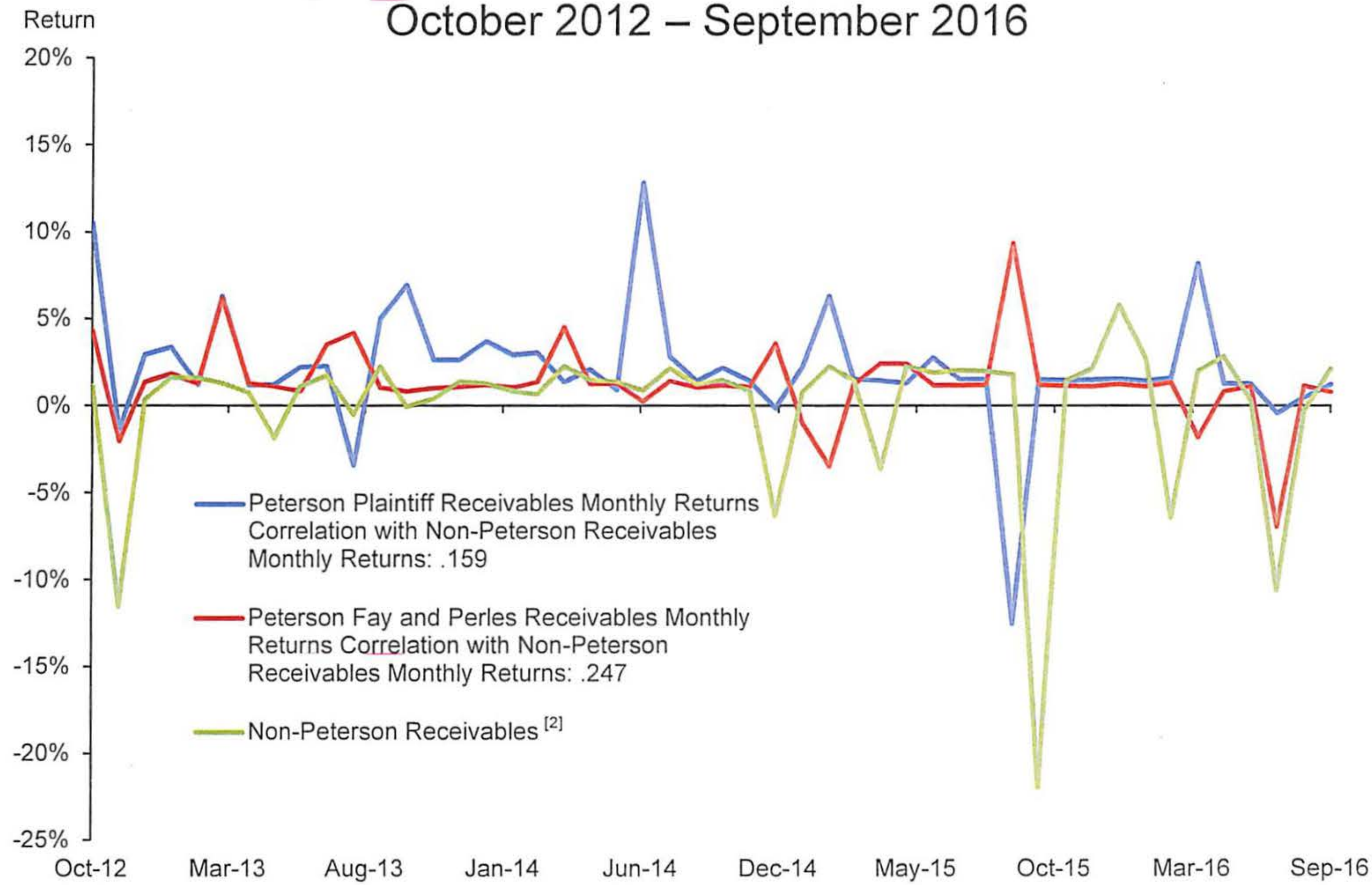
[1] The duration of a given receivable is generated by calculating the number of days from the receivable's valuation date (the last day of the corresponding month when that receivable apears in the Pluris valuation reports) to its expected repayment date. Receivables for which expected repayment date or purchase price is missing are excluded from the analysis. Peterson receivables are identified using materials provided by RD Legal. The average duration for a given month is weighted by each receivable's indicated portfolio value, and is calculated separately for all receivables and non-Peterson receivables. Difference is calculated by taking the average duration of all receivables and subtracting from it the average duration of non-Peterson receivables.

[2] Peterson Receivables as Percent Share of Total Portfolio is calculated by dividing the sum of purchase prices of Peterson receivables by the total sum of all receivable purchase prices for a given month.

EXHIBIT 4

Peterson Receivable Returns Were Uncorrelated with the Rest of the Portfolio[1]

October 2012 – September 2016



Source: RD Legal; Pluris valuation reports

Note:
[1] Asset monthly returns were computed using Pluris valuations and asset cash flow and payment data provided by RD Legal.
[2] Non-Peterson receivables which were participated out at any time are excluded from this analysis.

EXHIBIT 5A

Actual Annualized Return on Fay and Perles Peterson Legal Fee Receivables[1]

June 2011 – September 2016

Law Firm	Case Name	Actual Annualized Return
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-02	28.44%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-03	28.57%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-04	28.18%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-05	28.33%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-06	28.14%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-07	28.56%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-09	28.94%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-10	75.57%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-11	150.09%
Fay Kaplan Law, P.A.	Fay Kaplan Law, P.A. Sch A-13	59.08%
Perles Law Firm, PC	Perles Law Firm, PC Sch A-02	27.01%
Perles Law Firm, PC	Perles Law Firm, PC Sch A-03	26.12%
Perles Law Firm, PC	Perles Law Firm, PC Sch A-04	27.03%
Perles Law Firm, PC	Perles Law Firm, PC Sch A-05	26.60%
Perles Law Firm, PC	Perles Law Firm, PC Sch A-06	26.77%
Perles Law Firm, PC	Perles Law Firm, PC Sch A-07	26.13%
Perles Law Firm, PC	Perles Law Firm, PC Sch A-08	26.70%
Perles Law Firm, PC	Perles Law Firm, PC Sch A-09	26.84%
Weighted Average Actual Annualized Return[2]		34.23%
Weighted Average Actual Annualized Return - Fay Kaplan Law, P.A.[2]		46.25%
Weighted Average Actual Annualized Return - Perles Law Firm, PC[2]		26.72%

Source: RD Legal

Note:
[1] Fay and Perles Peterson Legal Fee receivables are identified using materials provided by RD Legal.
[2] Actual Annualized Returns were computed using asset cash flow and payment data provided by RD Legal. Weighted Average Actual Annualized Return is calculated by weighting each Actual Annualized Return by each receivable's purchase price.

