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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

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In the Matter of, :
 :
LYNN TILTON :
PATRIARCH PARTNERS, LLC, : Administrative Proceeding
PATRIARCH PARTNERS VIII, LLC, : File No. 3-16462
PATRIARCH PARTNERS XIV, LLC and :
PATRIARCH PARTNERS XV, LLC : Judge Carol Fox Foelak
 :
Respondents. :
 :
----- X

**DECLARATION OF MARY BETH MALONEY
IN SUPPORT OF RESPONDENTS' MOTION TO PRECLUDE THE DIVISION'S
WITNESS, MATTHEW MACH, FROM TESTIFYING AND FOR EXPEDITED
BRIEFING**

Mary Beth Maloney, deposes and states as follows:

1. I am an associate in the law firm of Gibson, Dunn & Crutcher LLP, attorneys for the above-referenced Respondents. I submit this declaration in support of Respondents' Memorandum of Law in Support of Their Motion to Preclude the Division's Witness, Matthew Mach, From Testifying and for Expedited Briefing.

The Division's Impermissible Post-OIP Document Requests to Varde

2. On March 30, 2015 the Securities and Exchange Commission issued its Order Instituting Proceedings in this matter, thus concluding the investigation of Respondents conducted by the Division of Enforcement ("Division").

3. On June 9, 2015, the Division transmitted to Respondents two letters exchanged between counsel for Varde Partners, Inc. ("Varde"), on the one hand, and Patriarch Partners XV, LLC ("Patriarch"), on the other, and related to potential litigation between Varde and Patriarch.

The Division's transmittal email of these two letters to Patriarch stated, "Please see the attached documents, which were *voluntarily provided to us* by Varde Partners, Inc." (emphasis added). Attached hereto as Exhibit 1 is a true and correct copy of the Division's June 9, 2015 email and attachments.

4. On September 1, 2016, Your Honor issued two subpoenas to the Division, one concerning the application of the Commission's amended Rules of Practice, and the other calling for communications between and among the Commission and various parties about Respondents or this proceeding. Attached hereto as Exhibits 3 and 4 are true and correct copies of those subpoenas.

5. On September 22, 2016, the Division produced to Respondents a cover email and letter from counsel for Varde addressed to Division counsel (Amy Sumner and Nicolas Heinke), and dated June 5, 2015, which appears to have been sent along with Varde's document production to the Division that same day. The June 5 transmittal email states, "Per our call earlier this week, attached please find a cover letter along with copies of our correspondence to date between Varde and Patriarch..." Attached hereto as Exhibit 2 is a true and correct copy of Varde's June 5, 2015 email and letter, along with the attachments transmitted that same day to the Division.

6. The investigative file produced by the Division to Respondents includes no record of any subpoena issued to Varde.

Respondents' 2015 Subpoena to Varde

7. On August 13, 2015, Respondents requested that Your Honor issue a subpoena to Varde. Two Varde employees, Jeremy Hedberg and Matt Mach, had been identified on the Division's witness list of August 7, 2015.

8. On August 17, 2015, Your Honor issued a subpoena to Varde (“2015 Subpoena”). Attached hereto as Exhibit 5 is a true and correct copy of the 2015 Subpoena.

9. On August 18, 2015, Respondents transmitted electronic copies of the subpoenas signed by Your Honor to counsel for Varde.

10. On August 19, 2015, counsel for Varde confirmed he would accept service on behalf of Varde.

11. On August 25, 2015, counsel for Varde sent a letter to the then-counsel for Respondents, objecting to Respondents’ subpoena on the grounds it was “unreasonable, oppressive, and unduly burdensome.” Attached hereto as Exhibit 6 is a true and correct copy of the August 25, 2015 letter.

12. On September 2, 2015, Varde filed an Unopposed Motion for Extension of Time to Apply to Quash or Limit Subpoena Served by Respondents and Request for Expedited Consideration in order to have adequate time to engage in a meet and confer process with Respondents’ counsel. On September 10, 2015, Your Honor issued an order extending Varde’s time to file an application to limit or quash the 2015 Subpoena from September 3, 2015 to September 15, 2015.

13. On September 11, 2015, Varde produced 620 documents to Respondents “subject to the objections set forth in [the] August 25, 2015 letter.” Attached hereto as Exhibit 7 is a true and correct copy of the cover letter accompanying the September 11, 2015 production.

14. On September 16, 2015, Your Honor issued an order extending Varde’s time to file an application to limit or quash the 2015 Subpoena from September 15, 2015 to September 21, 2015.

15. On September 17, 2015 a stay was ordered by the United States Court of Appeals for the Second Circuit in the above captioned matter.

Varde's Motion to Quash the 2015 Subpoena

16. On June 1, 2016, the stay ordered by the United States Court of Appeals for the Second Circuit in the above captioned matter was lifted.

17. On July 21, 2016, Varde filed a motion asking Your Honor to issue an order extending Varde's time to file an application to limit or quash the 2015 Subpoena until August 4, 2016.

18. On August 4, 2016, Varde filed a Motion to Quash the 2015 Subpoena.

19. On August 19, 2016, Varde filed their Reply to Respondents' Opposition to the Motion to Quash.

20. On September 14, 2016, Your Honor issued an order denying Varde's motion to quash.

Respondents' 2016 Subpoena to Varde

21. On August 24, 2016, Respondents requested subpoenas of Varde, Jeremy Hedberg, and Matt Mach. Mr. Hedberg and Mr. Mach had each again been identified on the Division's witness list of August 22, 2016. Attached hereto as Exhibit 12 is a true and correct copy of the Division's witness list.

22. On August 30, 2016, Your Honor issued subpoenas to Varde ("2016 Subpoena"), Mr. Hedberg, and Mr. Mach.

23. On September 1, 2016, Respondents transmitted electronic copies of the subpoenas signed by Your Honor to counsel for Varde.

24. On September 2, 2016, counsel for Varde confirmed he would accept service on behalf of Varde, Mr. Mach, and Mr. Hedberg. After counsel for Varde agreed to accept service, Respondents mailed the original subpoenas for Varde, Mr. Mach, and Mr. Hedberg via USPS Priority Express Mail to counsel for Varde on September 7, 2016. Attached hereto as Exhibits 13, 14, and 15 are true and correct copies of Respondents' subpoenas to Varde, Mr. Mach, and Mr. Hedberg, respectively.

25. Counsel for Respondents first met and conferred with counsel for Varde on September 13, 2016. With regard to Request Nos. 4, 5, and 6 of the 2016 Subpoena, counsel agreed to revisit those requests following a ruling by Your Honor on Varde's Motion to Quash the 2015 Subpoena.

26. On September 14, 2016, Your Honor denied Varde's Motion to Quash the 2015 Subpoena, described above in paragraph 21.

27. Counsel for Respondents and counsel for Varde next met and conferred on September 22. While counsel for Respondents and counsel for Varde reached agreement on the scope of some requests in the 2016 Subpoena, counsel for Varde maintained the position that Varde would not produce internal models, evaluations, or analysis related to the relevant investment. Counsel for Respondents again explained that they had previously entered into a protective order with Rabobank and would be willing to do the same with Varde. Counsel for both Respondents and Varde agreed to keep working towards a resolution.

28. On September 22, 2016, counsel for Respondents transmitted the copy of the protective order issued by Your Honor on July 15, 2015 for Rabobank. Attached hereto as Exhibit 16 is a true and correct copy of the email from counsel for Respondents transmitting a copy of the protective order dated July 15, 2015 to counsel for Varde.

29. On September 28, 2016, I emailed counsel for Varde, inquiring, in relevant part, “Have you had a chance to review the protective order my colleague . . . sent on Thursday? Would it address your concerns related to the production of documents in response to Request No. 4?” Attached hereto as Exhibit 17 is a true and correct copy of email correspondence between counsel for Varde and counsel for Respondents dated September 28-October 5, 2016.

30. On September 29, 2016, counsel for Varde responded to counsel for Respondents, writing, in relevant part,

The materials already produced by Värde respond to requests 1, 2, 4, 5, and 6 of the second subpoena. We are currently attempting to determine if, subject to Värde’s previous objections, any additional materials responsive to the subpoenas can be produced under a protective order or otherwise. This includes any additional materials responsive to Request No 4. Once these materials have been identified, we can determine whether a protective order is necessary.

(Exhibit 17.)

31. On September 30, 2016, I responded to counsel for Varde’s email, in relevant part,

As to Requests Nos. 4-6, we understood that you previously withheld documents in response to similar requests because such documents might include information related to a proprietary model. We sent you a copy of the Protective Order entered with Rabobank and signed by Judge Foelak. As we said on our prior call we are willing to seek a protective order to the extent you believe compliance with the subpoena and Judge Foelak’s 9/14/16 Order will require the production of Värde’s propriety materials. Please let us know whether you will agree to produce documents responsive to these requests, subject to entry of a protective order.

(Exhibit 17.)

32. On October 3, 2016, counsel for Varde responded, in relevant part,

As you know, Värde continues to object to the subpoenas to the extent they ask Värde to disclose its own confidential and proprietary business information including the prices and values it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments. Producing this information to a business competitor even subject to a protective

order could cause enormous financial and competitive harm to Värde. However, as I indicated during our September 22, 2016 telephone conversation, subject to these objections Värde will produce additional non-privileged documents responsive to the subpoenas that do not reveal its confidential and proprietary business information. It will also provide a log of general categories of documents that it is withholding. During our September 22nd telephone conversation you asked that Värde complete its production during the first week of October. Accordingly, it will provide this information and material this week.

(Exhibit 17.)

33. Later in the day on October 3, 2016, I responded,

With regards to your refusal to produce, “[Värde’s] own confidential and proprietary business information including the prices and values it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments,” it appears we are at an impasse. As you know, on September 14, 2016, Judge Foelak denied Värde’s motion to quash Respondents’ 2015 Subpoena (the “2015 Subpoena”) and explained that the Division has stated it will call Mr. Mach regarding, “Värde Partners’ investment in the Zohar Fund(s), communications regarding the investment, relationship with Patriarch, their understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of Värde Partners’ investment.” Judge Foelak then concluded that the information sought by Respondents from Värde is “directly relevant to the Division’s proposed evidence *and necessary for cross-examination.*” (emphasis added)

As previously discussed, Respondents remain willing to enter into a protective order to allay your client’s disclosure concerns. On September 22, we even forwarded the PO entered with respect to Rabobank’s production of material it considered proprietary. It appears that Värde nonetheless refuses to comply with the subpoena as ordered by Judge Foelak on September 14. At this point, just three weeks from trial, we have no choice but to seek appropriate relief from Judge Foelak.

(Exhibit 17.)

34. On October 5, 2016, in response to an email from Varde’s counsel concerning Requests No. 2 and 3, I wrote,

Please confirm your silence with regard to the proprietary model reflects that we are at an impasse as to the production of documents that might reveal that model. Please also confirm that you don’t intend to produce any another documents for which Mr. Mach is a custodian or any documents responsive to Request Nos. 4-6. I would like confirmation of the impasse this morning when we hear about the

common interest agreement. In the alternative, please commit to producing responsive documents forthwith. Otherwise we will have to seek a further order from Judge Foelak.

(Exhibit 17.)

35. On October 5, 2016, counsel for Respondents responded,

I am confused about your reference to my “silence with regard to the proprietary model...” As I indicated during our September 22, 2016 telephone conversations and in my October 3, email to you, Värde objects to the requests that it produce documents to Respondents that would reveal its confidential and proprietary business information including the prices it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments. However, as I also stated during our September 22nd telephone conversation and referenced in my September 29th email to you, Värde is reviewing material previously withheld on the grounds that it is confidential and proprietary business information to determine whether at least some of that material can be produced in an effort to avoid an impasse. To the extent any such material exists, it will be produced this week. I also stated in our September 22nd telephone conversation and in my October 3rd email to you, that Värde will produce this week additional material potentially responsive to the subpoenas. This material includes documents potentially responsive to at least Requests 4, 5, and 6 of the Second Subpoena and materials dated after September 11, 2015 – the date on which Värde previously produced 16,000 pages of documents to Respondents[.]

Finally, I again encourage you to provide a specific explanation as to why the more than 16,000 pages of documents Värde already produced to Respondents (and the additional materials when they are produced) are not sufficient for your needs. I also reiterate my request that you consider narrowing the requests in the subpoenas – including Request Nos. 4, 5, and 6 of the Second Subpoena.

(Exhibit 17.)

36. Since Your Honor’s September 14, 2016 order denying Varde’s Motion to Quash the 2015 Subpoena, the only productions Varde has made were pursuant to the 2016 Subpoena. The first production, on September 29, 2016, only concerned Request No. 1 in the 2016 Subpoena. The second production, on October 5, 2016, only concerned Request No. 3 of the 2016 Subpoena. The third production, on October 7, 2016, concerned additional requests in the 2016 Subpoena, but was limited by Varde’s refusal to provide documents that might reveal

proprietary business information. A true and correct copy of Varde's counsel's letter accompanying their October 7, 2016 production is attached hereto as Exhibit 19.

37. On October 10, 2016, counsel for Varde emailed a log listing twelve general categories of documents withheld from Varde's response to Respondents' 2015 and 2016 Subpoenas. The log contained such categories as:

- Trade tickets, confirmations, and counterparty risk reports for transactions in Zohar III Notes;
- Client holding statements, profit & loss statements, and custody statements reflecting all client holdings including Zohar III Notes as well as the prices and values of those holdings;
- Investment committee updates/meeting minutes, quarterly memoranda, and presentations containing confidential and proprietary business information reflecting the prices and values Varde placed on Zohar III Notes as well as the methods it employs to price, value, analyze, and monitor those investments; and
- Emails among Varde personnel and internal reports titled "Zohar III Update," "Zohar III Opportunity Overview," and "Zohar III Portfolio Exposures" reflecting Varde's internal valuation and analysis of Zohar III Notes including the prices and values Varde placed on investments as well as the methods it employs to price, value, analyze, and monitor those investments.

38. Attached hereto as Exhibit 18 is a true and correct copy of Varde's log of general categories of documents currently withheld from Varde's production of documents in response to the 2015 and 2016 Subpoenas, dated October 10, 2016.

39. Since Your Honor's September 14, 2016 order denying Varde's Motion to Quash the 2015 Subpoena, Varde has made no additional productions under the 2015 Subpoena.

Dated: New York, NY
October 11, 2016



Mary Beth Maloney

Kole, Lauren M.

From: Bliss, Dugan <BlissD@SEC.GOV>
Sent: Tuesday, June 9, 2015 6:23 PM
To: Christopher.Gunther@skadden.com; Zornow, David M <David.Zornow@skadden.com>
(David.Zornow@skadden.com); Susan Brune; MaryAnn Sung
Cc: Heinke, Nicholas; Sumner, Amy A.
Subject: In the Matter of Patriarch
Attachments: 2015-04-09 Letter from Mayer Brown to Patriarch (3).pdf; 2015-04-24 Letter from
Patriarch to Mayer Brown (3).pdf

Counsel:

Please see the attached documents, which were voluntarily provided to us by Värde Partners, Inc.

Thank you,
Dugan

Dugan Bliss
Senior Trial Counsel, Division of Enforcement
U.S. Securities and Exchange Commission
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April 9, 2015

BY EXPRESS MAIL

Patriarch Partners XV, LLC
c/o Patriarch Partners, LLC
227 W. Trade St., Suite 1400
Charlotte, North Carolina 28202
Attention: Lynn Tilton

Re: Zohar III, Limited

Dear Ms. Tilton:

We represent Värde Partners, Inc. and certain of its affiliated private funds (collectively, "Värde") in connection with its investment in Class A-1D, A-1T and A-2 notes issued by Zohar III, Limited ("Zohar III") in the principal amounts of \$3,975,801, \$53,275,733 and \$31,000,000, respectively. Based on currently available information, it appears that Patriarch Partners, LLC and its affiliates (collectively "Patriarch") are attempting to restructure Zohar CDO 2003-1, Limited ("Zohar I") without the participation of noteholders of Zohar II 2005-1, Limited ("Zohar II"), and Zohar III (all three funds collectively, the "Zohar Funds"), even though all of the funds have overlapping collateral. Värde believes that Patriarch's exclusion of Zohar II, Zohar III, and their noteholders from attempts to restructure Zohar I, materially breaches the Zohar Funds' collateral management agreements and representations in the offering memoranda as well as Patriarch's own Code of Ethics. Värde also believes that Patriarch is in further material breach of its obligations under the Zohar III Collateral Management Agreement ("CMA"), including with respect to its incorrect calculation of the Class A Overcollateralization Test and resultant wrongful receipt of the Subordinated Collateral Management Fee and distributions from the Preference Share Distribution Account.¹ Accordingly, we request that Patriarch immediately cease all attempts to restructure Zohar I independently from Zohar II and Zohar III, promptly inform Värde and all other noteholders of the Zohar Funds of any additional restructuring efforts relating to any of those funds, and provide the Zohar Funds noteholders the opportunity to participate in all restructurings of any Zohar Funds. Värde further requests that Patriarch stop collecting the Subordinated Collateral Management Fee and making deposits into the Preference Share Distribution Account in connection with Zohar III, provide all of the information requested below to correctly calculate the Class A Overcollateralization Test, and return to Zohar III all monies wrongfully received with respect to the Subordinated Collateral Management Fee or Preference Share distributions.

¹ Capitalized terms not otherwise defined herein, are used as defined in the Zohar III Transaction Documents.

Patriarch Partners XV, LLC
Attention: Lynn Tilton
April 9, 2015
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Restructuring of the Zohar Funds

Patriarch's attempt to restructure Zohar I independently from the other Zohar Funds raises serious conflict of interest issues that cannot be adequately resolved without the full participation of noteholders from all three Zohar Funds in the restructuring. Patriarch acknowledged in its February 6, 2015 letter to noteholders of the Zohar Funds that "there is an overlap among the obligors of the collateral held by all three Zohar funds." In 2013, Ms. Tilton testified in litigation involving the Zohar Funds that "There was almost complete overlap [of collateral] amongst all three deals [i.e., Zohar I, II & III]."² In light of the overlapping collateral, attempts to restructure Zohar I independently will almost certainly cause serious financial harm to noteholders of Zohar II and Zohar III by, for example, permitting prompt full payment to Zohar I noteholders while delaying payment of remaining obligor assets, if any, to satisfy noteholders of the other Zohar Funds. These conflicts of interest are even more acute if, as reported in the media, it is true that approximately two-thirds of the Zohar I notes are held by affiliates of Patriarch.

Furthermore, the CMA and Offering Memorandum for the Zohar III Fund require Patriarch to appropriately resolve conflicts of interest. These provisions, which presumably exist in similar agreements for Zohar I and II, make clear that Patriarch must take steps to address conflicts of interest arising from its role as collateral manager for all of the Zohar Funds. For example, Section 6.2(c) of the CMA provides that, "If the Collateral Manager determines that it or any of its Affiliates have a material conflict of interest between the holders of the Notes and any other account or portfolio for which the Collateral Manager or any of its Affiliates is serving as investment advisor that relates to any action to be taken with respect to any Collateral Investment, then the Collateral Manager will perform its obligations with respect to any such conflict in accordance with the care, skill, prudence and diligence that a prudent Person acting in a like capacity and familiar with such matters would use in the resolution of such conflict. . . ." Significantly, Section 14.1 of the Indenture assigns to the Trustee the right to take legal action upon breach of the CMA by the Collateral Manager.

The Offering Memorandum for Zohar III also imposes a reasonable care standard on Patriarch that applies to resolving conflicts of interests. The Offering Memorandum states that "in rendering its services as Collateral Manager, the Collateral Manager will use reasonable care and the same degree of skill and attention (a) that the Collateral Manager (i) exercises with respect to comparable assets that it manages for itself and its Affiliates and (ii) exercises with respect to comparable assets that it manages for others and (b) exercised by institutional investment managers of national standing generally in respect of assets of the nature and character of the Collateral and for clients having similar investment objectives and restrictions"³

² *MBIA Insurance Corp. v. Patriarch Partners VIII, LLC et al.*, Civil Action No. 09-3255(S.D.N.Y. June 10, 2013), Opinion at 55.

³ Zohar III Offering Memorandum at 166.

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Attention: Lynn Tilton
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We do not believe that Patriarch can comply with the foregoing provisions relating to conflicts of interest and standard care while excluding Zohar II and Zohar III noteholders from negotiations to restructure Zohar I. If Patriarch believes that it has complied with these provisions in connection with attempts to restructure Zohar I, we ask that you promptly provide us with documentation demonstrating all of Patriarch's efforts to address its conflicts of interest associated with the restructuring.

Patriarch and its affiliates may also violate the federal securities laws by restructuring Zohar I at the expense of Zohar II and Zohar III. The United States Securities and Exchange Commission ("SEC") – which already commenced enforcement proceedings against Lynn Tilton, Patriarch, and its affiliates – has repeatedly brought charges against investment advisers for engaging in transactions that benefitted one client at the expense of another. For example, in 2010, the SEC charged ICP Asset Management, LLC ("ICP") with violating Section 206 of the Investment Advisers Act of 1940, Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities and Exchange Act of 1934 for, *inter alia*, directing its CDO clients to purchase assets at detrimental prices from other ICP clients. ICP and its principal ultimately settled the enforcement action by paying over \$23 million to the SEC and ICP's principal was barred from the securities industry.⁴ The SEC filed similar charges against another investment advisor, Commonwealth Advisors, Inc., and its principal in 2013.⁵ These SEC actions are particularly relevant to Patriarch because Zohar III acquired \$41.2 million of Collateral Investments from Zohar I and Zohar II at 100% of par value. Zohar III similarly acquired another \$35 million of Collateral Investments from Patriarch affiliate, Ark II CLO 2001-1 Limited, in exchange for 35,000 Preference Shares. In both transactions, Patriarch advised Zohar III that the purchase price was "fair."

Finally, Patriarch's own Code of Ethics reflects its obligation to refrain from benefitting some CDO clients at the expense of others. For example, the Code of Ethics prohibits Patriarch from engaging in cross trades between CDO clients unless the trades are in the best interests of both clients. The Code of Ethics similarly requires Patriarch "to allocate investment opportunities among all CDO Clients in a manner that is fair and equitable to all such CDO clients over time . . ." ⁶ The restructuring of the Zohar Funds with overlapping collateral raises the same issues and should be addressed in a manner consistent with Patriarch's Code of Ethics. Permitting Patriarch to restructure investments to benefit some clients at the expense of others undermines the requirement in its Code of Ethics that such investments must be allocated fairly and equitably in the first place.

In short, we believe that any attempt by Patriarch to restructure Zohar I without the participation of Zohar II, Zohar III and their noteholders will likely violate the federal securities laws, and

⁴ *SEC v. ICP Asset Management, LLC et al.*, Civil Action No. 10-4791 (S.D.N.Y. June 21, 2010); SEC Litigation Release 22477 (September 10, 2012).

⁵ *SEC v. Commonwealth Advisors, Inc. et al.* Civil Action No. 12-700 (M.D. La. Nov. 8, 2012).

⁶ Patriarch Partners March 2014 Form ADV, Part 2 A at 31.

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constitutes a material breach of the Transaction Documents as well as Patriarch's Code of Ethics. Moreover, the failure to include Värde and other noteholders of Zohar III in Patriarch's attempts to restructure other Zohar Funds is a breach of the CMA and, along with other breaches of that agreement, constitutes Cause for termination of Patriarch as Collateral Manager.

Patriarch's Material Breach of Transaction Documents

Värde, based on the limited information made available to it under the CMA, related Zohar III Indenture, and other Transaction Documents and publicly available information, believes that Patriarch is in material breach of its obligations under the Transaction Documents. For example, Patriarch has failed to compute important financial tests in accordance with the terms of the Transaction Documents. In particular, the calculation of the numerator of the Class A Overcollateralization Test requires that Defaulted Investments be included only to the extent of the lesser of market value and rating agency recovery amounts. Breach of this key test would, among other things, result in an Event of Default and preclude deposits into the Preference Share Distribution Account and payment of the Subordinated Collateral Management Fee to Patriarch. Because its compensation and economic returns depend upon compliance with the Class A Overcollateralization Test, Patriarch is incentivized to manipulate the computational components of the test in a fashion that appears to show compliance and has a conflict of interest with Noteholders.

We note that the computation of this test set forth in the Monthly Report is performed incorrectly because, among other things:

1. Obligors on Collateral Investments known by the Holder to be in bankruptcy and that are not "Current Pay Investments" are not properly reported as Defaulted Investments. Similarly, other Collateral Investments that are not Current Pay Investments and appear to have been downgraded to "D" by Standard & Poor's or "C" by Moody's are not treated as Defaulted Investments.
2. Where Market Value is obtainable through the relevant market, Defaulted Investments are required to be included in the numerator at the lesser of (a) Market Value or (b) the rating agency formula recovery amount. In the Monthly Report As of January 31, 2015, we note the designation "N/A" on page 45 beneath the heading "Market Value" for each Defaulted Investment. This means that Patriarch believes that either (a) no Market Value is available in the relevant market or (b) in the case of each and every Defaulted Investment, the Market Value is greater than the rating agency formula recovery amount. Neither of these outcomes is feasible or realistic.
3. Every single Defaulted Investment (but one) is classified in the most favorable "senior secured loan" category for purposes of calculating the rating agency formula recovery amount. According to the report, only one Defaulted Investment is either unsecured or a second lien Collateral Investment. Yet the definition of Senior Secured Collateral Investment requires

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that the collateral security for the loan have a value not less than the outstanding principal balance of the loan. Based on publicly available information, we believe that Collateral Investments that are undersecured are improperly classified as Senior Secured Collateral Investments and therefore not subject to the stricter haircuts applicable to unsecured and second lien debt. In order to perform a correct calculation of the Class A Overcollateralization Test, Värde hereby requests:

1. The total amount of previously deferred or capitalized interest that was excluded from the Principal Balance for purposes of computing whether the Class A Overcollateralization Ratio Test under clause (K)(2) of the Priority of Payments was satisfied in order to allow payments of Subordinated Collateral Management Fees and deposits into the Preference Share Distribution Account.

2. All Supplemental Noteholder Information provided by Patriarch to the Trustee concurrently with the delivery of each Monthly Report setting out information regarding Obligors and issuers of the Collateral Investments and that Patriarch promptly provide written notice to the Trustee of its consent to delivery of such information.

3. For each Collateral Investment identified by its "Security I.D." as set out in the Monthly Report, the following information not set forth in the Monthly Report:

- (a) Name of the Obligor;
- (b) Whether Obligor was the subject of a bankruptcy or similar proceeding;
- (c) Whether a default as to payment of principal or interest has occurred;
- (d) Whether the Collateral Investment has been amended, modified or otherwise restructured in connection with a default or otherwise, and the amount of any deferred or capitalized interest included in the Principal Balance set forth in the Monthly Report;
- (e) The Moody's and Standard & Poor's "Rating";
- (f) Whether such Collateral Investment would be a Defaulted Investment but for its classification as a "Current Pay Investment" and the Market Value of each such Collateral Investment;
- (g) For each Defaulted Investment, the Market Value if obtainable through the relevant market;
- (h) Whether the Collateral Investment was acquired by Zohar III from Zohar I, Zohar II, or another entity managed by Patriarch; and
- (i) Whether the Obligor is also an obligor on a collateral investment held by Zohar I or Zohar II or any other investment vehicle managed or advised by Patriarch.

Patriarch's failure to provide the foregoing information will constitute an additional material breach of the Transaction Documents and constitute Cause for termination of Patriarch as Collateral Manager.

Mayer Brown LLP

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For the reasons stated above, Värde requests that Patriarch immediately cease all attempts to restructure Zohar I independently from Zohar II and Zohar III, promptly inform all noteholders of the Zohar Funds of any additional restructuring efforts relating to any of those funds, provide all noteholders of the Zohar Funds with an opportunity to participate in all restructurings of any Zohar Funds, stop collecting the Subordinated Collateral Management Fee and making deposits into the Preference Share Distribution Account in connection with Zohar III, provide all of the information requested in this letter to correctly calculate the Class A Overcollateralization Test and return to Zohar III all monies wrongfully received with respect to Subordinated Collateral Management Fees or Preference Share distributions.

Please contact me if you wish to discuss these matters further.

Sincerely,



Matthew A. Rossi

cc: U.S. Bank Global Corporate Trust Services, Mr. Lou Maruchau

VPI000006



PATRIARCH PARTNERS

One Broadway, 5th Floor
New York, NY 10004

PATRIARCH PARTNERS XV, LLC

April 24, 2015

Via Email and Federal Express

Matthew A. Rossi, Esq.
Mayer Brown LLP
1999 K Street NW
Washington, D.C. 20006

Re: Zohar III, Limited ("Zohar III")

Dear Mr. Rossi:

We write in response to your April 9, 2015 letter to Lynn Tilton (the "Letter") as Manager of Patriarch Partners XV, LLC ("Patriarch XV" and together with Patriarch Partners, LLC, "Patriarch"), the collateral manager for Zohar III, in which you make a number of demands predicated upon the incorrect assertion that (i) Patriarch is attempting to restructure Zohar I CDO 2003-1, Limited ("Zohar I") without a restructuring of Zohar II and Zohar III, and (ii) Patriarch has calculated the Zohar III Class A Overcollateralization Test incorrectly. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Letter.

First, you wrongly contend that Patriarch is attempting to restructure Zohar I without a restructuring of Zohar II and Zohar III.¹ Quite to the contrary, as stated in our Letter to Noteholders of February 6, 2015, we have called upon the noteholders to come together for a restructuring of all three Zohar Funds. Our financial advisor in this regard is Moelis & Company LLC. If your client is interested in discussing such

¹ We note for the record that Patriarch Partners XV, LLC, to whom your Letter is addressed, is not the collateral manager for either the Zohar I or Zohar II funds. Each of those funds has its own collateral management entity. Any restructure of any Zohar fund would involve its respective collateral manager, together with Patriarch Partners, LLC.

restructuring, please direct your client to Steve Panagos and Yadin Rozov of Moelis. Their contact information is provided herein for your convenience:

Steven G. Panagos
+1.212.883.3802 office
+1.917.328.3560 mobile
steve.panagos@moelis.com

Yadin Rozov
212.883.4551 office
917.224.1807 mobile
yadin.rozov@moelis.com

Mssrs. Panagos and Rozov can update your client on the status of any discussions regarding a restructuring of the Zohar Funds.

Patriarch Partners, LLC does, however, want to extend the maturity of the Zohar I Fund. As has been reported in the media, Patriarch recently acquired almost two-thirds of the outstanding Zohar I Notes. Such acquisition was made, in part, to facilitate the extension of the Zohar I maturity, which would in turn, facilitate a restructure of all three Zohar Funds. It is our belief that the extension of the Zohar I maturity is in the best interests of all three Zohar Funds as it will allow more time for the parties to negotiate a restructure of those Funds and avoid the requirement under the Zohar I indenture of placing the Zohar I loans up for sale in May 2015 as required under the Zohar I indenture. It should be noted, however, that while such loans must be put up for sale, they need only be sold if, in the good faith business judgment of the Zohar I collateral manager, they can be sold for a commercially reasonable price.

As to your concern regarding potential conflicts of interest in connection with a restructuring, such concern is misplaced. We are fully aware of our obligations and responsibilities under the CMA, Offering Memorandum and other deal documents and Patriarch's Code of Ethics with respect to potential conflicts of interest and have, at all times, acted in accordance with such obligations and responsibilities. In any event, it is not our intention to restructure any one of the Zohar Funds at the expense of any one of the others.

Second, in your letter you, again incorrectly, contend that Patriarch XV is in material breach under the Zohar III Indenture and other Transaction Documents because it allegedly has mis-calculated the Class A Overcollateralization test. Based upon this incorrect contention you have demanded that Patriarch XV stop collecting the Subordinated Collateral Management Fee and making deposits into the Preference Share Distribution account, and have also demanded that Patriarch XV provide you with certain information regarding the calculation of the O/C test beyond that which you are entitled to receive under the Zohar III Indenture.