EXHIBIT 5B

Actual Annualized Rate of Return on Non-Peterson Receivables[1]

June 2011 – September 2016

Law Firm	Case Name	Actual Annualized Return
Bell Legal Group LLC	Sauders, et al Sch A-18	35.80%
Fisher, Rebecca L. (& Assoc.)	Rebecca L. Fisher Sch A-03	31.03%
Kelly, Grossman & Flanagan, LLP	Briggs, Mattie-Estate of Sch A-11	29.18%
Bertrand, Tyrone R.	Bertrand, Tyrone R. A&S #1	69.10%
David A. Branch & Associates, PLLC	Taylor, Charles, et al v. DC Water Sch.	35.29%
Bell Legal Group LLC	Sauders, et al Sch A-17	34.82%
Gary Wittock CPA, PA	Gary Wittock CPA, PA Sch A-04	28.41%
Kelly, Grossman & Flanagan, LLP	Larkin, Eleanor (Estate of) Sch A-4	30.26%
ClaimsComp, Inc.	ClaimsComp, Inc. Sch A-01	25.20%
Bell Legal Group LLC	Sauders, et al Sch A-16	33.06%
McCune & Wright, LLP	Closson, et.al. Sch A-4	30.28%
Bell Legal Group LLC	Sauders, et al Sch A-15	32.76%
Ferrer & Poirot	in re Seroquel Sch A-25	24.53%
The Rossbacher Firm	in re Pharmaceutical Industry A-18	20.66%
M.A. Gould & Associates, APLC	Wazeer. Et al Sch A-14	41.17%
Williams, Kent M. (Williams Law Firm)	Bettendorf, Transfer Inc, et al Sch A-3	25.35%
McCune & Wright, LLP	Closson, et.al. Sch A-2	19.90%
McCune & Wright, LLP	Closson, et.al. Sch A-1	20.10%
Ferrer & Poirot	in re Vioxx MDL #1657 Sch A-20	24.12%
Osborn Law, PC	in re Novartis Sch A-5	21.57%
Ferrer & Poirot	Monsour-Zyprexa A-9	20.82%
Osborn Law, PC	in re Novartis Sch A-1	21.69%
Osborn Law, PC	in re Novartis Sch A-2	21.16%
Osborn Law, PC	in re Novartis Sch A-3	21.06%
Weighted Average Actual Annualized Rate of Return[2]		24.75%

Source: RD Legal

Note:
[1] Includes Non-Peterson RD Legal receivables for which RD Legal provided monthly update data indicating that the receivable was both entered and paid off without ever being participated to CCY or another party, and that were paid off in at least the same length of time as the fastest Peterson legal fee receivable (measured in days). Non-Peterson receivables are identified using materials provided by RD Legal.
[2] Actual Annualized Returns were computed using asset cash flow and payment data provided by RD Legal. Weighted Average Actual Annualized Rate of Return is calculated by weighting each Actual Annualized Rate of Return by each receivable's purchase price.

EXHIBIT 5C

Actual Annualized Return on Peterson Plaintiff Receivables[1]

June 2011 – September 2016[2]

Law Firm	Case Name	Actual Annualized Return
Receivables Fully Paid off by September 2016		
Buckner, Mary L.	Buckner, Mary L. A&S #1	19.93%
Burleyson, Elisabeth P.	Burleyson, Elisabeth P. A&S #1	20.47%
Burleyson, Elisabeth P.	Burleyson, Elisabeth P. A&S #2	20.37%
Callahan, Avenell M.	Callahan, Avenell M. A&S #1	21.48%
Camara, Mecot E. Jr.	Camara, Mecot E. Jr. A&S #1	20.45%
Camara, Mecot E. Jr.	Camara, Mecot E. Jr. A&S #2	20.29%
Coulman, Bryan T.	Coulman, Bryan T. A&S #1	23.10%
Garcia Bates, Roxanne	Garcia Bates, Roxanne A&S #1	19.74%
Garcia Bates, Roxanne	Garcia Bates, Roxanne A&S #2	20.12%
Guy, Earl M.	Guy, Earl M. A&S #1	28.70%
McDonald, Kathy	McDonald, Kathy A&S #1	21.19%
Moore, Kimberly C	Moore, Kimberly C A&S #1	20.93%
Plickys, Donna T.	Plickys, Donna T. A&S #1	20.78%
Simpson, Anna M.	Simpson, Anna M. A&S #1	21.28%
Simpson, Anna M.	Simpson, Anna M. A&S #2	21.29%
Weighted Average Actual Annualized Return on Paid Cases[3]		21.58%

EXHIBIT 5C

Law Firm	Case Name	Actual Annualized Return
Receivables Sold to Third Parties by September 2016		
Alvarado-Tull, Minerva	Alvarado-Tull, Minerva A&S #1	22.02%
Alvarado-Tull, Minerva	Alvarado-Tull, Minerva A&S #2	21.89%
Belmer, Alue	Belmer, Alue A&S #1	21.26%
Ceasar, Sybil	Ceasar, Sybil A&S #1	21.26%
Comes, Thomas J.	Comes, Thomas J. A&S #1	18.87%
Comes, Thomas J.	Comes, Thomas J. A&S #2	20.95%
Copeland, Donald G.	Copeland, Donald G. A&S #1	21.26%
Crudale, Marie	Crudale, Marie A&S #1	20.69%
Crudale, Marie	Crudale, Marie A&S #2	21.54%
Davis, Carolyn L.	Davis, Carolyn L. A&S #1	19.71%
Davis-Spaulding, Barbara	Davis-Spaulding, Barbara A&S #1	20.22%
Decker, Connie B.	Decker, Connie B. A&S #1	21.29%
Decker, Connie B.	Decker, Connie B. A&S #2	20.57%
Ervin, Mary Ruth	Ervin, Mary Ruth A&S #1	21.38%
Garcia, Violet	Garcia, Violet A&S #1	18.82%
Garcia, Violet	Garcia, Violet A&S #2	19.24%
Guy, Ian D.	Guy, Ian D. A&S #1	20.17%
Guy, Ian D.	Guy, Ian D. A&S #2	20.16%
Jones, Alicia	Jones, Alicia A&S #1	21.13%
Jones, Alicia	Jones, Alicia A&S #2	20.57%
Kirkpatrick, Brian C.	Kirkpatrick, Brian C. A&S #1	19.88%
Kirkpatrick, Brian C.	Kirkpatrick, Brian C. A&S #2	19.88%
Moore, Betty J.	Moore, Betty J. A&S #1	21.26%
Moore, Melissa L.	Moore, Melissa L. A&S #1	21.26%