Patriarch strongly denies that it has, at any time, calculated the O/C test improperly. In response to the specific grounds upon which you claim that the test was computed incorrectly, Patriarch responds as follows:

- 1) You contend that Obligors in bankruptcy have not been properly reported as Defaulted Investments, and that there are Collateral Investments that have been downgraded to D by S&P or C by Moody's that are not treated as Defaulted Investments. While we do not know what specific Obligors or Collateral Investments you are referring to, there are currently no Collateral Investments in bankruptcy that are not reported as Defaulted Investments. We note that the most recent Trustee report has one asset showing a public rating of 'D' by S&P. This asset should not be listed as having a public rating of D and is a mistake that we believe was made inadvertently by the Trustee. The Trustee is correcting it in the next report. In any event, this inadvertent error on a \$40,000 loan would not materially affect the O/C test calculation.
- 2) You take issue with Patriarch's designation of the Market Value for Defaulted Investments as "N/A" and use of the rating agency formula for recovery amount. Contrary to your assertion, our practice is entirely in accordance with the Zohar III indenture (*see e.g.* definition of "Net Portfolio Collateral Balance" in Section 1.1 of the Zohar III Indenture.) Because our loans are to distressed private companies that are in the process of rebuilding and restructuring no Market Value can be obtained.
- 3) You take issue with Patriarch's classification of Defaulted Investments in the "senior secured loan" category for purposes of calculating the rating agency formula recovery amount. Contrary to your assertion, Patriarch has properly classified these Defaulted Investments. As is made clear in the last sentence of the definition set forth in Section 1.1 of the Zohar III indenture, the classification of a loan as a "Senior Secured Collateral Investment" is made at the time of acquisition or origination.

Finally, as to your lengthy information request, such materials and information are not available to Zohar III noteholders under the terms of the Indenture, the CMA or other deal documents.

Given that there has been no default under the Zohar III Indenture, CMA or any other Transaction document and that the O/C test has been properly calculated, Varde's demand that Patriarch XV stop collecting the Subordinated Collateral Management Fee and making deposits into the Preference Share Distribution Account in connection

with Zohar III, and provide the exhaustive information set forth in your Letter is misplaced and Patriarch declines to accede to any such demand. If your client is truly interested in discussing a restructure of the Zohar Funds we hope that it will contact Moelis as soon as practicable.

Sincerely,

PATRIARCH PARTNERS XV, LLC

By: 

Name: Lynn Tilton

Title: Manager

cc: U.S. Bank Global Corporate Trust Services,
Mr. Lou Maruchau (via federal express)

To: Heinke, Nicholas[HeinkeN@SEC.GOV]; Sumner, Amy A.[SumnerA@SEC.GOV]
From: Dave Marple
Sent: Fri 6/5/2015 4:19:12 PM
Importance: Normal
Subject: In the Matter of Lynn Tilton, et al.

Amy and Nic –

Per our call earlier this week, attached please find a cover letter along with copies of the correspondence to date between Värde and Patriarch. Apologies for not including Mr. Bliss on this message but I don't have his e-mail address.

Please let us know if you have any questions or would like to discuss further.

Regards,

Dave.

David A. Marple

General Counsel

Värde Partners, Inc.

8500 Normandale Lake Boulevard, Suite 1500

Minneapolis, MN 55437

Direct dial: 952.374.6970

dmarple@varde.com

NOTICE: The information contained in this transmission is privileged, confidential, and intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or the taking of any action in reliance on the contents of this transmission is strictly prohibited. If you have received this transmission in error, please notify the sender and destroy the original message and all copies. Thank you.



**FOIA CONFIDENTIAL TREATMENT
REQUESTED BY VÄRDE PARTNERS, INC. IN ACCORDANCE
WITH 17 C.F.R. § 200.83**

June 5, 2015

VIA E-MAIL

Amy A. Sumner, Esquire
Senior Counsel, Division of Enforcement
United States Securities and Exchange Commission
Denver Regional Office
1961 Stout Street, Suite 1700
Denver, CO, 80294

Re: In the Matter of Lynn Tilton et al.

Dear Ms. Sumner:

Pursuant to your request, attached please find copies of the correspondence to date by or on behalf of Värde Partners, Inc. and certain of its affiliated private funds ("Värde"), on the one hand, and Patriarch Partners VI, LLC, on the other. The attachments bear bates numbers VPI0000001 through VPI0000010.

The production of this letter and the attached materials relates to confidential and non-public matters under the Freedom of Information Act ("FOIA"), 5 U.S.C. §§ 552(b)(3), (b)(4), (b)(6), and (b)(7) and applicable Commission regulations. In accordance with Title 17, Code of Federal Regulations, Section 200.83 and other applicable laws and regulations, Värde Partners, Inc. ("Värde") submits these documents to the Commission with a request that they be kept in a non-public file, and that only Commission staff have access to them. At the conclusion of the Commission's interest in these matters, whenever that may be, Värde requests that the attached materials submitted to the Commission, and any copies thereof, be returned to the undersigned.

Moreover, should any person request an opportunity to inspect or copy the documents or related materials produced here, Värde requests that it, via the undersigned, be notified immediately of any such request and be furnished promptly with all written materials pertaining to such request. *See, e.g., Chrysler Corp. v. Brown*, 441 U.S. 281 (1979). Värde further requests that it thereafter be notified promptly of any agency determinations with respect to such request and be given ten days' notice prior to any intended release so that Värde may, if it is deemed necessary or appropriate, submit additional material substantiating this claim.

Amy A. Sumner, Esq.
U.S. Securities and Exchange Commission
June 5, 2015
Page 2

The name, address, and telephone number of the person making this FOIA Confidential Treatment Request on behalf of Värde, and to whom notice of any potential disclosure should be provided, is:

David A. Marple
General Counsel
Värde Partners, Inc.
8500 Normandale Lake Boulevard
Suite 1500
Minneapolis, MN 55437
Tel: (952) 374-6970

Please contact me if you have any questions about the attached documents or this FOIA Confidential Treatment Request.

Sincerely,


David A. Marple

cc: Office of Freedom of Information and Privacy Act Operations,
U.S. Securities and Exchange Commission (Facsimile: 202-772-9336 or 9337)

MAYER • BROWN

Mayer Brown LLP
1999 K Street, N.W.
Washington, D.C. 20006-1101

Main Tel: +1 202 263 3000
Main Fax +1 202 263 3300
www.mayerbrown.com

Matthew A. Rossi
Direct Tel +1 202 263 3374
Direct Fax +1 202 263 5374
mrossi@mayerbrown.com

April 9, 2015

BY EXPRESS MAIL

Patriarch Partners XV, LLC
c/o Patriarch Partners, LLC
227 W. Trade St., Suite 1400
Charlotte, North Carolina 28202
Attention: Lynn Tilton

Re: Zohar III, Limited

Dear Ms. Tilton:

We represent Värde Partners, Inc. and certain of its affiliated private funds (collectively, "Värde") in connection with its investment in Class A-1D, A-1T and A-2 notes issued by Zohar III, Limited ("Zohar III") in the principal amounts of \$3,975,801, \$53,275,733 and \$31,000,000, respectively. Based on currently available information, it appears that Patriarch Partners, LLC and its affiliates (collectively "Patriarch") are attempting to restructure Zohar CDO 2003-1, Limited ("Zohar I") without the participation of noteholders of Zohar II 2005-1, Limited ("Zohar II"), and Zohar III (all three funds collectively, the "Zohar Funds"), even though all of the funds have overlapping collateral. Värde believes that Patriarch's exclusion of Zohar II, Zohar III, and their noteholders from attempts to restructure Zohar I, materially breaches the Zohar Funds' collateral management agreements and representations in the offering memoranda as well as Patriarch's own Code of Ethics. Värde also believes that Patriarch is in further material breach of its obligations under the Zohar III Collateral Management Agreement ("CMA"), including with respect to its incorrect calculation of the Class A Overcollateralization Test and resultant wrongful receipt of the Subordinated Collateral Management Fee and distributions from the Preference Share Distribution Account.¹ Accordingly, we request that Patriarch immediately cease all attempts to restructure Zohar I independently from Zohar II and Zohar III, promptly inform Värde and all other noteholders of the Zohar Funds of any additional restructuring efforts relating to any of those funds, and provide the Zohar Funds noteholders the opportunity to participate in all restructurings of any Zohar Funds. Värde further requests that Patriarch stop collecting the Subordinated Collateral Management Fee and making deposits into the Preference Share Distribution Account in connection with Zohar III, provide all of the information requested below to correctly calculate the Class A Overcollateralization Test, and return to Zohar III all monies wrongfully received with respect to the Subordinated Collateral Management Fee or Preference Share distributions.

¹ Capitalized terms not otherwise defined herein, are used as defined in the Zohar III Transaction Documents.

VPI0000001

Patriarch Partners XV, LLC
Attention: Lynn Tilton
April 9, 2015
Page 2

Restructuring of the Zohar Funds

Patriarch's attempt to restructure Zohar I independently from the other Zohar Funds raises serious conflict of interest issues that cannot be adequately resolved without the full participation of noteholders from all three Zohar Funds in the restructuring. Patriarch acknowledged in its February 6, 2015 letter to noteholders of the Zohar Funds that "there is an overlap among the obligors of the collateral held by all three Zohar funds." In 2013, Ms. Tilton testified in litigation involving the Zohar Funds that "There was almost complete overlap [of collateral] amongst all three deals [i.e., Zohar I, II & III]." ² In light of the overlapping collateral, attempts to restructure Zohar I independently will almost certainly cause serious financial harm to noteholders of Zohar II and Zohar III by, for example, permitting prompt full payment to Zohar I noteholders while delaying payment of remaining obligor assets, if any, to satisfy noteholders of the other Zohar Funds. These conflicts of interest are even more acute if, as reported in the media, it is true that approximately two-thirds of the Zohar I notes are held by affiliates of Patriarch.

Furthermore, the CMA and Offering Memorandum for the Zohar III Fund require Patriarch to appropriately resolve conflicts of interest. These provisions, which presumably exist in similar agreements for Zohar I and II, make clear that Patriarch must take steps to address conflicts of interest arising from its role as collateral manager for all of the Zohar Funds. For example, Section 6.2(c) of the CMA provides that, "If the Collateral Manager determines that it or any of its Affiliates have a material conflict of interest between the holders of the Notes and any other account or portfolio for which the Collateral Manager or any of its Affiliates is serving as investment advisor that relates to any action to be taken with respect to any Collateral Investment, then the Collateral Manager will perform its obligations with respect to any such conflict in accordance with the care, skill, prudence and diligence that a prudent Person acting in a like capacity and familiar with such matters would use in the resolution of such conflict. . . ." Significantly, Section 14.1 of the Indenture assigns to the Trustee the right to take legal action upon breach of the CMA by the Collateral Manager.

The Offering Memorandum for Zohar III also imposes a reasonable care standard on Patriarch that applies to resolving conflicts of interests. The Offering Memorandum states that "in rendering its services as Collateral Manager, the Collateral Manager will use reasonable care and the same degree of skill and attention (a) that the Collateral Manager (i) exercises with respect to comparable assets that it manages for itself and its Affiliates and (ii) exercises with respect to comparable assets that it manages for others and (b) exercised by institutional investment managers of national standing generally in respect of assets of the nature and character of the Collateral and for clients having similar investment objectives and restrictions" ³

² *MBIA Insurance Corp. v. Patriarch Partners VIII, LLC et al.*, Civil Action No. 09-3255(S.D.N.Y. June 10, 2013), Opinion at 55.

³ Zohar III Offering Memorandum at 166.

Patriarch Partners XV, LLC
Attention: Lynn Tilton
April 9, 2015
Page 3

We do not believe that Patriarch can comply with the foregoing provisions relating to conflicts of interest and standard care while excluding Zohar II and Zohar III noteholders from negotiations to restructure Zohar I. If Patriarch believes that it has complied with these provisions in connection with attempts to restructure Zohar I, we ask that you promptly provide us with documentation demonstrating all of Patriarch's efforts to address its conflicts of interest associated with the restructuring.

Patriarch and its affiliates may also violate the federal securities laws by restructuring Zohar I at the expense of Zohar II and Zohar III. The United States Securities and Exchange Commission ("SEC") – which already commenced enforcement proceedings against Lynn Tilton, Patriarch, and its affiliates – has repeatedly brought charges against investment advisers for engaging in transactions that benefitted one client at the expense of another. For example, in 2010, the SEC charged ICP Asset Management, LLC ("ICP") with violating Section 206 of the Investment Advisers Act of 1940, Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities and Exchange Act of 1934 for, *inter alia*, directing its CDO clients to purchase assets at detrimental prices from other ICP clients. ICP and its principal ultimately settled the enforcement action by paying over \$23 million to the SEC and ICP's principal was barred from the securities industry.⁴ The SEC filed similar charges against another investment advisor, Commonwealth Advisors, Inc., and its principal in 2013.⁵ These SEC actions are particularly relevant to Patriarch because Zohar III acquired \$41.2 million of Collateral Investments from Zohar I and Zohar II at 100% of par value. Zohar III similarly acquired another \$35 million of Collateral Investments from Patriarch affiliate, Ark II CLO 2001-1 Limited, in exchange for 35,000 Preference Shares. In both transactions, Patriarch advised Zohar III that the purchase price was "fair."

Finally, Patriarch's own Code of Ethics reflects its obligation to refrain from benefitting some CDO clients at the expense of others. For example, the Code of Ethics prohibits Patriarch from engaging in cross trades between CDO clients unless the trades are in the best interests of both clients. The Code of Ethics similarly requires Patriarch "to allocate investment opportunities among all CDO Clients in a manner that is fair and equitable to all such CDO clients over time . . ." ⁶ The restructuring of the Zohar Funds with overlapping collateral raises the same issues and should be addressed in a manner consistent with Patriarch's Code of Ethics. Permitting Patriarch to restructure investments to benefit some clients at the expense of others undermines the requirement in its Code of Ethics that such investments must be allocated fairly and equitably in the first place.

In short, we believe that any attempt by Patriarch to restructure Zohar I without the participation of Zohar II, Zohar III and their noteholders will likely violate the federal securities laws, and

⁴ *SEC v. ICP Asset Management, LLC et al.*, Civil Action No. 10-4791(S.D.N.Y. June 21, 2010); SEC Litigation Release 22477 (September 10, 2012).

⁵ *SEC v. Commonwealth Advisors, Inc. et al.* Civil Action No. 12-700 (M.D. La. Nov. 8, 2012).

⁶ Patriarch Partners March 2014 Form ADV, Part 2 A at 31.

Patriarch Partners XV, LLC
Attention: Lynn Tilton
April 9, 2015
Page 4

constitutes a material breach of the Transaction Documents as well as Patriarch's Code of Ethics. Moreover, the failure to include Värde and other noteholders of Zohar III in Patriarch's attempts to restructure other Zohar Funds is a breach of the CMA and, along with other breaches of that agreement, constitutes Cause for termination of Patriarch as Collateral Manager.

Patriarch's Material Breach of Transaction Documents

Värde, based on the limited information made available to it under the CMA, related Zohar III Indenture, and other Transaction Documents and publicly available information, believes that Patriarch is in material breach of its obligations under the Transaction Documents. For example, Patriarch has failed to compute important financial tests in accordance with the terms of the Transaction Documents. In particular, the calculation of the numerator of the Class A Overcollateralization Test requires that Defaulted Investments be included only to the extent of the lesser of market value and rating agency recovery amounts. Breach of this key test would, among other things, result in an Event of Default and preclude deposits into the Preference Share Distribution Account and payment of the Subordinated Collateral Management Fee to Patriarch. Because its compensation and economic returns depend upon compliance with the Class A Overcollateralization Test, Patriarch is incentivized to manipulate the computational components of the test in a fashion that appears to show compliance and has a conflict of interest with Noteholders.

We note that the computation of this test set forth in the Monthly Report is performed incorrectly because, among other things:

1. Obligors on Collateral Investments known by the Holder to be in bankruptcy and that are not "Current Pay Investments" are not properly reported as Defaulted Investments. Similarly, other Collateral Investments that are not Current Pay Investments and appear to have been downgraded to "D" by Standard & Poor's or "C" by Moody's are not treated as Defaulted Investments.