EXHIBIT 5C

Law Firm	Case Name	Actual Annualized Return
Owens, Steven T	Owens, Steven T A&S #1	20.55%
Richardson, Bruce H.	Richardson, Bruce H. A&S #1	20.43%
Richardson, Bruce H.	Richardson, Bruce H. A&S #2	20.31%
Simpson, Larry H.	Simpson, Larry H. A&S #1	21.62%
Smith, Kelly B.	Smith, Kelly B. A&S #1	20.60%
Sommerhof, John A.	Sommerhof, John A. A&S #1	21.48%
Vogt, Deborah A.	Vogt, Deborah A. A&S #1	20.01%
Vogt, Deborah A.	Vogt, Deborah A. A&S #2	19.88%
Voyles, Denise	Voyles, Denise A&S #1	21.74%
Washington, Patricia	Washington, Patricia A&S #1	19.94%
Washington, Patricia	Washington, Patricia A&S #2	19.82%
Williams, Janet E.	Williams, Janet E. A&S #1	19.89%
Williams-Edwards, Delma	Williams-Edwards, Delma A&S #1	20.52%
Williams-Tolliver, Keysha	Williams-Tolliver, Keysha A&S #1	20.25%
Williams-Tolliver, Keysha	Williams-Tolliver, Keysha A&S #2	20.73%
Winner, Jean	Winner, Jean A&S #1	20.29%
Winner, Jean	Winner, Jean A&S #2	20.57%
Weighted Average Actual Annualized Return on Sold Cases[3]		20.67%
Weighted Average Actual Annualized Return on Paid or Sold Cases[3]		20.93%

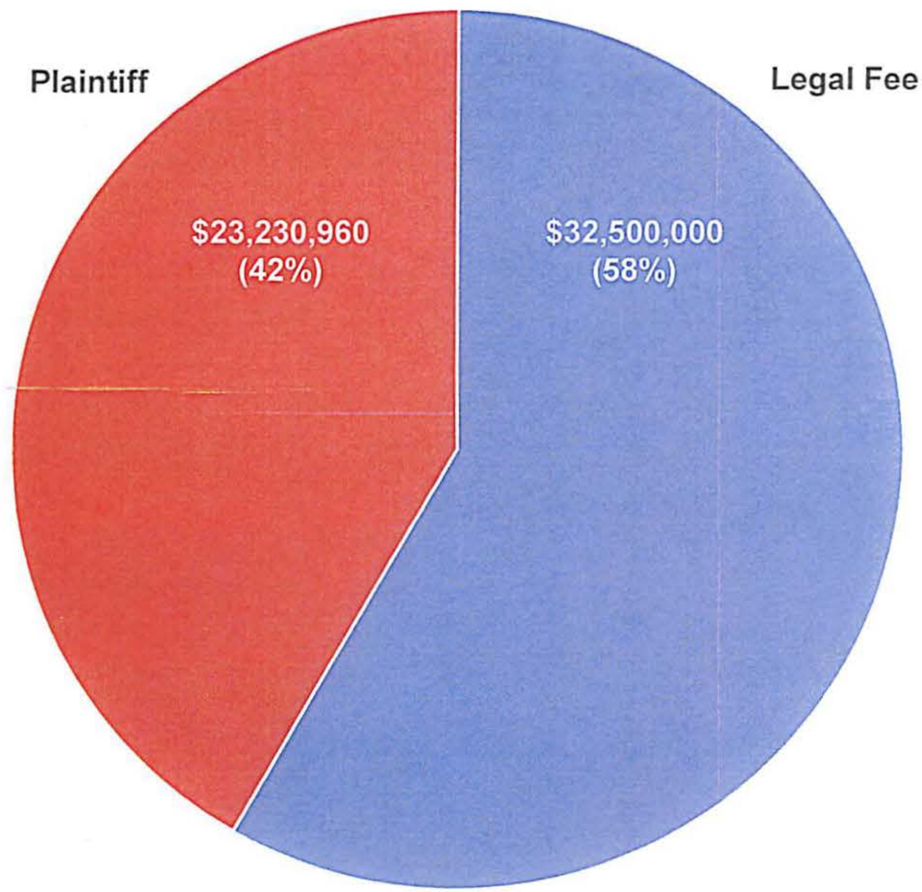
Source: RD Legal

Note:
[1] Peterson plaintiff receivables are identified using materials provided by RD Legal.
[2] Actual Annualzied Returns were computed using asset cash flow and payment data provided by RD Legal. All Peterson plaintiff receivables which were fully paid off or sold to third parties by September 2016 are included.
[3] Weighted Average Actual Annualized Return is calculated by weighting each Actual Annualized Return by each receivable's purchase price.

EXHIBIT 6

Peterson Receivables Distribution by Receivable Type[1]

April 2016[2]



Source: RD Legal; Pluris valuation reports

Note:
[1] Amounts shown represent total purchase price by receivable type. Peterson receivables are identified using materials provided by RD Legal.
[2] Portfolio exposure to Peterson Receivables was at its maximum as of April 2016.