2. Where Market Value is obtainable through the relevant market, Defaulted Investments are required to be included in the numerator at the lesser of (a) Market Value or (b) the rating agency formula recovery amount. In the Monthly Report As of January 31, 2015, we note the designation "N/A" on page 45 beneath the heading "Market Value" for each Defaulted Investment. This means that Patriarch believes that either (a) no Market Value is available in the relevant market or (b) in the case of each and every Defaulted Investment, the Market Value is greater than the rating agency formula recovery amount. Neither of these outcomes is feasible or realistic.

3. Every single Defaulted Investment (but one) is classified in the most favorable "senior secured loan" category for purposes of calculating the rating agency formula recovery amount. According to the report, only one Defaulted Investment is either unsecured or a second lien Collateral Investment. Yet the definition of Senior Secured Collateral Investment requires

Patriarch Partners XV, LLC
Attention: Lynn Tilton
April 9, 2015
Page 5

that the collateral security for the loan have a value not less than the outstanding principal balance of the loan. Based on publicly available information, we believe that Collateral Investments that are undersecured are improperly classified as Senior Secured Collateral Investments and therefore not subject to the stricter haircuts applicable to unsecured and second lien debt. In order to perform a correct calculation of the Class A Overcollateralization Test, Värde hereby requests:

1. The total amount of previously deferred or capitalized interest that was excluded from the Principal Balance for purposes of computing whether the Class A Overcollateralization Ratio Test under clause (K)(2) of the Priority of Payments was satisfied in order to allow payments of Subordinated Collateral Management Fees and deposits into the Preference Share Distribution Account.

2. All Supplemental Noteholder Information provided by Patriarch to the Trustee concurrently with the delivery of each Monthly Report setting out information regarding Obligors and issuers of the Collateral Investments and that Patriarch promptly provide written notice to the Trustee of its consent to delivery of such information.

3. For each Collateral Investment identified by its "Security I.D." as set out in the Monthly Report, the following information not set forth in the Monthly Report:

- (a) Name of the Obligor;
- (b) Whether Obligor was the subject of a bankruptcy or similar proceeding;
- (c) Whether a default as to payment of principal or interest has occurred;
- (d) Whether the Collateral Investment has been amended, modified or otherwise restructured in connection with a default or otherwise, and the amount of any deferred or capitalized interest included in the Principal Balance set forth in the Monthly Report;
- (e) The Moody's and Standard & Poor's "Rating";
- (f) Whether such Collateral Investment would be a Defaulted Investment but for its classification as a "Current Pay Investment" and the Market Value of each such Collateral Investment;
- (g) For each Defaulted Investment, the Market Value if obtainable through the relevant market;
- (h) Whether the Collateral Investment was acquired by Zohar III from Zohar I, Zohar II, or another entity managed by Patriarch; and
- (i) Whether the Obligor is also an obligor on a collateral investment held by Zohar I or Zohar II or any other investment vehicle managed or advised by Patriarch.

Patriarch's failure to provide the foregoing information will constitute an additional material breach of the Transaction Documents and constitute Cause for termination of Patriarch as Collateral Manager.

Mayer Brown LLP

Patriarch Partners XV, LLC
Attention: Lynn Tilton
April 9, 2015
Page 6

For the reasons stated above, Värde requests that Patriarch immediately cease all attempts to restructure Zohar I independently from Zohar II and Zohar III, promptly inform all noteholders of the Zohar Funds of any additional restructuring efforts relating to any of those funds, provide all noteholders of the Zohar Funds with an opportunity to participate in all restructurings of any Zohar Funds, stop collecting the Subordinated Collateral Management Fee and making deposits into the Preference Share Distribution Account in connection with Zohar III, provide all of the information requested in this letter to correctly calculate the Class A Overcollateralization Test and return to Zohar III all monies wrongfully received with respect to Subordinated Collateral Management Fees or Preference Share distributions.

Please contact me if you wish to discuss these matters further.

Sincerely,



Matthew A. Rossi

cc: U.S. Bank Global Corporate Trust Services, Mr. Lou Maruchau

VPI0000006

Tilton-SEC-A-00000000415



PATRIARCH PARTNERS

One Broadway, 5th Floor
New York, NY 10004

PATRIARCH PARTNERS XV, LLC

April 24, 2015

Via Email and Federal Express

Matthew A. Rossi, Esq.
Mayer Brown LLP
1999 K Street NW
Washington, D.C. 20006

Re: Zohar III, Limited ("Zohar III")

Dear Mr. Rossi:

We write in response to your April 9, 2015 letter to Lynn Tilton (the "Letter") as Manager of Patriarch Partners XV, LLC ("Patriarch XV" and together with Patriarch Partners, LLC, "Patriarch"), the collateral manager for Zohar III, in which you make a number of demands predicated upon the incorrect assertion that (i) Patriarch is attempting to restructure Zohar I CDO 2003-1, Limited ("Zohar I") without a restructuring of Zohar II and Zohar III, and (ii) Patriarch has calculated the Zohar III Class A Overcollateralization Test incorrectly. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Letter.

First, you wrongly contend that Patriarch is attempting to restructure Zohar I without a restructuring of Zohar II and Zohar III.¹ Quite to the contrary, as stated in our Letter to Noteholders of February 6, 2015, we have called upon the noteholders to come together for a restructuring of all three Zohar Funds. Our financial advisor in this regard is Moelis & Company LLC. If your client is interested in discussing such

¹ We note for the record that Patriarch Partners XV, LLC, to whom your Letter is addressed, is not the collateral manager for either the Zohar I or Zohar II funds. Each of those funds has its own collateral management entity. Any restructure of any Zohar fund would involve its respective collateral manager, together with Patriarch Partners, LLC.

VPI0000007

restructuring, please direct your client to Steve Panagos and Yadin Rozov of Moelis. Their contact information is provided herein for your convenience:

Steven G. Panagos
+1.212.883.3802 office
[REDACTED]
steve.panagos@moelis.com

Yadin Rozov
212.883.4551 office
917.224.1807 mobile
yadin.rozov@moelis.com

Mssrs. Panagos and Rozov can update your client on the status of any discussions regarding a restructuring of the Zohar Funds.

Patriarch Partners, LLC does, however, want to extend the maturity of the Zohar I Fund. As has been reported in the media, Patriarch recently acquired almost two-thirds of the outstanding Zohar I Notes. Such acquisition was made, in part, to facilitate the extension of the Zohar I maturity, which would in turn, facilitate a restructure of all three Zohar Funds. It is our belief that the extension of the Zohar I maturity is in the best interests of all three Zohar Funds as it will allow more time for the parties to negotiate a restructure of those Funds and avoid the requirement under the Zohar I indenture of placing the Zohar I loans up for sale in May 2015 as required under the Zohar I indenture. It should be noted, however, that while such loans must be put up for sale, they need only be sold if, in the good faith business judgment of the Zohar I collateral manager, they can be sold for a commercially reasonable price.

As to your concern regarding potential conflicts of interest in connection with a restructuring, such concern is misplaced. We are fully aware of our obligations and responsibilities under the CMA, Offering Memorandum and other deal documents and Patriarch's Code of Ethics with respect to potential conflicts of interest and have, at all times, acted in accordance with such obligations and responsibilities. In any event, it is not our intention to restructure any one of the Zohar Funds at the expense of any one of the others.

Second, in your letter you, again incorrectly, contend that Patriarch XV is in material breach under the Zohar III Indenture and other Transaction Documents because it allegedly has mis-calculated the Class A Overcollateralization test. Based upon this incorrect contention you have demanded that Patriarch XV stop collecting the Subordinated Collateral Management Fee and making deposits into the Preference Share Distribution account, and have also demanded that Patriarch XV provide you with certain information regarding the calculation of the O/C test beyond that which you are entitled to receive under the Zohar III Indenture.

Patriarch strongly denies that it has, at any time, calculated the O/C test improperly. In response to the specific grounds upon which you claim that the test was computed incorrectly, Patriarch responds as follows:

- 1) You contend that Obligors in bankruptcy have not been properly reported as Defaulted Investments, and that there are Collateral Investments that have been downgraded to D by S&P or C by Moody's that are not treated as Defaulted Investments. While we do not know what specific Obligors or Collateral Investments you are referring to, there are currently no Collateral Investments in bankruptcy that are not reported as Defaulted Investments. We note that the most recent Trustee report has one asset showing a public rating of 'D' by S&P. This asset should not be listed as having a public rating of D and is a mistake that we believe was made inadvertently by the Trustee. The Trustee is correcting it in the next report. In any event, this inadvertent error on a \$40,000 loan would not materially affect the O/C test calculation.
- 2) You take issue with Patriarch's designation of the Market Value for Defaulted Investments as "N/A" and use of the rating agency formula for recovery amount. Contrary to your assertion, our practice is entirely in accordance with the Zohar III indenture (*see e.g.* definition of "Net Portfolio Collateral Balance" in Section 1.1 of the Zohar III Indenture.) Because our loans are to distressed private companies that are in the process of rebuilding and restructuring no Market Value can be obtained.
- 3) You take issue with Patriarch's classification of Defaulted Investments in the "senior secured loan" category for purposes of calculating the rating agency formula recovery amount. Contrary to your assertion, Patriarch has properly classified these Defaulted Investments. As is made clear in the last sentence of the definition set forth in Section 1.1 of the Zohar III indenture, the classification of a loan as a "Senior Secured Collateral Investment" is made at the time of acquisition or origination.

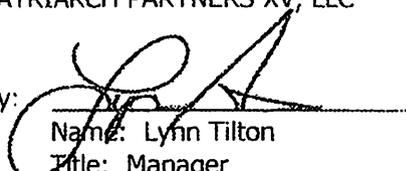
Finally, as to your lengthy information request, such materials and information are not available to Zohar III noteholders under the terms of the Indenture, the CMA or other deal documents.

Given that there has been no default under the Zohar III Indenture, CMA or any other Transaction document and that the O/C test has been properly calculated, Varde's demand that Patriarch XV stop collecting the Subordinated Collateral Management Fee and making deposits into the Preference Share Distribution Account in connection

with Zohar III, and provide the exhaustive information set forth in your Letter is misplaced and Patriarch declines to accede to any such demand. If your client is truly interested in discussing a restructure of the Zohar Funds we hope that it will contact Moelis as soon as practicable.

Sincerely,

PATRIARCH PARTNERS XV, LLC

By: 

Name: Lynn Tilton

Title: Manager

cc: U.S. Bank Global Corporate Trust Services,
Mr. Lou Marucheu (via federal express)

Second Request



SUBPOENA TO PRODUCE DOCUMENTS

Issued Pursuant to U.S. Securities and Exchange Commission Rules of Practice 111(b) and 232, 17 C.F.R. §§ 201.111(b), 201.232.

1. TO
Custodian of Records
United States Securities & Exchange Commission
100 F Street, N.E.
Washington, DC 20549

This subpoena requires you to produce documents or other tangible evidence described in Item 7, at the request of the Party described in Item 4, in the U.S. Securities and Exchange Commission Administrative Proceeding described in Item 6.

2. PLACE OF PRODUCTION
Gibson, Dunn & Crutcher, LLP
200 Park Avenue
New York, NY 10166

3. DATE AND TIME PRODUCTION IS DUE

~~August 8, 2016~~ at 10:00 AM

September 14, 2016, or as agreed. CFF

4. PARTY AND COUNSEL REQUESTING
ISSUANCE OF SUBPOENA
Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII,
LLC, Patriarch Partners XIV, LLC, Patriarch Partners XV, LLC

By: Randy M. Mastro
Gibson, Dunn & Crutcher, LLP
200 Park Avenue
New York, NY 10166

5. THE PRODUCTION OF DOCUMENTS OR OTHER
TANGIBLE EVIDENCE IS ORDERED BY

The Honorable Carol Fox Foelak

Administrative Law Judge
U.S. Securities and Exchange Commission

6. TITLE OF THE MATTER AND ADMINISTRATIVE PROCEEDING NUMBER

In the Matter of Lynn Tilton, et al., Respondents, File No. 3-16462

7. DOCUMENTS OR OTHER TANGIBLE EVIDENCE TO BE PRODUCED (ATTACH PAGES AS REQUIRED)

See attachment, as modified by Lynn Tilton, Admin. Proc. Rulings
Release No. 4116 (A.L.J. Sept. 1, 2016) CFF

DATE SIGNED

Sept. 1, 2016

SIGNATURE OF ADMINISTRATIVE LAW JUDGE

Carol Fox Foelak

GENERAL INSTRUCTIONS

MOTION TO QUASH

The U.S. Securities and Exchange Commission's Rules of Practice require that any application to quash or modify a subpoena comply with Commission Rule of Practice 232(e)(1). 17 C.F.R. § 201.232(e)(1).

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

-----	x	
In the Matter of,	:	
	:	
LYNN TILTON	:	
PATRIARCH PARTNERS, LLC,	:	Administrative Proceeding
PATRIARCH PARTNERS VIII, LLC,	:	File No. 3-16462
PATRIARCH PARTNERS XIV, LLC and	:	
PATRIARCH PARTNERS XV, LLC	:	Judge Carol Fox Foelak
	:	
Respondents.	:	
	:	
-----	x	

**ATTACHMENT TO SUBPOENA DUCES TECUM TO THE SECURITIES AND
EXCHANGE COMMISSION**

DEFINITIONS

1. The terms “You,” “Your,” and the “Commission” shall mean the United States Securities & Exchange Commission and any and all divisions or units thereof, including but not limited to the Division of Enforcement, the Office of General Counsel, and the Office of the Secretary, as well as any of its Commissioners or any other personnel.

2. The term “Amended Rules of Practice” means: (a) the Proposed Amendments to the Commission’s Rules of Practice, Release No. 34-75976, Sept. 24, 2015, <https://www.sec.gov/rules/proposed/2015/34-75976.pdf>; (b) the Amendments to the Commission’s Rules of Practice, 80 Fed. Reg. 60,091 (Oct. 5, 2015), <https://www.sec.gov/rules/proposed/2015/34-75976.pdf>; (c) the Amendments to the Commission’s Rules of Practice, Release No. 34-78319, July 13, 2016, <https://www.sec.gov/rules/final/2016/34-78319.pdf>; and (d) any other draft, proposed rule, or rule relating to (a), (b), and (c).

3. "Document" shall be construed to the fullest extent under applicable law and shall mean, without limitation, the original and all copies and translations of any information in any written, recorded, electronic, or graphic form, including all memoranda, notes, inter-agency and intra-agency communications, telegrams, letters, e-mail, computer models, spreadsheets, data, reports, accounts, records, calendars, diaries, minutes, contracts or other legal documents, insurance policies, telephonic or personal communications, tape recordings, microfilm, film, stenographic notes, bulletins, notices, computer data and other data or information sources in any written, printed or recorded matter of any character in the possession, custody or control of the Commission, its attorneys, agents, and other persons under its control. Without limiting the foregoing, the term "document" or "documents" shall indicate any copy which differs in any respect from the original or other versions of the document, such as copies containing notations, insertions, corrections, marginal notes or any other variations.

4. The term "Communication" means all inquiries, discussion, conversations, negotiations, agreements, understandings, meetings, telephone conversations, letters, notes, telegrams, correspondence, memoranda, e-mail, facsimile transmissions, or other form of verbal, written, mechanical, or electronic intercourse.

5. The words "concerning," "regarding," "reflecting," "referring to," and/or "relating to" mean describing, discussing, constituting, containing, considering, embodying, evaluating, mentioning, memorializing, supporting, collaborating, demonstrating, proving, evidencing, showing, refuting, disputing, rebutting, regarding, controverting, contradicting, made in connection with or by reason of, or derived or arising therefrom.

6. The term “Third Party” means any natural person or any legal entity, including a proprietorship, partnership, trust, firm, corporation, association, government agency, or other organization, or association other than the Commission or Respondents.

7. “Respondents” includes Lynn Tilton, Patriarch Partners LLC, Patriarch Partners VIII, LLC, Patriarch Partners XIC, LLC, and Patriarch Partners XV, LLC.

8. The “Tilton Matter” means *In the Matter of Lynn Tilton, Patriarch Partners LLC, Patriarch Partners VIII, LLC, Patriarch Partners XIC, LLC, and Patriarch Partners XV, LLC*, Administrative Proceeding File No. 3-16462, pending before Administrative Law Judge Carol Fox Foelak in the Securities and Exchange Commission.

9. “Rules of Practice” means the *Rules of Practice and Rules on Fair Fund and Disgorgement Plans*, as issued by the Commission in January 2006 and amended in March 2006.

10. “All” means any and all.

11. “And” and “or” shall be construed either disjunctively or conjunctively as necessary to bring within the scope of the request all responses that might otherwise be construed to be outside of its scope.

INSTRUCTIONS

1. Each request for Documents requires the production of all Documents described therein in the possession, custody, or control of the Commission.

2. Each request seeks production of the Document in its entirety without abbreviations or expurgation, including all attachments or other matters affixed thereto.

3. One copy of each Document requested is to be produced. Any copy of a Document that varies in any way from the original or from any other copy of the Document, whether by reason of handwritten or other notation or otherwise, shall constitute a separate

Document and must be produced, whether or not the original of such document is within Your possession, custody, or control.

4. Each request herein requires that You produce any and all files from personal computers, notebook or laptop computers, file servers, personal digital assistants (PDAs), minicomputers, mainframe computers, Web servers, internet servers, or other storage devices including but not limited to web pages, hard disk drives, floppy disks, data bases backup or archival tapes, containing the requested documents.

5. You shall produce responsive Documents as they have been kept in the usual course of business or shall organize and label them to correspond to the requests. If there are no Documents responsive to any particular request, You shall so state in writing. All Documents that are physically attached to each other when located for production shall be left so attached. Documents that are segregated or separated from other Documents, whether by use of binders, files, subfiles, or by dividers, tabs, or any other method, shall be left so segregated or separated. All labels or other forms of identification contained, placed, attached or appended on or to any binders, files, subfiles, dividers or tabs shall be produced.

6. In the event that any Documents called for by these requests is to be withheld on the basis of a claim of privilege, produce a log, contemporaneously with the documents responsive to the subpoena, that identifies each such Document by the following categories of information: author, addressee, indicated or blind copies, date, subject matter, number of pages, attachments or appendices, all persons to whom distributed, shown, or explained, present custodian, the nature of the privilege asserted, and the complete factual basis for its assertion.

7. If a portion of an otherwise responsive Document contains information subject to a claim of privilege, only those portions of the Document subject to the claim of privilege shall

be redacted from the document and the rest of the document shall be produced. If any portions of any otherwise responsive documents are redacted, those portions are to be included on the log of privileged documents and identified as required by the prior instruction.

REQUESTS FOR DOCUMENTS

1. All Documents concerning, referencing, or reflecting any Communication or meeting, relating to the application or applicability of any or all of the Amended Rules of Practice to Respondents or the Tilton Matter.

2. All Documents concerning, referencing, or reflecting any Communication or meeting, relating to the drafting or proposal of any amendment to the Rules of Practice, to the extent such communication or meeting also relates to Respondents or the Tilton Matter.

3. All Documents concerning, referencing, or reflecting any meetings or Communications between or among (a) any employee or political appointee within the Commission's Division of Enforcement, (b) any employee or political appointee within the Commission's Rulemaking Division, (c) any employee or political appointee within the Commission's Office of the General Counsel, (d) any employee or political appointee of the Commission's Office of the Secretary, and (e) any Commissioner or his or her staff relating to the application or applicability of the Amended Rules of Practice to Respondents or the Tilton Matter.

4. All Documents concerning, referencing, or reflecting any meetings or Communications between or among (a) any employee or political appointee of the Commission, and (b) any Third Party, relating to the application or applicability of the Amended Rules of Practice to Respondents or the Tilton Matter.

5. All Documents concerning, referencing, or reflecting any meetings or Communications between or among (a) any employee or political appointee within the Commission's Division of Enforcement, (b) any employee or political appointee within the Commission's Rulemaking Division, (c) any employee or political appointee within the Commission's Office of the General Counsel, (d) any employee or political appointee within the Commission's Office of the Secretary, and (e) any Commissioner or his or her staff, relating to the timing of the Commission's vote on the Amended Rules of Practice, or the date on which the Amended Rules of Practice would be implemented by the Commission.

6. All Documents concerning, referencing, or reflecting any Communication or meeting, relating to the application or applicability of the Amended Rules of Practice to any or all Securities and Exchange Commission administrative proceedings (a) pending as of the Effective Date of the Amended Rules of Practice (as defined therein), but for which there have been no initial prehearing conferences; (b) stayed as of such Effective Date; or (c) awaiting hearings as of such Effective Date.

7. All Documents concerning, referencing, or reflecting any meetings or Communications between or among (a) the Commission, and (b) any Third Party, relating to the timing of the Commission's vote on the Amended Rules of Practice, or the date on which the Amended Rules of Practice would be implemented by the Commission.

First Request



SUBPOENA TO PRODUCE DOCUMENTS

Issued Pursuant to U.S. Securities and Exchange Commission Rules of Practice 111(b) and 232, 17 C.F.R. §§ 201.111(b), 201.232.

<p>1. TO Custodian of Records United States Securities & Exchange Commission 100 F Street, N.E. Washington, DC 20549</p>	<p>This subpoena requires you to produce documents or other tangible evidence described in Item 7. at the request of the Party described in Item 4, in the U.S. Securities and Exchange Commission Administrative Proceeding described in Item 6.</p>
<p>2. PLACE OF PRODUCTION Gibson, Dunn & Crutcher, LLP 200 Park Avenue New York, NY 10166</p>	<p>3. DATE AND TIME PRODUCTION IS DUE August 8, 2016 at 10:00 AM <i>September 14, 2016, or as agreed CFF</i></p>
<p>4. PARTY AND COUNSEL REQUESTING ISSUANCE OF SUBPOENA Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC, Patriarch Partners XIV, LLC, Patriarch Partners XV, LLC By: Randy M. Mastro Gibson, Dunn & Crutcher, LLP 200 Park Avenue New York, NY 10166</p>	<p>5. THE PRODUCTION OF DOCUMENTS OR OTHER TANGIBLE EVIDENCE IS ORDERED BY The Honorable Carol Fox Foelak Administrative Law Judge U.S. Securities and Exchange Commission</p>

6. TITLE OF THE MATTER AND ADMINISTRATIVE PROCEEDING NUMBER
In the Matter of Lynn Tilton, et al., Respondents, File No. 3-16462

7. DOCUMENTS OR OTHER TANGIBLE EVIDENCE TO BE PRODUCED (ATTACH PAGES AS REQUIRED)

See attachment, as modified by Lynn Tilton, Admin. Proc. Rulings Release No. 4116 (A.L.J. Sept. 1, 2016) CFF

<p>DATE SIGNED <i>Sept. 1, 2016</i></p>	<p>SIGNATURE OF ADMINISTRATIVE LAW JUDGE <i>Carol Fox Foelak</i></p>
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GENERAL INSTRUCTIONS

MOTION TO QUASH

The U.S. Securities and Exchange Commission's Rules of Practice require that any application to quash or modify a subpoena comply with Commission Rule of Practice 232(e)(1). 17 C.F.R. § 201.232(e)(1).

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

-----	X	
In the Matter of,	:	
	:	
LYNN TILTON	:	
PATRIARCH PARTNERS, LLC,	:	Administrative Proceeding
PATRIARCH PARTNERS VIII, LLC,	:	File No. 3-16462
PATRIARCH PARTNERS XIV, LLC and	:	
PATRIARCH PARTNERS XV, LLC	:	Judge Carol Fox Foelak
	:	
Respondents.	:	
	:	
-----	X	

**ATTACHMENT TO SUBPOENA DUCES TECUM TO THE
SECURITIES AND EXCHANGE COMMISSION**

DEFINITIONS

1. The terms "You," "Your," and the "Commission" shall mean, individually and/or collectively, United States Securities & Exchange Commission and any and all divisions or units thereof, including but not limited to the Division of Enforcement, the Office of General Counsel, and the Office of the Secretary, as well as any of its Commissioners or any other personnel.
2. "Document" shall be construed to the fullest extent under applicable law and shall mean, without limitation, the original and all copies and translations of any information in any written, recorded, electronic, or graphic form, including all memoranda, notes, inter-agency and intra-agency communications, telegrams, letters, e-mail, computer models, spreadsheets, data, reports, accounts, records, calendars, diaries, minutes, contracts or other legal documents, insurance policies, telephonic or personal communications, tape recordings, microfilm, film, stenographic notes, bulletins, notices, computer data and other data or information sources in any written, printed or recorded matter of any character in the possession, custody or control of the Commission, its attorneys, agents, and other persons under its control. Without limiting the

foregoing, the term “document” or “documents” shall indicate any copy which differs in any respect from the original or other versions of the document, such as copies containing notations, insertions, corrections, marginal notes or any other variations.

3. The term “Communication” means all inquiries, discussion, conversations, negotiations, agreements, understandings, meetings, telephone conversations, letters, notes, telegrams, correspondence, memoranda, e-mail, facsimile transmissions, or other form of verbal, written, mechanical, or electronic intercourse.

4. The words “concerning,” “regarding,” “reflecting,” “referring to,” and/or “relating to” mean describing, discussing, constituting, containing, considering, embodying, evaluating, mentioning, memorializing, supporting, collaborating, demonstrating, proving, evidencing, showing, refuting, disputing, rebutting, regarding, controverting, contradicting, made in connection with or by reason of, or derived or arising therefrom.

5. The term “OIP” means the *Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, and Notice of Hearing*, dated March 30, 2015, in the above-captioned matter.

6. “Commissioners” means and includes all current and former commissioners of the United States Securities and Exchange Commission, including but not limited to Chair Mary Jo White, Commissioner Kara M. Stein, and Commissioner Michael S. Piwowar.

7. The term “MBIA” means MBIA Insurance Corporation, and its direct or indirect corporate parents, subsidiaries, affiliates, predecessors or successors, and their respective officers, directors, members, employees, partners, representatives, agents, including in-house and outside counsel, and all other persons or entities acting or purporting to act on its behalf.

8. “Nord” means and includes Norddeutsche Landesbank Girozentrale, and its direct or indirect corporate parents, subsidiaries, affiliates, predecessors or successors, and their respective officers, directors, members, employees, partners, representatives, agents, including in-house and outside counsel, and all other persons or entities acting or purporting to act on its behalf.

9. “Hannover” means and includes Hannover Funding Company LLC, and its direct or indirect corporate parents, subsidiaries, affiliates, predecessors or successors, and their respective officers, directors, members, employees, partners, representatives, agents, including in-house and outside counsel, and all other persons or entities acting or purporting to act on its behalf.

10. “A&M” means Alvarez & Marsal Zohar Management, LLC, and its direct or indirect corporate parents, subsidiaries, affiliates, predecessors or successors, and their respective officers, directors, members, employees, partners, representatives, agents, including in-house and outside counsel, and all other persons or entities acting or purporting to act on its behalf.

11. “Millennium” means Millennium Partners LP, Millennium USA LP, Millennium Management LLC, and any of their direct or indirect corporate parents, subsidiaries, affiliates, including any partnerships for which any of them is the general partner, predecessors or successors, and their respective officers, directors, members, employees, partners, representatives, agents, including in-house and outside counsel, and all other persons or entities acting or purporting to act on its behalf.

12. “Zohar III Indenture” means the Indenture among Zohar III, Limited, Zohar III, Corp., Zohar III, LLC, Natixis Financial Products, Inc., and LaSalle Bank National Association,

dated April 6, 2007 and as produced by Respondents to the Division of Enforcement in connection with the investigative phase of this proceeding.

13. "Zohar III Controlling Class" has the meaning set forth in the Zohar III Indenture, and includes, but is not limited to, Varde Partners, Deer Park Road Corporation, Rabobank Group, and Halcyon Capital Management, LLC, and their respective direct or indirect corporate parents, subsidiaries, affiliates, predecessors or successors, and their respective officers, directors, members, employees, partners, representatives, agents, including in-house and outside counsel, and all other persons or entities acting or purporting to act on their behalf.

14. "Zohar Funds" means the three collateralized loan obligation funds previously managed by certain of the Respondents and has the same meaning as that term as used in the OIP.

15. "Zohar Investor" means any current or prior holder of notes in one of more of the Zohar Funds.

16. "U.S. Bank" means U.S. Bank, National Association, in its capacity as indenture trustee for each of the Zohar Funds, and its direct or indirect corporate parents, subsidiaries, affiliates, predecessors or successors, and their respective officers, directors, members, employees, partners, representatives, agents, including in-house and outside counsel, and all other persons or entities acting or purporting to act on its behalf.

17. "Respondents" includes Lynn Tilton, Patriarch Partners LLC, Patriarch Partners VIII, LLC, Patriarch Partners XIC, LLC, and Patriarch Partners XV, LLC.

18. The "Tilton Matter" means *In the Matter of Lynn Tilton, Patriarch Partners LLC, Patriarch Partners VIII, LLC, Patriarch Partners XIC, LLC, and Patriarch Partners XV, LLC,*

Administrative Proceeding File No. 3-16462, pending before Administrative Law Judge Carol Fox Foelak in the Securities and Exchange Commission.

19. "All" means any and all.

20. "And" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of the request all responses that might otherwise be construed to be outside of its scope.

INSTRUCTIONS

1. Each request for Documents requires the production of all Documents described therein in the possession, custody, or control of the Commission.

2. Each request seeks production of the Document in its entirety without abbreviations or expurgation, including all attachments or other matters affixed thereto.

3. One copy of each Document requested is to be produced. Any copy of a Document that varies in any way from the original or from any other copy of the Document, whether by reason of handwritten or other notation or otherwise, shall constitute a separate Document and must be produced, whether or not the original of such document is within Your possession, custody, or control.

4. Each request herein requires that You produce any and all files from personal computers, notebook or laptop computers, file servers, personal digital assistants (PDAs), minicomputers, mainframe computers, Web servers, internet servers, or other storage devices including but not limited to web pages, hard disk drives, floppy disks, data bases backup or archival tapes, containing the requested documents.

5. You shall produce responsive Documents as they have been kept in the usual course of business or shall organize and label them to correspond to the requests. If there are no

Documents responsive to any particular request, You shall so state in writing. All Documents that are physically attached to each other when located for production shall be left so attached. Documents that are segregated or separated from other Documents, whether by use of binders, files, subfiles, or by dividers, tabs, or any other method, shall be left so segregated or separated. All labels or other forms of identification contained, placed, attached or appended on or to any binders, files, subfiles, dividers or tabs shall be produced.

6. In the event that any Documents called for by these requests is to be withheld on the basis of a claim of privilege, produce a log, contemporaneously with the documents responsive to the subpoena, that identifies each such Document by the following categories of information: author, addressee, indicated or blind copies, date, subject matter, number of pages, attachments or appendices, all persons to whom distributed, shown, or explained, present custodian, the nature of the privilege asserted, and the complete factual basis for its assertion.

7. If a portion of an otherwise responsive Document contains information subject to a claim of privilege, only those portions of the Document subject to the claim of privilege shall be redacted from the document and the rest of the document shall be produced. If any portions of any otherwise responsive documents are redacted, those portions are to be included on the log of privileged documents and identified as required by the prior instruction.

8. Unless otherwise indicated, the time period for each of the categories of Documents to be Produced set forth below is January 1, 2009 through the date of Your production.

REQUESTS FOR DOCUMENTS

1. All Documents concerning, referencing, or reflecting any Communications or meetings between or among (a) anyone associated with the Commission, on the one hand, and

any of (b) MBIA, A&M, U.S. Bank, Nord, Hannover, the Zohar III Controlling Class, any other Zohar Investor, or Millennium, including through their respective in-house or outside counsel, on the other hand, relating to any of the Respondents, the Tilton Matter, or the Zohar Funds.