EXHIBIT 7

Receivable Type vs. Risk Parameters[1]

Receivable Group	Weighted Average Original Duration (Years)[2]	Weighted Average Contract Rate
Peterson Plaintiff Receivables	6.9	18.1%
Peterson Legal Fee Receivables	4.0	24.9%
All Peterson Receivables	5.2	22.1%

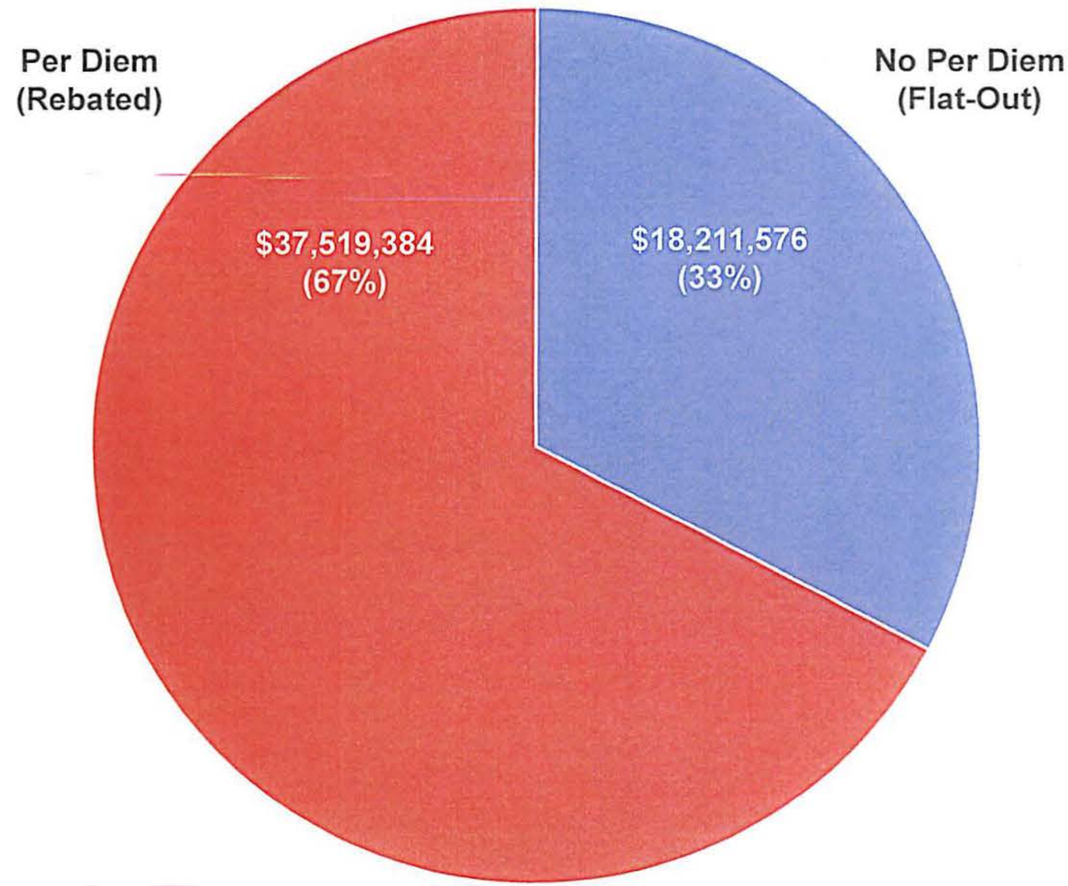
Source: RD Legal; Pluris valuation reports

Note:
[1] All statistics are weighted by the receivable purchase prices. Receivables for which either the ending date or funding date is missing are excluded from the analysis. Only receivables which entered the portfolio after June 2011 are included.
[2] The original duration of a given receivable is generated by calculating the number of years between a receivable's funding date and its original maturity date.

EXHIBIT 8A

Peterson Portfolio Distribution by Receivable Structure[1]

December 2015[2]



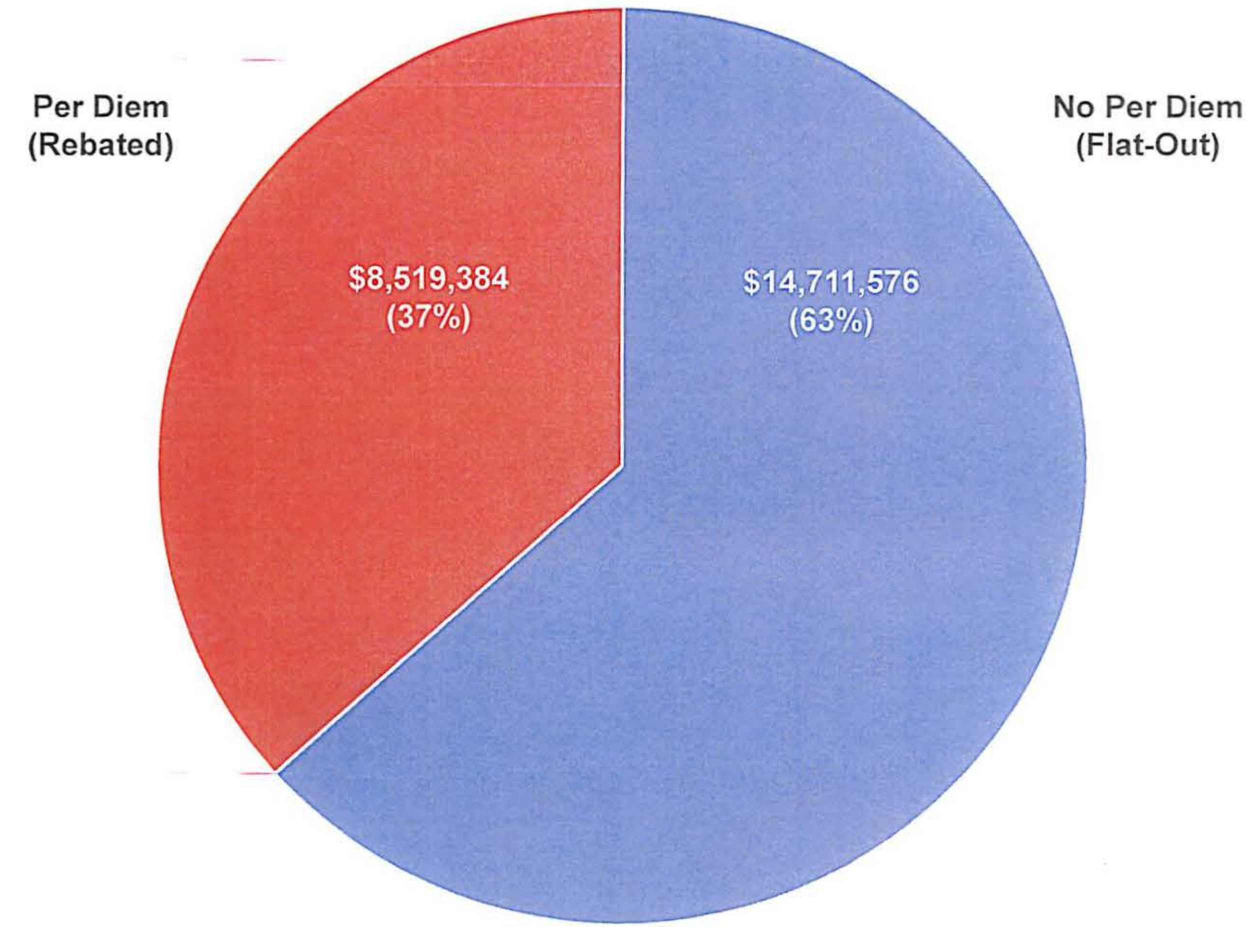
Source: RD Legal; Pluris valuation reports

Note:
[1] Amounts shown represent total purchase price by receivable structure. Peterson receivables are identified using materials provided by RD Legal.
[2] Portfolio exposure to Peterson Receivables was near maximum as of December 2015.