2. All Documents concerning, referencing, or reflecting any instruction by any employee or political appointee of the Commission to (a) any other employee or political appointee of the Commission, or (b) counsel for any of MBIA, A&M, U.S. Bank, Nord, Hannover, the Zohar III Controlling Class, any other Zohar Investor, or Millennium not to take notes respecting Communications or meetings relating to any of the Respondents, the Tilton Matter, or the Zohar Funds.

3. All Documents concerning, referencing, or reflecting Communications between anyone associated with the Commission and any prospective expert witness in the Tilton Matter who either: (a) advised the Commission that he/she could not or would not offer an opinion in the Tilton Matter; or (b) the Commission determined not to retain for any reason relating to the substance of a prospective opinion by the prospective expert witness.

4. All Documents concerning, referencing, or reflecting any Communications prior to March 30, 2015 between anyone associated with the Commission and any expert witness listed on the Division's August 7, 2015 witness list in the Tilton Matter relating to any of Respondents or the Zohar Funds.

5. All Documents concerning, referencing, or reflecting any Communications or meetings between or among (a) any Commissioner or his or her staff, on the one hand, and (b) any employee or political appointee in the Commission's Division of Enforcement, on the other hand, relating to any of the Respondents, the Tilton Matter, or the Zohar Funds.

6. All Documents concerning, referencing, or reflecting any Communications or meetings between or among (a) anyone associated with the Commission, on the one hand, and (b) any member or representative of the press, on the other hand, relating to any of the Respondents, the Tilton Matter, or the Zohar Funds, including relating to the background of and facts underlying the Tilton Matter, whether on or off the record.

7. All Documents concerning, referencing, or reflecting any Communications or meetings between or among (a) anyone associated with the Commission, on the one hand, and (b) any employee or political appointee within the Internal Revenue Service, on the other hand, relating to any of the Respondents, the Tilton Matter, or the Zohar Funds.

8. All Documents concerning, referencing, or reflecting any Communications or meetings between or among (a) anyone associated with the Commission, on the one hand, and (b) any employee or political appointee within the United States Department of Treasury, on the other hand, relating to any of the Respondents, the Tilton Matter, or the Zohar Funds.

9. All Documents concerning, referencing, or reflecting any Communications or meetings between or among (a) anyone associated with the Commission, on the one hand, and (b) any employee or political appointee within the United States Department of Justice, on the other hand, relating to any of the Respondents, the Tilton Matter, or the Zohar Funds.

10. All Documents concerning, referencing, or reflecting any Communications or meetings between or among (a) anyone associated with the Commission, on the one hand, and (b) any employee or political appointee within the Executive Office of the President of the United States, on the other hand, relating to any of the Respondents, the Tilton Matter, or the Zohar Funds.



SUBPOENA TO PRODUCE DOCUMENTS

Issued Pursuant to U.S. Securities and Exchange Commission Rules of Practice 111(b) and 232, 17 C.F.R. §§ 201.111(b), 201.232.

1. TO
Varde Partners
8500 Normandale Lake Blvd
Suite 1500
Minneapolis, MN 55437

c/o Matthew Rossi, Esq.
Mayer Brown LLP
1999 K Street N.W.
Washington DC 20006-1101

This subpoena requires you to produce documents or other tangible evidence described in Item 7, at the request of the Party described in Item 4, in the U.S. Securities and Exchange Commission Administrative Proceeding described in Item 6.

2. PLACE OF PRODUCTION
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036

3. DATE AND TIME PRODUCTION IS DUE
September 4, 2015 at 10:00 AM

4. PARTY AND COUNSEL REQUESTING
ISSUANCE OF SUBPOENA
Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC,
Patriarch Partners XIV, LLC, Patriarch Partners XV, LLC

By: Christopher J. Gunther, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036

5. THE PRODUCTION OF DOCUMENTS OR OTHER
TANGIBLE EVIDENCE IS ORDERED BY

The Honorable Carol Fox Foelak

Administrative Law Judge
U.S. Securities and Exchange Commission

6. TITLE OF THE MATTER AND ADMINISTRATIVE PROCEEDING NUMBER

In the Matter of Lynn Tilton, et al., Respondents, File No. 3-16462

7. DOCUMENTS OR OTHER TANGIBLE EVIDENCE TO BE PRODUCED (ATTACH PAGES AS REQUIRED)

See attachment.

DATE SIGNED

SIGNATURE OF ADMINISTRATIVE LAW JUDGE

GENERAL INSTRUCTIONS

MOTION TO QUASH

The U.S. Securities and Exchange Commission's Rules of Practice require that any application to quash or modify a subpoena comply with Commission Rule of Practice 232(e)(1). 17 C.F.R. § 201.232(e)(1).

**ATTACHMENT TO SUBPOENA DUCES TECUM
TO VARDE PARTNERS**

DEFINITIONS AND INSTRUCTIONS

1. Produce the Documents described below that are within your possession, custody, or control, including all Documents held by third parties such as agents, accountants, attorneys, or others. Produce responsive Documents as they are kept in the usual course of business, or produce the Documents organized and labeled to correspond with the specific Request(s) to which they are responsive. Documents are to be produced in full and complete form, including all drafts and all copies of Documents that bear any notes, marks, or notations not existing in the original or other copies.

2. “And” and “or” have both the conjunctive and disjunctive meanings, and the terms “each,” “any,” and “all” mean “each and every.”

3. “Communication” means any form of contact, documentary, written, or oral, formal or informal, at any time or place and under any circumstances whatsoever whereby information of any nature is transmitted or transferred by any means, including, but not limited to letters, memoranda, reports, emails, text messages, telegrams, invoices, telephone conversations, voicemail messages, audio recordings, face-to-face meetings and conversations, and any other form of communication or correspondence.

4. “Defaulted Assets” means, with respect to Zohar CDO 2003-1, Limited (“Zohar I”) and Zohar II 2005-1, Limited (“Zohar II”), the “Defaulted Obligation,” and with respect to Zohar III, Limited (“Zohar III”), the “Defaulted Investment,” as defined and used in Section 1.1 of applicable Zohar Indentures.

5. “Document” is used in a comprehensive sense and includes, without limitation, any and all written, printed, typed, recorded, filmed, punched, transcribed, taped, or other

graphic matter of any kind or nature, however produced, reproduced, or stored, in whatever format of paper, digital, electronic, or otherwise, whether sent or received or neither, including all originals, drafts, copies, and non-identical copies bearing notations or marks not found on the original(s), and includes but is not limited to, Communications, papers, letters, envelopes, electronic mail messages (or “emails”), telecopied messages, voice mails, telephone messages, tapes or other forms of audio, visual, or audio-visual recordings, all records, handwritten or other notes, memoranda, reports, financial statements, affidavits, transcripts, indices, telegrams, cables, telex messages, summaries or records of telephone conversations, summaries or records of personal conversations or interviews, summaries or records of meetings or conferences, minutes or transcriptions or notations of meetings or telephone conversations or other communications of any type, tabulations, studies, analyses, evaluations, projections, work papers, statements, summaries, opinions, journals, desk calendars or other calendars, maintenance or service records, appointment books, diaries, billing records, checks, contracts, agreements, bank account statements, invoices, receipts, photographs, microfilms, microfiche, tapes or other records, punch cards, magnetic tapes, disks, CDs, DVDs, hard drives, flash drives, PDA files, electronic files, electronic databases, data cells, drums, printouts, other data compilations (in any form) from which information can be obtained, all recordings made through data processing techniques and written information necessary to understand and use such materials, and any other documents which are in your possession, custody, or control or to which you otherwise have access.

6. “Including” means including but not limited to. When the word “including” is followed by one or more specific examples, those examples are illustrative only and do not limit in any way the documents requested.

7. “Interest Coverage Ratio” means the “Class A Interest Coverage Ratio” and the

“Class A Interest Coverage Ratio Test” as defined and used in Section 1.1 of the Zohar Indentures.

8. “Overcollateralization Ratio” means the “Class A Overcollateralization Ratio” and “Class A Overcollateralization Ratio Test” as defined and used in Section 1.1 of the Zohar Indentures.

9. “Loan Categories” means, with respect to Zohar I and Zohar II, the terms “Category 1”, “Category 2”, “Category 3”, and “Category 4” and, with respect to Zohar III, the terms “Collateral Investment” and “Defaulted Investment,” all as defined and used in Section 1.1 of the applicable Zohar Indentures.

10. “Related to”, “relating to”, and “in connection with”, in addition to their other customary and usual meanings, mean alluding to, discussing, concerning, constituting, comprising, containing, commenting upon, embodying, evidencing, supporting, mentioning, pertaining to, referring to, referencing, involving, setting forth, reflecting, stating, showing, dealing with, assessing, recording, describing, regarding, noting, probative of, touching upon, bearing upon, evaluating, connected with, in respect of, about, indicating, identifying, memorializing, proving, suggesting, having anything to do with, contradicting, and/or summarizing in any way, directly or indirectly, in whole or in part, the subject matter referred to in the Request.

11. “Respondents” means Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC; Patriarch Partners XIV, LLC; Patriarch Partners XV, LLC and/or their affiliates, employees or agents.

12. “SEC” means the United States Securities and Exchange Commission, including but not limited to its agents, employees, officers, directors, commissioners and representatives.

13. “You” or “your” means Varde Partners, and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country) and its and their present and former officers, directors, employees, partners, principals, representatives and agents.

14. “Zohar Funds” means the following collateralized loan obligations: Zohar I, Zohar II and Zohar III.

15. “Zohar Financial Statements” means the balance sheets and income statements (including all notes) and certificates as to financial statements issued quarterly for each of the Zohar Funds as described in Section 7.9 of the Zohar Indentures.

16. “Zohar Indentures” means the indentures governing the Zohar Funds, including all amendments, alterations, and supplements thereto.

17. “Zohar Notes” means the Class A notes issued by the Zohar Funds, as described and defined in Article 2 of the Zohar Indentures.

18. “Zohar Trustee” means the trustee for each of the Zohar Funds, as defined in Section 1.1 of the Zohar Indentures. The term “Zohar Trustee” includes U.S. Bank, N.A., LaSalle Bank, N.A., Bank of America Corp., and all of their predecessors, successors, parents, subsidiaries, affiliates, employees, representatives, and agents.

19. “Zohar Trustee Reports” means the “Monthly Report” and “Note Valuation Report” and any electronic data or other files that accompany such “Monthly Report” or “Note Valuation Report” prepared and issued by the Zohar Trustee pursuant to Section 10.13 of the Zohar Indentures.

20. If you encounter any perceived ambiguity, vagueness, or confusion in construing

either a request below or an instruction or definition relevant to a request, your response should: set forth the matter deemed ambiguous, select a reasonable construction or interpretation of the matter you deem ambiguous, explain with particularity the construction or interpretation selected by you, and respond to the request using the construction or interpretation selected by you.

21. References to any natural person shall be deemed to include that natural person's agents, servants, attorneys, representatives, current and former employees, and successors. References to any non-natural persons (i.e., entities such as corporations, LLCs, companies, trusts, partnerships, etc.) shall be deemed to include that entity's subsidiaries, parent entities, affiliates, divisions, predecessors, successors, assigns, and its and their current and former employees, agents, servants, officers, directors, partners, members, shareholders, attorneys, representatives, successors, and predecessors.

22. In the event that any Documents responsive to the following Request(s) are withheld on the basis of a claim of privilege or other protection, prepare an appropriate log identifying such Documents with particularity. For each Document withheld, provide the following information: title, date, author(s); recipient(s); document type; subject; location; number of pages; attachments or appendices; nature of privilege or protection claimed; and a description of the Document and its contents that you believe is sufficient to support your contention that the Document may properly be withheld. If a Document is withheld on the ground of attorney work product, also specify whether the document was prepared in anticipation of litigation and, if so, identify the anticipated litigation(s) upon which the assertion is based. Produce the log described above contemporaneously with the responsive Documents.

23. If only a portion of an otherwise responsive Document contains information subject to a claim of privilege or other protection, only those portions of the Document subject to

a claim of privilege or protection should be deleted or redacted and the remainder of the Document should be produced. If any portions of an otherwise responsive Document are deleted or redacted, those portions should be included on the log described in the foregoing instruction.

24. All documents produced in response to the following Requests shall be clearly identified, by Bates stamp or otherwise, as having been produced by you.

25. Unless otherwise specified in a particular request, electronic or computerized information, electronically stored documents, or data shall be produced in a single-page TIFF format, with load files demarcating document breaks, providing parent-child information, and including OCR data and certain metadata to be agreed upon by the parties. Notwithstanding the foregoing, data files, including excel files, are to be produced in native format. Responsive documents that are not electronically stored are to be produced (i) in a single-page TIFF format, with load files demarcating document breaks, and containing searchable document text (i.e., OCR data), (ii) in a manner which reflects physical boundaries such as boxes, folders, tabs, etc., and (iii) in a manner which reflects the document custodian.

26. Unless otherwise specified, the following requests seek Documents from January 1, 2008 to the date of your production. If it is necessary to produce documents from a prior time period to fully respond to a particular request, do so.

DOCUMENTS TO BE PRODUCED

1. For the period January 12, 2005 through the date of your production, documents sufficient to show your current and/or prior holdings of any of the Zohar Notes, including documents sufficient to show the date(s) on which you acquired, sold, and/or traded any of the Zohar Notes, the counterparties and the price(s) or other terms at which such transactions occurred.

2. For the period November 1, 2004 through the date of your production, all Documents comprising of your credit file, or other file or collection of documents comprising of any credit analysis, deal approval memos, credit, risk or investment committee memoranda, marketing materials or due diligence materials relating to the Zohar Funds.

3. Documents sufficient to show the valuation assigned by you to the Zohar Notes held by you for any purpose, including but not limited to, accounting or profit/loss calculation purposes, including the dates such valuations were assigned.

4. Documents sufficient to show any amount of capital reserves or provisions taken on Zohar Notes held by you, including the dates such reserves or provisions were taken.

5. All Documents concerning:

- a. Month-end or other periodic marks provided by your trading desk to you or any third party for any Zohar Notes;
- b. Month-end or other periodic marks obtained from any third party by you for any Zohar Notes;
- c. Bids or offers shown by or requested of you or any third party for any Zohar Notes (regardless of whether a transaction was contemplated or effected).

6. All Documents relating to any valuation by you of the Zohar Notes relating to:

- a. Overcollateralization Ratio as reported in the Trustee Reports;
- b. Interest Coverage Ratio as reported in the Trustee Reports;

- c. Loan Categories as reported in the Trustee Reports;
- d. Defaulted Assets as reported in the Trustee Reports;
- e. Zohar Financial Statements;
- f. Ratings of the Zohar Notes issued by Moody's and Standard and Poor's.

7. All Documents comprising of any surveillance or monitoring file, or other file or collection of documents related to your monitoring or surveillance of the performance of the Zohar Funds or Zohar Notes.

8. All Documents relating to any analyses, calculations, or computations performed by you using information or data provided by the Zohar Trustees and/or in the Zohar Trustee Reports, including Documents relating to any analyses, calculations, or computation of interest paid, interest accrued, and/or interest accrued and unpaid on an aggregate fund or loan-by loan basis.

9. Documents sufficient to show the results of any modeling runs performed by you relating to the Zohar Funds and/or Zohar Notes using any proprietary or commercial cashflow model, data, or software tools, such as but not limited to INTEX or Moody's Analytics.

10. Documents sufficient to identify the individual(s) employed or retained by you who have had significant responsibilities regarding the monitoring of the performance and/or valuation of the Zohar Funds and/or the Zohar Notes held by you.

11. All Communications relating to the Zohar Funds, Zohar Notes, or Respondents for custodians Jeremy Hedberg and Matt Mach, with the exception of e-mail Communications between such custodians on the one hand and Respondents on the other hand.

12. All Documents, including any recordings, relating to conference calls or meetings with Respondents relating to the Zohar Funds.

13. All non-privileged Documents summarizing, describing or relating to any Communications, including but not limited to interviews, telephone calls and other meetings or discussions with the SEC relating to the Zohar Funds and/or Respondents.

MAYER • BROWN

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Matthew A. Rossi
Direct Tel +1 202 263 3374
Direct Fax +1 202 263 5374
mrossi@mayerbrown.com

August 25, 2015

BY E-MAIL & UPS EXPRESS

Christopher J. Gunther, Esquire
Skadden, Arps, Slate, Meagher, & Flom LLP
Four Times Square
New York, NY 10036

Re: In the Matter of Lynn Tilton, et al.,
SEC Admin. File 3-16462

Dear Mr. Gunther:

We represent Värde Partners, Inc. (“Värde”) in connection with the subpoena that Lynn Tilton, Patriarch Partners, LLC and its affiliates (“Respondents”) served on Värde in the above-referenced Securities and Exchange Commission (“Commission”) enforcement action (the “Proceeding”). Respondents’ subpoena contains twenty-two document requests, including subparts, which seek information that is irrelevant to the claims at issue in the Proceeding, not reasonably calculated to lead to the discovery of admissible evidence, and protected from disclosure by the attorney-client privilege and attorney work product doctrine. Furthermore, Respondents are improperly attempting to use a Commission subpoena to obtain confidential and proprietary information from Värde, a holder of notes issued by Zohar III, Limited (“Zohar III”), to gain an unfair advantage in their negotiations with investors to restructure Zohar III and two other related funds (collectively the “Zohar Funds”). Respondents’ subpoena is particularly unreasonable because Värde is not a party to the Proceedings. In sum, Respondents’ subpoena is unreasonable, oppressive, and unduly burdensome. For all of these reasons, Värde objects to the subpoena.

The Commission alleges in the Proceeding that Respondents managing the Zohar Funds were required to categorize loans acquired by those funds using an objective methodology set forth in indenture agreements.¹ This objective criteria included whether the borrower was making timely interest payments.² The Commission also alleges that instead of using the categorization methodology required by the indenture agreements, Respondents applied their own undisclosed and subjective methodology.³ By applying this subjective methodology, Respondents improperly maintained control of the Zohar Funds, accrued millions of dollars in subordinated

¹ See Order Instituting Administrative Proceedings, *In the Matter of Lynn Tilton et al.*, Admin. Proc. No. 3-16462 (March 30, 2015) at ¶¶ 3-6, and 29 – 39.

² *Id.* at 5.

³ *Id.* at ¶¶ 3-9 and 34 - 43.

Christopher J. Gunther, Esquire
August 25, 2015
Page 2

management fees and preference shares to which Respondents' were not entitled, and created conflicts of interest that they never disclosed to investors.⁴ Finally, the Commission claims that Respondents misrepresented that financial statements they prepared and approved for the Zohar Funds were GAAP-compliant and included information based on a fair value analysis of loans owned by the funds.⁵

Most of the documents Respondents seek by their subpoena are wholly irrelevant to these allegations and are not reasonably calculated to lead to the discovery of admissible evidence. Respondent's subpoena seeks broadly described categories of documents relating to Värde's analysis of the Zohar Funds and notes issued by those funds "(Zohar Notes)". These documents include: Värde's entire credit file, marketing materials, and deal approval memos (Document Request No. 2); valuations Värde assigned to Zohar Notes (Document Request Nos. 3 and 6); Värde's capital reserves or provisions taken on Zohar Notes (Document Request No. 4); marks, bids, and offers, received or provided to others, by Värde on Zohar Notes (Document Request No. 5), Värde's surveillance and monitoring of the performance of Zohar Funds and notes (Document Request No. 7); every single document in Värde's possession relating to its analyses, calculations, or computations using information or data provided by the Zohar Trustees or in the Zohar Trustee Reports (Document Request 8); and the results of any modeling runs performed by Värde relating to the Zohar Funds (Document Request 9).

As noted above, the Commission's action focuses on whether *Respondents*: (a) followed the valuation categorization methodology mandated in indenture agreements for the Zohar Funds; (b) prepared financial statements that complied with GAAP; and (c) conducted the fair value analysis referenced in the financial statements. The documents Respondents seek by their subpoena focus instead on *Värde's* valuation and analysis of Zohar Notes which is not at issue in the Proceeding. Moreover, virtually all of the documents relating to the Commission's allegations are likely already in Respondents' own possession. Accordingly, Värde objects to requests 2 through 9 of the subpoena on the grounds that they are irrelevant, not reasonable calculated to lead to the discovery of admissible evidence, unreasonable, oppressive, and unduly burdensome.

Värde further objects to requests 1, 3, 5, 6, 8, and 9 of the subpoena because Respondents are attempting to use those requests to obtain proprietary and confidential information from Värde. Respondents are currently negotiating with holders of the Zohar Notes to restructure the Zohar Funds. However, requests , 1, 3, 5, 6, 8, 9 of the subpoena seek to force Värde, a holder of Zohar III notes, to disclose the prices at which it purchased those notes as well as its internal valuations and bids, marks, and offers for Zohar Notes. All of this information would benefit Respondents at the expense of Värde and other current note holders in the restructuring negotiations. Respondents also improperly seek additional proprietary and confidential information from Värde through request no 9, which seeks the results of analyses performed with Värde's own

⁴ *Id.* at 6, 9, 43-44, 49, 54 – 56.

⁵ *Id.* at 57-73.

Christopher J. Gunther, Esquire

August 25, 2015

Page 3

internal proprietary models. Disclosure of this information to Respondents would be particularly harmful to Värde because Värde and Respondents are business competitors.

In addition, Värde objects to document requests 11 (all communications relating to the Zohar Funds for Jeremy Hedberg and Matt Mach) and 12 (all documents relating to calls or meetings with Respondents relating to the Zohar Funds) of the subpoena because they seek information protected from disclosure by the attorney-client privilege and attorney work product doctrine.

Finally, the subpoena purports to require Värde to search for documents from the time period November 1, 2004 to the present. Värde objects to this request as unreasonable, unduly burdensome, and oppressive because Värde first purchased Zohar Notes in September 2013, almost nine years after the beginning of the time period set forth in the subpoena.

Notwithstanding any of the foregoing, Värde reserves its right to assert other objections to the subpoena in addition to those set forth above.

Please contact me if you wish to discuss this matter further.

Sincerely,

Matthew A. Rossi (DS)

Matthew A. Rossi

From: "Rossi, Matthew A." <MRossi@mayerbrown.com>
Date: September 11, 2015 at 5:30:46 PM EDT
To: "Gunther, Christopher J" <Christopher.Gunther@skadden.com>
Cc: "Fuller, Kevin C." <KFuller@mayerbrown.com>, "Rude II, Robert E." <rrude@mayerbrown.com>
Subject: In the Matter of Lynn Tilton, et al., SEC Admin. File 3-16462

Dear Chris,

My colleague, Kevin Fuller, is sending you a link to documents bearing Bates numbers VPI0000001 VPI00000016414 . These documents are being produced on behalf of V酒 Partners, Inc. (V酒) pursuant to the subpoena served on V酒 by Respondents in the above-referenced matter on August 19, 2015. ?This production is made subject to the objections set forth in my August 25, 2015 letter to you. V酒 also reserves its right to raise additional objections to the subpoena. I will send you a privilege log under separate cover.

Sincerely,

Matt Rossi

Matthew A. Rossi
Mayer Brown LLP
1999 K Street, N.W.
Washington, DC 20006-1101
Office: (202) 263-3374
Fax: (202) 263-5374

This email and any files transmitted with it are intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. If you are not the named addressee you should not disseminate, distribute or copy this e-mail.

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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 4153/September 14, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-16462

In the Matter of

LYNN TILTON; :
PATRIARCH PARTNERS, LLC; :
PATRIARCH PARTNERS VIII, LLC; : ORDER
PATRIARCH PARTNERS XIV, LLC; and :
PATRIARCH PARTNERS XV, LLC :

The Securities and Exchange Commission instituted this proceeding with an Order Instituting Proceedings (OIP) on March 30, 2015. The OIP alleges that Respondents violated the antifraud provisions of the Investment Advisers Act of 1940 in their operation of three collateral loan obligation funds (known as the Zohar Funds) by reporting misleading values for the assets held by the funds and failing to disclose a conflict of interest arising from Lynn Tilton's undisclosed approach to categorization of assets. The proceeding was stayed by order of the U.S. Court of Appeals for the Second Circuit between September 17, 2015, and June 2016. See *Tilton v. SEC*, No. 15-2103, 2016 U.S. App. LEXIS 9970, at *37 (2d Cir. June 1, 2016); *Tilton v. SEC*, No. 15-2103, ECF Nos. 76, 125. The hearing is currently scheduled to commence on October 24, 2016.

Under consideration are the August 4, 2016, motion of Värde Partners, Inc., to quash the subpoena served on it by Respondents; Respondents' August 11, 2016, opposition; and Värde's August 19, 2016, reply. The subpoena in question, issued before the 2015 stay, called for the production of a variety of documents related to valuation, ownership, and monitoring of Zohar Notes by Värde. The documents sought include communications of custodians Jeremy Hedberg and Matt Mach relating to the Zohar Funds, Zohar Notes, or Respondents.

Värde argues that compliance with the subpoena would be unreasonable, oppressive, and unduly burdensome in that: it asks for confidential and proprietary information from a business competitor that Respondents could use in their own business and in their legal disputes with Värde; the information sought is irrelevant to this proceeding, which concerns *Respondents'* actions, not Värde's; the subpoena is overbroad, causing Värde to incur considerable expense; and, notwithstanding the foregoing, Värde has already produced 16,000 pages of documents concerning, *inter alia*, (a) the timing, size, and counterparty for its purchases of Zohar III notes, (b) communications with the Commission concerning Zohar III notes, (c) information received

from the Zohar III trustee, (d) pre-acquisition due diligence memoranda that do not reveal confidential pricing, valuation, recovery value, or proprietary model information, and (e) marks received from third-party pricing services. In opposition, Respondents state that Värde employees appear on the Division's witness list, yet the investigative record produced by the Division is devoid of documents from Värde or statements made by Värde-affiliated witnesses, leaving them without the tools to conduct a meaningful cross-examination of Värde witnesses; and that a protective order will prevent misuse of Värde's confidential and proprietary information. In reply, Värde states that the opposition does not address the 16,000 pages of documents that Värde provided almost a year ago, giving rise to the inference that counsel has not reviewed the material.

The subpoena will not be quashed but remains subject to modification, pursuant to 17 C.F.R. § 201.232(e). The Division's "May Call" witness list includes Jeremy Hedberg and Matt Mach, stating: "Mr. Hedberg and/or Mr. Mach may be called to testify regarding Varde Partners' investment in the Zohar Fund(s), communications regarding the investment, relationship with Patriarch, their understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of Varde Partners' investment." Aug. 22, 2016, Amended Witness List at 4; Aug. 7, 2015, Witness List at 3. Therefore, at least some of the information sought is directly relevant to the Division's proposed evidence and necessary for cross-examination. That being said, Respondents have not addressed whether the 16,000 pages already produced meet these needs.

Värde and Respondents are encouraged to confer to narrow the scope of the documents sought so as to reduce burden, to avoid impinging on privileges, and to eliminate duplication of information sought. Värde should provide a log of general categories of documents that it proposes to withhold to facilitate further action on its motion in the event that it and Respondents cannot reach agreement. Värde and Respondents may propose the text of a protective order.

IT IS SO ORDERED.

/S/ Carol Fox Foelak
Carol Fox Foelak
Administrative Law Judge

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16462

In the Matter of

LYNN TILTON;
PATRIARCH PARTNERS, LLC;
PATRIARCH PARTNERS VIII, LLC;
PATRIARCH PARTNERS XIV, LLC;
AND
PATRIARCH PARTNERS XV, LLC,

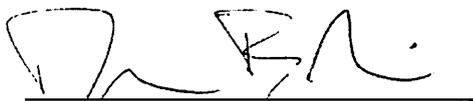
Respondents.

DIVISION OF ENFORCEMENT'S
AMENDED WITNESS LIST

The Division of Enforcement ("Division") hereby submits its amended witness list as attached.

Dated: August 22, 2016

Respectfully Submitted,



Dugan Bliss, Esq.
Nicholas Heinke, Esq.
Amy Sumner, Esq.
Division of Enforcement
Securities and Exchange Commission
Denver Regional Office
1961 Stout Street, Ste. 1700
Denver, CO 80294

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the **DIVISION OF ENFORCEMENT'S AMENDED WITNESS LIST** was served on the following on this 22nd day of August, 2016, in the manner indicated below:

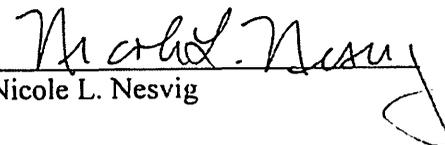
Securities and Exchange Commission
Brent Fields, Secretary
100 F Street, N.E.
Mail Stop 1090
Washington, D.C. 20549
(By Facsimile and original and three copies by UPS)

Hon. Judge Carol Fox Foelak
100 F Street, N.E.
Mail Stop 2557
Washington, D.C. 20549
(By Email)

Randy M. Mastro, Esq.
Lawrence J. Zweifach, Esq.
Barry Goldsmith, Esq.
Caitlin J. Halligan, Esq.
Reed Brodsky, Esq.
Monica K. Loseman, Esq.
Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166
(By email pursuant to the parties' agreement)

Susan E. Brune, Esq.
Brune Law PC
450 Park Avenue
New York, NY 10022
(By email pursuant to the parties' agreement)

Martin J. Auerbach
Law Firm of Martin J. Auerbach, Esq.
1330 Avenue of the Americas
Ste. 1100
New York, NY 10019
(By email pursuant to the parties' agreement)



Nicole L. Nesvig

**Division of Enforcement's Witness List
In the Matter of Lynn Tilton et al.
Administrative Proceeding No. 3-16462**

1. Will Call List	
Name and Contact Information	Area of Testimony
Lynn Tilton c/o Randy Mastro Gibson Dunn & Crutcher 200 Park Avenue New York, NY 10166	Respondent Tilton will be called to testify regarding the management and operation of the three Zohar Funds that are the subject of this proceeding, including the categorization of assets within those funds, the preparation of the fund financial statements, Patriarch's responsibilities as a collateral manager, and her role in the conduct described in the Division's Order Instituting Proceedings.
Ira Wagner c/o Dugan Bliss Division of Enforcement 1961 Stout Street, Suite 1700 Denver, CO 80294	Mr. Wagner will testify (either live or through his expert reports) regarding the subjects in his expert reports.
Michael Mayer Charles River Associates c/o Dugan Bliss Division of Enforcement 1961 Stout Street, Suite 1700 Denver, CO 80294	Mr. Mayer will testify (either live or through his expert reports) regarding the subjects in his expert reports.
Steven Henning Marks Paneth LLP c/o Dugan Bliss Division of Enforcement 1961 Stout Street, Suite 1700 Denver, CO 80294	Mr. Henning will testify (either live or through his expert reports) regarding the subjects in his expert reports.