EXHIBIT 8B

Peterson Plaintiff Receivables Distribution by Receivable Structure[1]

December 2015[2]



Source: RD Legal; Pluris valuation reports

Note:
[1] Amounts shown represent total purchase price by receivable structure. Peterson plaintiff receivables are identified using materials provided by RD Legal.
[2] Portfolio exposure to Peterson Receivables was near maximum as of December 2015.

EXHIBIT 9

Duration and Holding Period for Peterson Receivables[1]

As of September 2016[2]

Receivable Group	Weighted Average Original Duration (Years)[3]	Weighted Average Holding Period (Years)[4]
Peterson Plaintiff Receivables	6.8	1.4
Peterson Legal Fee Receivables	4.0	4.4
All Peterson Receivables	4.2	4.2

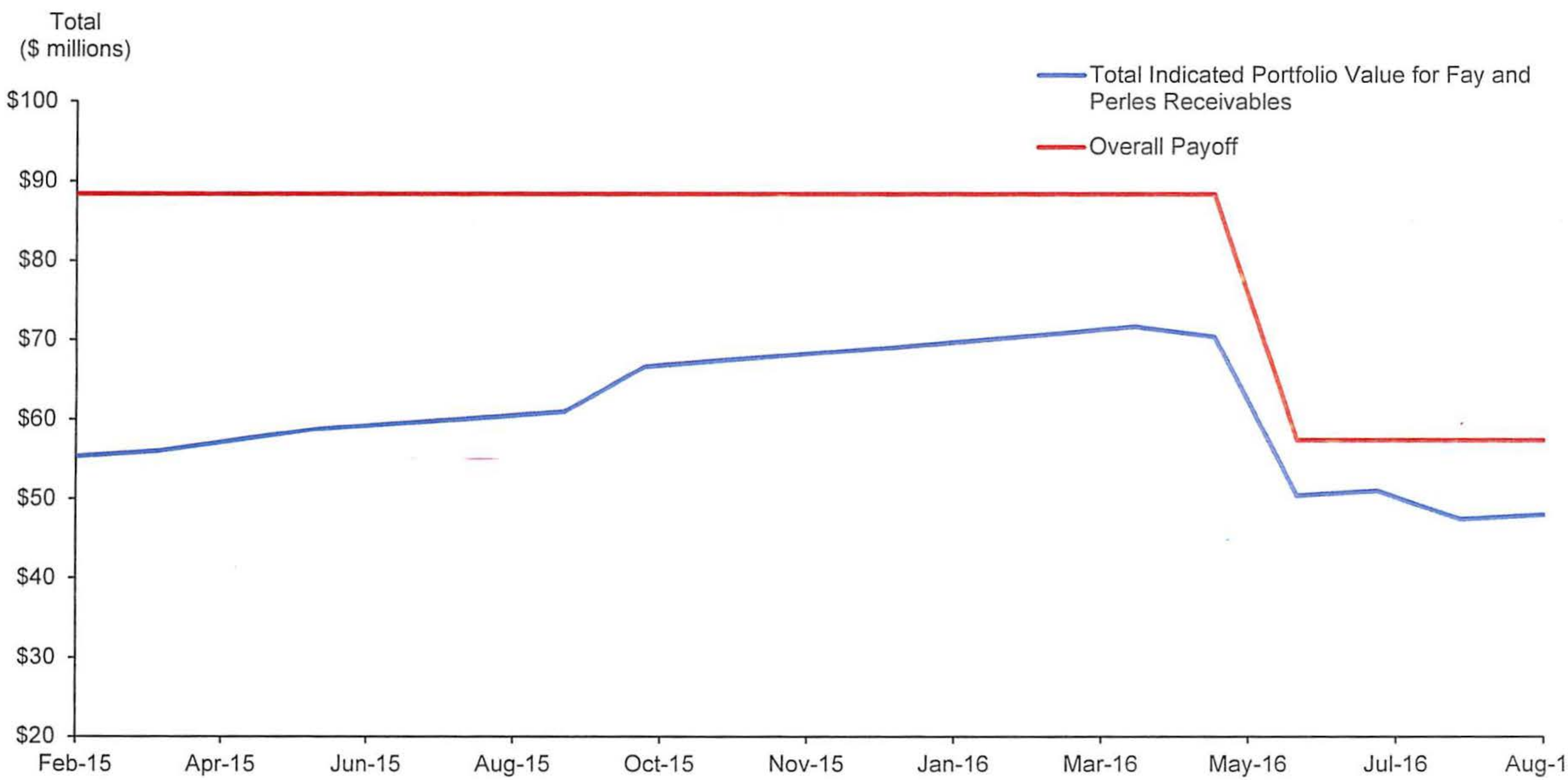
Source: RD Legal; Pluris valuation reports

Note:
[1] Receivables for which either the purchase price, funding date, or ending date is missing are excluded from the analysis. Both statistics are weighted by purchase price. Peterson plaintiff and legal fee receivables are identified using materials provided by RD Legal.
[2] Only receivables which entered the portfolio after June 2011 and were fully paid off or sold to third parties by September 2016 are included.
[3] The original duration of a given receivable is generated by calculating the number of years between a receivable's funding date and its original maturity date.
[4] The holding period is generated by calculating the number of years between a receivable's funding date and its final payoff date or sale date.

EXHIBIT 10

Total Indicated Portfolio Value for Fay and Perles Receivables vs. Overall Payoff for Fay and Perles Receivables[1]

February 2015 – August 2016[2]



Source: RD Legal; Pluris valuation reports

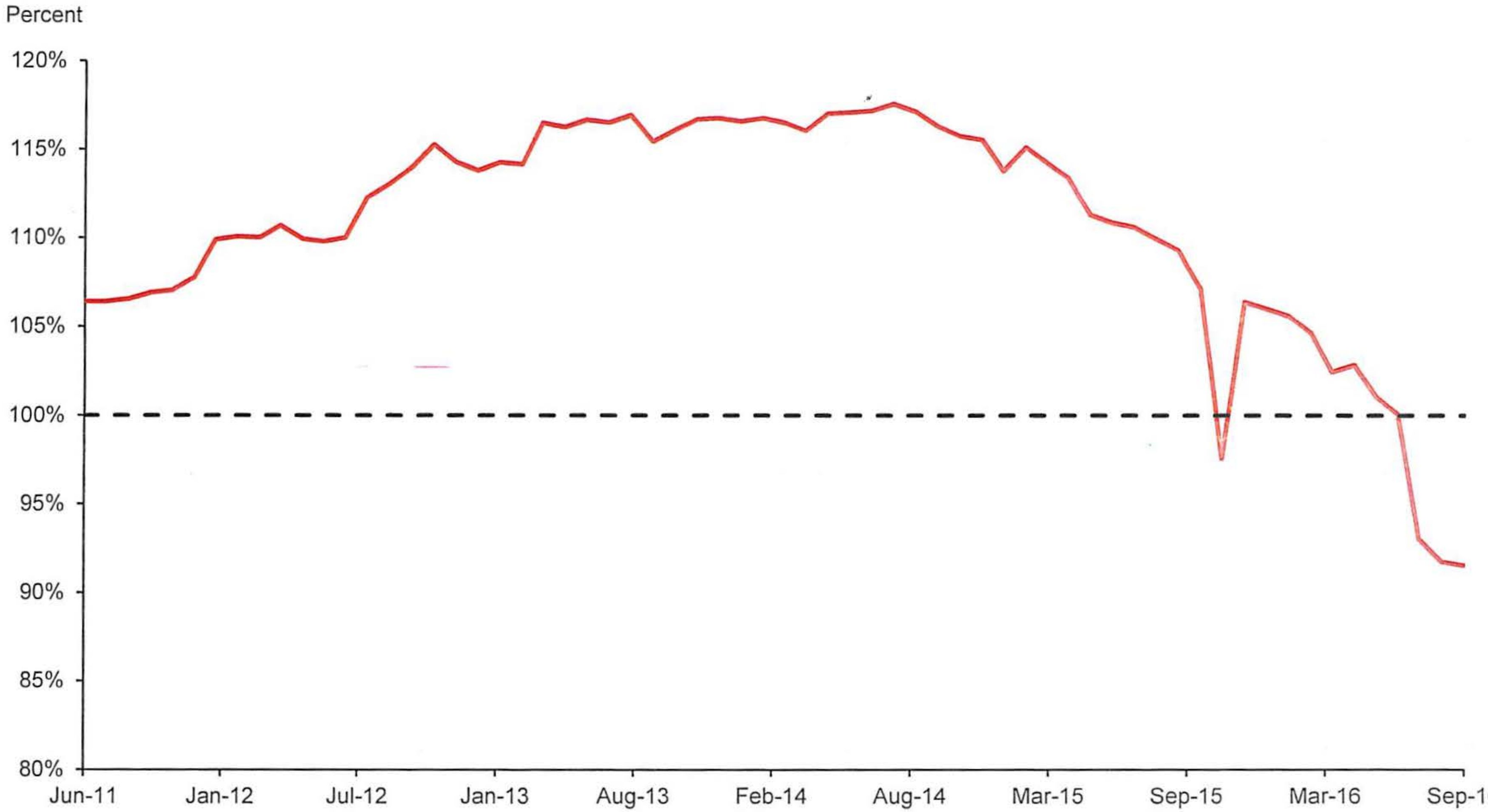
Note:

[1] Fay and Perles receivables are identified using materials provided by RD Legal. Asset payoffs are based on asset cash flow and payment data provided by RD Legal. Once a receivable is closed out, its corresponding contribution to the total payoff is removed for that month and every month thereafter.

[2] Analysis dates begin the month on which the Fay and Perles receivables reached maximum exposure and end in the last full month prior to their final payoff.

EXHIBIT 11

Pluris Indicated Portfolio Value as Percent of RD Legal's Net Book Value[1]
June 2011 – September 2016



Source: Pluris valuation reports

Note:
[1] The ratio of indicated portfolio value to net book value is calculated by taking the sum of the indicated portfolio values of receivables as calculated by Pluris and dividing it by the sum of the net book values provided by RD Legal for a given month.

APPENDIX A

DAVID X MARTIN
5 Sutton Place South, Lawrence, New York, N.Y. 11559 • davidxmartin1@gmail.com • (516) 589-4935
Blog: www.davidxmartin

PROFILE

Chief risk officer, published author and subject matter expert on fiduciary responsibilities. Analytics grounded in CPA with a Big 4, professional experience with top tier financial institutions, the FBI and SEC and senior advisory roles for large, complex and global companies. Visionary leader known for creating and building premier risk and fiduciary organizations.

PROFESSIONAL EXPERIENCE

DAVID X MARTIN, LLC, NEW YORK, LONDON, MIDDLE EAST **2015-Present**
Founder and Managing Partner
(A strategic risk management consulting firm that provides advisory services on complex risk and fiduciary issues.)
Trusted advisor and partner with the senior management of Financial Services Firms and Central Banks. We define risk management as "the strategic discipline of assessing, prioritizing, monitoring and controlling the impact of uncertainty on objectives" and proactively help our clients integrate risk management into their businesses. We combine deep industry knowledge with specialized expertise in emerging risks including cyber security as well as risks related to governance, fiduciary responsibilities, culture and operations infrastructure and litigation support.

CENTER FOR FINANCIAL STABILITY, NEW YORK, NY **2013-Present**
Special Counselor
(An independent think tank that promotes a stronger and more stable financial system through innovative and practical policy-oriented research, structured dialog, education and out-reach to the public.)
Co-Head of the Vulnerabilities Working Group that: Identifies emerging financial, macroeconomic, geopolitical, technological and regulatory risks,

NEW YORK UNIVERSITY/ GRADUATE SCHOOL OF BUSINESS **2011-Present**
FORHAM UNIVERSITY GRADUATE SCHOOL OF BUSINESS
Adjunct Professor

DEPARTMENT OF STATE'S ADVISORY COMMITTEE ON INTERNATIONAL ECONOMIC POLICY
Member of Sanctions Subcommittee

OLIVER WYMAN, A SUBSIDIARY OF MARSH & MCLENNAN, NEW YORK, NY **2012-2014**
Senior Advisory Board Member
(A leading management consulting company with 3,000 professionals and offices in 50 plus cities across 25 countries. Clients are the client relationships CEOs and executive teams of the top global 1,000 companies.)
Retained as a subject matter expert on risk and fiduciary obligations to enhance their consulting platform with financial institutions and asset managers by developing service offerings, contributing to research publications, collaborating with partners, and strengthening relationships with Boards and CEOs

ALLIANCE BERNSTEIN, L.P., NEW YORK, NY **2000-2011**
Director of Sanford Bernstein Broker Dealer
Director of Government Relations, 2010-2011
De novo build-out of a global government relations function.
Chief Risk Officer, 2000-2010
Led the global risk management function. Member of the firm's committees on: valuation (Chair), ethics, internal controls, compliance, new product approvals (Chair), fraud and business continuity. Registered person for the firm's UK activity. Direct responsibility for no counterparty risk from Lehman and have championed industry-wide best practices. Founding Chair of the Risk Committee of the Investment Company Institute, Co-Chair of the Buy Side Risk Committee, which includes the Chief Risk Officers of the twenty largest asset management firms. Participated actively in industry conferences as a guest speaker and expert panel member and have provided market commentary for Bloomberg Television.

APPENDIX A

DFD SELECT GROUP, PARIS, FRANCE
Director, Head of New York Office, 2000-2001
Firm is a manager and distributor of funds of hedge funds. Global CIO
Chairman & Chief Executive Officer, 1999-2000
Knightsbridge Capital Management, which was merged into DFD Select Group, was an alternative investment incubator founded by senior executives of Goldman Sachs and Citigroup.

CITIBANK, N.A., NEW YORK, NY
Enterprise Risk Manager,
Interfaced regularly with the Citicorp Board, rating and regulatory agencies, major corporate clients and investors, payment systems and sovereigns. Developed and implemented comprehensive analytical process to evaluate and manage enterprise risk. Focus was on understanding macro-economic trends, global risk profile, and proactively managing risk. Involved in assessing trading, emerging market and cross-border risk, advising sovereigns, and all substantive risk issues
Chairman's Staff
Provided analytical support to Senior Management on corporate strategic and portfolio risk management issues.
Division Head, Institutional Trust Department
Senior relationship and line manager for all domestic and global custody market segments and products.
Chief Financial Officer
World Corporation Group with over $100MM in profits, $13B in assets and operations in 27 countries.

PRICE WATERHOUSE & CO., NEW YORK, NY
Senior Consultant and Accountant

EDUCATION AND PROFESSIONAL

New York University. Graduate School of Business, Specialization in Corporate Finance, M.B.A
Baruch College of the City University of New York. Major: Accounting, B.B.A
Certified Public Accountant – New York State, NASD – Series 7, 24, 63, SEC Registered Investment Advisor

PUBLICATIONS

Selected Articles:
"Linking Compliance Risk Management", Pensions and Investments, September 2006
"Quantitative Financial Risk Management Fundamentals, Models and Techniques", Cambridge University
"The New Risk Paradigm for Corporate Governance", Chief Executive Officer, January 2011
"Risk Principles for Asset Managers". Buy Side Risk Managers Forum, August 2007
"The Now Paradigm in Cyber Security", Intelligent Risk, May 2012 – Coauthored with Kevin Brock, FBI's Directorate of Intelligence.
"The End of Enterprise Risk", AEI Brookings, August 2007. Coauthored with Mike Powers, Professor LSE
"Risk and the Future of Quality", the Journal of Quality and Participation, October 2012
Unconventional Wisdom Column, Institutional Investor, May, 2013 and October, 2014
'The $40T Succession Risk", Korn Ferry, May, 2013 Coauthored with Alan Guarino, Vice Chairman of Korn Ferry.
"A New Approach to Cyber Security", Oliver Wyman, Co Authored with Raj Bector.
"Radar as Risk Management Paradigm" Global Association of Risk Professionals, March, 2015 and August 2015

Books:
"Risk and the Smart Investor" Published by Mc Graw Hill in August, 2010
"The Nature of Risk", Published by Amazon in June, 2012.

Expert Witness Experience:
United States vs IBM. Member of the PWC consulting team that developed financial information.
Iron Works vs US Military Sealift Command (US Navy). Member of the PWC consulting team that assisted in developing the litigation strategy.
International Investors vs a Non US Oil Company. Engaged to provide expert witness testimony on the emerging markets investment management and risk management process.
Joshua Feibush vs Knightsbridge Capital Management. Expert opinion on investment company and asset valuation issues.

APPENDIX B

Documents Relied Upon for Expert Report of David X. Martin

Pleadings

"Order Approving Qualified Settlement Fund," July 9, 2013, available at http://www.beirutbombinglawsuit.com/files/2016/08/Order-Approving-QSF.pdf.
"Order Instituting Administrative and Cease and Desist Proceedings Pursuant to Section 8a of the Securities Act of 1933, Section 21c of the Securities Exchange Act of 1934, Sections 203(e) and 203(f) of the Investment Advisers Act of 1940 and Section 9(b) of the Investment Company Act of 1940," July 14, 2016.

RD Legal Documents

"Alpha Generation Presentation," August 31, 2011, RDLC-SEC172458 – 86.
Assignment and Sale Agreement Between Francis T. McBride and RD Legal, January 21, 2015.
"First Amendment to Schedule A-2 Master Assignment and Sale Agreement," April 20, 2011, RDL-SEC097633 –
Guaranty Between RD Legal and Perles Law Firm, May 28, 2010, RDL-SEC657914 – 9.
Guaranty Between RD Legal and Fay Kaplan Law Firm, April 19, 2011, RDL-SEC607361 – 5.
Master Agreement Between Perles Law Firm and RD Legal, May 28, 2010.
Master Participation Agreement Between RD Legal and Constant Cash Yield, June 13, 2014, RDLC-SEC668130 –
Memorandum from James C. Martin et al to Roni Dersovitz, "Update on Peterson Turnover Litigation and Implementation of the Iran Threat Reduction and Syria Human Rights Act of 2012," May 8, 2013, RDLC-
Memorandum from James C. Martin to Roni Dersovitz, "Analysis of the Peterson v. Islamic Republic of Iran Turnover Litigation," August 17, 2012, RDLC-SEC728796 – 826.
Memorandum from James C. Martin to Roni Dersovitz, "Analysis of the Appellees' Brief in Peterson v. Islamic Republic of Iran," March 3, 2014, RDLC-SEC640922 – 7.
RD Legal Capital Overview, RDLC-SEC088568.
"RD Legal Due Diligence Questionnaire," March 2012, RDLC-SEC665141 – 55.
"RD Legal Due Diligence Questionnaire," 2015, RDLC-SEC032239 – 53.
RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2009.
RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2011.
RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2012.
RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2013, RDLC-SEC004438 – 73.
RD Legal Funding Partners, LP, Financial Statements and Independent Auditors' Report, December 31, 2014, RDLC-SEC310501 – 34.
Wiss & Company, "Independent Accountants' Report on Applying Agreed-Upon Procedures, RD Legal Capital, LLC, Quarter Ending September 30, 2013," 2013.

Public Press and Other Publicly Available Materials

Adam Liptak, "Supreme Court Rules Iran Bank Must Pay for Terrorist Attacks," *New York Times*, April 20, 2016, available at https://www.nytimes.com/2016/04/21/business/supreme-court-rules-iran-bank-must-pay-for-terrorist-attacks.html, accessed on January 9, 2017.
Bank Markazi v. Peterson et al, No. 14-770, April 20, 2016, available at https://www.supremecourt.gov/opinions/15pdf/14-770_9o6b.pdf.
Barry Meier and Benjamin Weiser, "Court Halts U.S. Seizure of New York Building Linked to Iran," *New York Times*, July 20, 2016, available at https://www.nytimes.com/2016/07/21/business/iran-assets-terrorism-appeals-court-ruling.html, accessed on January 9, 2016.
John Bellinger, "Omnibus Bill Creates One Billion Dollar Fund for Victims of Terrorism (and allows up to $250 million to go to their attorneys)," *Lawfare*, December 28, 2015, available at https://www.lawfareblog.com/omnibus-bill-creates-one-billion-dollar-fund-victims-terrorism-and-allows-250-million-go-their, accessed on January 9, 2017.
John Sviokla, "Five Keys to Creating an Information Advantage," *Harvard Business Review*, January 19, 2010, available at https://hbr.org/2010/01/five-keys-to-creating-an-infor, accessed on January 9, 2017.
Patricia Hurtado, "N.Y. Tower in Suit Tied to Iran Is Forfeited, Judge Rules," *Bloomberg*, March 28, 2014 available at https://www.bloomberg.com/news/articles/2014-03-28/n-y-tower-in-suit-tied-to-iran-is-forfeited-judge-rules-1-, accessed on January 9, 2017.

Documents Relied Upon for Expert Report of David X. Martin

"Summary of Statement No. 157," *Financial Accounting and Standards Board*, accessed on January 9, 2017, available at http://www.fasb.org/summary/stsum157.shtml.
U.S. Department of the Treasury, "Fact Sheet: Implementation of National Defense Authorization Act Sanctions on Iran," February 6, 2012, available at https://www.treasury.gov/press-center/press-releases/Pages/tg1409.aspx, accessed on January 9, 2017.
U.S. Department of Justice, "Manhattan U.S. Attorney Announces Settlement Relating To Iranian-Owned Manhattan Office Tower That Will Provide Recovery To Terrorism Victims," April 17, 2014, available at https://www.justice.gov/usao-sdny/pr/manhattan-us-attorney-announces-settlement-relating-iranian-owned-manhattan-office, accessed on January 9, 2017.
U.S. Department of Justice, "U.S. Victims of State Sponsored Terrorism Fund Frequently Asked Questions," Updated December 22, 2016, available at http://www.usvsst.com/docs/USVSST-Website-FAQS-12-22-16.pdf, accessed on January 9, 2017.

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"Plaintiff Receivables Sold at Fair Value," RDLC-SEC046195.
Pluris Valuation Data, June 31, 2011.
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Documents Relied Upon for Expert Report of David X. Martin

Pluris Valuation Data, August 31, 2014.
Pluris Valuation Data, September 30, 2014.
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Pluris Valuation Data, November 30, 2014.
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Pluris Valuation Data with Contract Type, December 31, 2015.
RD Legal Full Portfolio Data, December 2011.
RD Legal Full Portfolio Data, December 2012.
RD Legal Full Portfolio Data, December 2013.
RD Legal Full Portfolio Data, December 2014.
RD Legal Full Portfolio Data, December 2015.
RD Legal Full Portfolio Data, September 2016.
RD Legal Iran Payment Analysis, April 2016.
RD Legal Peterson Cash Flows, 2016.
RD Legal Monthly Data, October 31, 2011.
RD Legal Monthly Data, November 30, 2011.
RD Legal Monthly Data, December 31, 2011.
RD Legal Monthly Data, January 31, 2012.
RD Legal Monthly Data, February 30, 2012.
RD Legal Monthly Data, March 31, 2012.
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RD Legal Monthly Data, March 30, 2013.

Documents Relied Upon for Expert Report of David X. Martin

RD Legal Monthly Data, April 31, 2013.
RD Legal Monthly Data, May 31, 2013.
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RD Legal Monthly Data, July 31, 2013.
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RD Legal Monthly Data, January 30, 2016.
RD Legal Monthly Data, February 31, 2016.
RD Legal Monthly Data, March 29, 2016.
RD Legal Monthly Data, April 31, 2016.
RD Legal Monthly Data, May 30, 2016.
RD Legal Monthly Data, June 31, 2016.
RD Legal Monthly Data, July 30, 2016.
RD Legal Monthly Data, August 31, 2016.
RD Legal Monthly Data, September 31, 2016.
RD Legal Unmapped Legal Fees.

Note: In addition to the materials on this list, I considered all materials cited in my report to form my opinions.

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing Expert Report of David X. Martin was served on this 27th day of January 2017 by U.S. Postal Service on the Office of the Secretary and by electronic mail and U.S. Postal Service on the following counsel of record:

Michael D. Birnbaum
Securities and Exchange Commission
New York Regional Office
Brookfield Place, 200 Vesey Street
New York, NY 10281

Jorge Tenreiro
Securities and Exchange Commission
New York Regional Office
Brookfield Place, 200 Vesey Street
New York, NY 10281

Victor Suthammanont
Securities and Exchange Commission
New York Regional Office
Brookfield Place, 200 Vesey Street
New York, NY 10281

Roel C Campos

Roel Campos