2. May Call List	
Name and Contact Information	Area of Testimony
<p>Carlos Mercado c/o Marc A. Weinstein Hughes Hubbard & Reed LLP One Battery Park Plaza New York, NY 10004-1482</p>	<p>Mr. Mercado may be called to testify regarding accounting policies and procedures at Patriarch, interaction with outside accountants, interaction with others at Patriarch, and the preparation of the financial statements for the Zohar Funds.</p>
<p>Peter Berlant Anchin, Block and Anchin c/o Eric Reider Bryan Cave LLP 1290 Avenue of the Americas New York, NY 10104-3300</p>	<p>Mr. Berlant may be called to testify regarding the work he and/or his firm performed for the Zohar Funds and any interaction with Tilton or other Patriarch employees.</p>
<p>Steve Panagos Moelis & Co. c/o Jeff Sinek Kirkland & Ellis LLP 333 South Hope Street Los Angeles, CA 90071</p>	<p>Mr. Panagos may be called to testify regarding restructuring proposals for the Zohar Funds.</p>
<p>Karen Wu c/o Marc A. Weinstein Hughes Hubbard & Reed LLP One Battery Park Plaza New York, NY 10004-1482</p>	<p>Ms. Wu may be called to testify regarding the roles and responsibilities of the structured finance and loan administration departments at Patriarch, interactions with Tilton, and interactions with outside parties relating to the Zohar Funds. She may also be called to testify about interest payments or lack of interest payments by portfolio companies.</p>
<p>Jaime Aldama Rohit Chaku Barclays c/o Andrew Michaelson Boies, Schiller & Flexner LLP 575 Lexington Avenue, 7th Floor New York, NY 10022</p>	<p>Mr. Aldama and/or Mr. Chaku may be called to testify regarding Barclays' investment in the Zohar Fund(s), communications regarding the investment, relationship with Patriarch, their understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of Barclays' investment.</p>

<p>Anthony McKiernan MBIA, Inc. c/o Jonathan Hoff Cadwalader, Wickersham & Taft LLP 200 Liberty Street New York, NY 10281</p>	<p>Mr. McKiernan may be called to testify regarding MBIA's investment in the Zohar Fund(s), MBIA's insurance of Zohar I and II, communication regarding the investment or insurance, MBIA's relationship with Patriarch, MBIA's role with respect to the Zohar Funds, their understanding of the insurance contract and/or investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of MBIA's investment and/or insurance contract.</p>
<p>David Crowle MBIA, Inc. c/o Susan DiCicco Morgan Lewis 101 Park Avenue New York, NY 10178</p>	<p>Mr. Crowle may be called to testify regarding MBIA's investment in the Zohar Fund(s), MBIA's insurance of Zohar I and II, communication regarding the investment or insurance, MBIA's relationship with Patriarch, their understanding of the insurance contract and/or investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of MBIA's investment and/or insurance contract.</p>
<p>Wendy Ruttle Rabobank c/o Jantra Van Roy Zeichner, Ellman & Krause LLP 1211 Avenue of the Americas, 40th Floor New York, NY 10036</p>	<p>Ms. Ruttle may be called to testify regarding Rabobank's investment in the Zohar Fund(s), communication regarding the investment, relationship with Patriarch, her understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of Rabobank's investment.</p>
<p>Ramki Muthukrishnan Tim Walsh Standard and Poors c/o Penny Windle Cahill Gordon & Reindel LLP Eighty Pine Street New York, NY 10005-1702</p>	<p>Mr. Muthukrishnan and/or Mr. Walsh may be called to testify regarding Standard and Poor's rating and/or monitoring of the Zohar Funds, communications regarding the rating and/or monitoring of the Zohar Funds, information received from Patriarch, and any interactions with Tilton or other Patriarch employees.</p>

<p>Jeremy Hedberg Matt Mach Varde Partners c/o Matthew Rossi Mayer Brown LLP 1999 K Street N.W. Washington DC 20006-1101</p>	<p>Mr. Hedberg and/or Mr. Mach may be called to testify regarding Varde Partners' investment in the Zohar Fund(s), communications regarding the investment, relationship with Patriarch, their understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of Varde Partners' investment.</p>
<p>Omar Bolli Nord/LB c/o Michael M. Fay Berg & Androphy 120 W. 45th Street, 38th Floor New York, NY 10036</p>	<p>Mr. Bolli may be called to testify regarding Nord/LB's investment in the Zohar Fund(s), communications regarding the investment, relationship with Patriarch, his understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of Nord/LB's investment.</p>
<p>David Aniloff SEI c/o Merri Jo Gilette Morgan Lewis 77 West Wacker Dr. Chicago, IL 60601-5094</p>	<p>Mr. Aniloff may be called to testify regarding SEI's investment in the Zohar Fund(s), communications regarding the investment, relationship with Patriarch, his understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of SEI's investment.</p>
<p>Michael Craig-Schekman REDACTED</p>	<p>Mr. Craig-Scheckman may be called to testify regarding Deer Park's investment in the Zohar Fund(s), communications regarding the investment, relationship with Patriarch, his understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of Deer Park's investment.</p>
<p>Any witness identified by Respondent</p>	
<p>Any witness necessary for rebuttal (including but not limited to rebuttal to affirmative defenses)</p>	
<p>Any witness necessary to authenticate a document or the source of certain materials</p>	



SUBPOENA TO PRODUCE DOCUMENTS

Issued Pursuant to U.S. Securities and Exchange Commission Rules of Practice 111(b) and 232, 17 C.F.R. §§ 201.111(b), 201.232.

<p>1. TO Varde Partners 8500 Normandale Lake Blvd, Suite 1500 Minneapolis, MN 55437</p> <p>c/o Matthew Rossi, Esq. Mayer Brown LLP 1999 K Street N.W. Washington DC 20006</p>	<p>This subpoena requires you to produce documents or other tangible evidence described in Item 7, at the request of the Party described in Item 4, in the U.S. Securities and Exchange Commission Administrative Proceeding described in Item 6.</p>
<p>2. PLACE OF PRODUCTION Gibson, Dunn & Crutcher LLP 200 Park Avenue New York, NY 10166-0193</p>	<p>3. DATE AND TIME PRODUCTION IS DUE August 31, 2016 at 10:00am</p>
<p>4. PARTY AND COUNSEL REQUESTING ISSUANCE OF SUBPOENA Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC, Patriarch Partners XIV, LLC, Patriarch Partners XV, LLC</p> <p>By: Randy Mastro, Esq. Gibson, Dunn & Crutcher LLP 200 Park Avenue</p>	<p>5. THE PRODUCTION OF DOCUMENTS OR OTHER TANGIBLE EVIDENCE IS ORDERED BY</p> <p>The Honorable Carol Fox Foelak</p> <p>Administrative Law Judge U.S. Securities and Exchange Commission</p>

6. TITLE OF THE MATTER AND ADMINISTRATIVE PROCEEDING NUMBER

In the Matter of Lynn Tilton, et al., Respondents, File No. 3-16462

7. DOCUMENTS OR OTHER TANGIBLE EVIDENCE TO BE PRODUCED (ATTACH PAGES AS REQUIRED)

See attachment.

<p>DATE SIGNED</p> <p><i>Aug. 30, 2016</i></p>	<p>SIGNATURE OF ADMINISTRATIVE LAW JUDGE</p> <p><i>Carol Fox Foelak</i></p>
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GENERAL INSTRUCTIONS

MOTION TO QUASH

The U.S. Securities and Exchange Commission's Rules of Practice require that any application to quash or modify a subpoena comply with Commission Rule of Practice 232(e)(1). 17 C.F.R. § 201.232(e)(1).

**ATTACHMENT TO SUBPOENA DUCES TECUM
TO VARDE PARTNERS, INC.**

DEFINITIONS AND INSTRUCTIONS

1. Produce the Documents described below that are within your possession, custody, or control, including all Documents held by third parties such as agents, accountants, attorneys, or others. Produce responsive Documents as they are kept in the usual course of business, or produce the Documents organized and labeled to correspond with the specific Request(s) to which they are responsive. Documents are to be produced in full and complete form, including all drafts and all copies of Documents that bear any notes, marks, or notations not existing in the original or other copies.

2. "And" and "or" have both the conjunctive and disjunctive meanings, and the terms "each," "any," and "all" mean "each and every."

3. "A&M" means Alvarez & Marsal and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

4. "Barclays" means Barclays Capital, Inc. and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

5. "Common Interest Agreement" or "Joint Defense Agreement" means any written and/or oral agreement pursuant to which confidential information is exchanged and protected.

6. "Communication" means any form of contact, documentary, written, or oral, formal or informal, at any time or place and under any circumstances whatsoever whereby information of any nature is transmitted or transferred by any means, including, but not limited to letters, memoranda, reports, emails, text messages, telegrams, invoices, telephone conversations, voicemail messages, audio recordings, face-to-face meetings and conversations, and any other form of communication or correspondence.

7. "Document" is used in a comprehensive sense and includes, without limitation, any and all written, printed, typed, recorded, filmed, punched, transcribed, taped, or other graphic matter of any kind or nature, however produced, reproduced, or stored, in whatever format of paper, digital, electronic, or otherwise, whether sent or received or neither, including all originals, drafts, copies, and non-identical copies bearing notations or marks not found on the original(s), and includes but is not limited to, Communications, papers, letters, envelopes, electronic mail messages (or "emails"), telecopied messages, voice mails, telephone messages, tapes or other forms of audio, visual, or audio-visual recordings, all records, handwritten or other notes, memoranda, reports, financial statements, affidavits, transcripts, indices, telegrams, cables, telex messages, summaries or records of telephone conversations, summaries or records of personal conversations or interviews, summaries or records of meetings or conferences, minutes or transcriptions or notations of meetings or telephone conversations or other communications of any type, tabulations, studies, analyses, evaluations, projections, work papers, statements, summaries, opinions, journals, desk calendars or other calendars, maintenance or service records, appointment books, diaries, billing records, checks, contracts, agreements, bank account statements, invoices, receipts, photographs, microfilms, microfiche, tapes or other records, punch cards, magnetic tapes, disks, CDs, DVDs, hard drives, flash drives, PDA files, electronic files,

electronic databases, data cells, drums, printouts, other data compilations (in any form) from which information can be obtained, all recordings made through data processing techniques and written information necessary to understand and use such materials, and any other Documents which are in your possession, custody, or control or to which you otherwise have access.

8. “Including” means including but not limited to. When the word “including” is followed by one or more specific examples, those examples are illustrative only and do not limit in any way the Documents requested.

9. “MBIA” means MBIA Insurance Corporation and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

10. “Moody’s” means Moody’s Investor Service and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives, agents, and its and their present and former attorneys.

11. “Nord” means Norddeutsche Landesbank Girozentrale and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives, agents, and its and their present and former attorneys.

12. “Order Instituting Proceedings” means the United States Securities and Exchange Commission’s Order Instituting Proceedings in *In the Matter of Lynn Tilton; Patriarch Partners, LLC; Patriarch Partners VIII, LLC; Patriarch Partners XIV, LLC; and Patriarch Partners XV, LLC*, Administrative Proceeding, File No. 3-16462, dated March 30, 2015.

13. “Rabobank” means Rabobank International and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

14. “Related to”, “relating to”, and “in connection with”, in addition to their other customary and usual meanings, mean alluding to, discussing, concerning, constituting, comprising, containing, commenting upon, embodying, evidencing, supporting, mentioning, pertaining to, referring to, referencing, involving, setting forth, reflecting, stating, showing, dealing with, assessing, recording, describing, regarding, noting, probative of, touching upon, bearing upon, evaluating, connected with, in respect of, about, indicating, identifying, memorializing, proving, suggesting, having anything to do with, contradicting, and/or summarizing in any way, directly or indirectly, in whole or in part, the subject matter referred to in the Request.

15. “Respondents” means Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC; Patriarch Partners XIV, LLC; Patriarch Partners XV, LLC and/or their affiliates, employees or agents.

16. “SEC” means the United States Securities and Exchange Commission, including but not limited to its agents, employees, officers, directors, commissioners and representatives.

17. “SEI” means SEI Investments Company and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

18. “Standard & Poor’s” means Standard & Poor’s Financial Services LLC and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

19. “Varde Partners” means Varde Partners, Inc. and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

20. “You”, “your” or “Varde” or “Varde Partners” means Varde Partners, Inc. and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

21. “Zohar Funds” means the following collateralized loan obligations: Zohar I, Zohar II and Zohar III.

22. “Zohar Indentures” means the indentures governing the Zohar Funds, including all amendments, alterations, and supplements thereto.

23. “Zohar Notes” means the Class A notes issued by the Zohar Funds, as described and defined in Article 2 of the Zohar Indentures.

24. “Zohar Trustee” means the trustee for each of the Zohar Funds, as defined in Section 1.1 of the Zohar Indentures. The term “Zohar Trustee” includes U.S. Bank, N.A., LaSalle Bank, N.A., Bank of America Corp., and all of their predecessors, successors, parents, subsidiaries, affiliates, employees, representatives, and agents.

25. “Zohar Trustee Reports” means the “Monthly Report” and “Note Valuation Report” and any electronic data or other files that accompany such “Monthly Report” or “Note Valuation Report” prepared and issued by the Zohar Trustee pursuant to Section 10.13 of the Zohar Indentures.

26. If you encounter any perceived ambiguity, vagueness, or confusion in construing either a request below or an instruction or definition relevant to a request, your response should: set forth the matter deemed ambiguous, select a reasonable construction or interpretation of the matter you deem ambiguous, explain with particularity the construction or interpretation selected by you, and respond to the request using the construction or interpretation selected by you.

27. References to any natural person shall be deemed to include that natural person’s agents, servants, attorneys, representatives, current and former employees, and successors. References to any non-natural persons (i.e., entities such as corporations, LLCs, companies, trusts, partnerships, etc.) shall be deemed to include that entity’s subsidiaries, parent entities,

affiliates, divisions, predecessors, successors, assigns, and its and their current and former employees, agents, servants, officers, directors, partners, members, shareholders, attorneys, representatives, successors, and predecessors.

28. In the event that any Documents responsive to the following Request(s) are withheld on the basis of a claim of privilege or other protection, prepare an appropriate log identifying such Documents with particularity. For each Document withheld, provide the following information: title, date, author(s); recipient(s); document type; subject; location; number of pages; attachments or appendices; nature of privilege or protection claimed; and a description of the Document and its contents that you believe is sufficient to support your contention that the Document may properly be withheld. If a Document is withheld on the ground of attorney work product, also specify whether the Document was prepared in anticipation of litigation and, if so, identify the anticipated litigation(s) upon which the assertion is based. Produce the log described above contemporaneously with the responsive Documents.

29. If only a portion of an otherwise responsive Document contains information subject to a claim of privilege or other protection, only those portions of the Document subject to a claim of privilege or protection should be deleted or redacted and the remainder of the Document should be produced. If any portions of an otherwise responsive Document are deleted or redacted, those portions should be included on the log described in the foregoing instruction.

30. All Documents produced in response to the following Requests shall be clearly identified, by Bates stamp or otherwise, as having been produced by you.

31. Unless otherwise specified in a particular request, electronic or computerized information, electronically stored Documents, or data shall be produced in a single-page TIFF format, with load files demarcating document breaks, providing parent-child information, and

including OCR data and certain metadata to be agreed upon by the parties. Notwithstanding the foregoing, data files, including excel files, are to be produced in native format. Responsive Documents that are not electronically stored are to be produced (i) in a single-page TIFF format, with load files demarcating document breaks, and containing searchable document text (i.e., OCR data), (ii) in a manner which reflects physical boundaries such as boxes, folders, tabs, etc., and (iii) in a manner which reflects the document custodian.

32. Unless otherwise specified, the following requests seek Documents from January 1, 2008 to the date of your production. If it is necessary to produce Documents from a prior time period to fully respond to a particular request, do so.

DOCUMENTS TO BE PRODUCED

1. All Documents reflecting any Communications, including but not limited to, interviews, telephone calls and other meetings or discussions, with the SEC relating to the SEC's investigation of the Zohar Funds, Patriarch, and/or Respondents prior to and subsequent to the Order Instituting Proceedings, including, but not limited to, communications which on information and belief occurred between the week of May 25, 2015 and present;
2. All Documents reflecting any Communications, including but not limited to interviews, telephone calls and other meetings or discussions with Barclays, MBIA, Nord, Rabobank, SEI, and/or any other investors in the Zohar Funds, any ratings agencies, including but not limited to Standard & Poor's and/or Moody's, any of the Zohar Trustees, and/or A&M, relating to the SEC's investigation of the Zohar Funds, Patriarch, and/or Respondents prior to and subsequent to the Order Instituting Proceedings;
3. Any Common Interest Agreement or Joint Defense Agreement with Barclays, MBIA, Nord, Rabobank, SEI, and/or any other investors in the Zohar Funds related in any way to Respondents or the Zohar Funds;
4. Documents related to Varde's evaluation, assessment and/or negotiation of its investment and/or its disposition of its investment in the Zohar Funds, including Documents reflecting any evaluation of the indentures and collateral management agreements for the Zohar Funds;
5. All Documents reflecting any evaluation or analysis of, or Communications regarding the Zohar Trustee Reports or other information available from the Zohar Trustees regarding Varde's investment in the Zohar Funds;

6. All Communications and Documents related to the Zohar Funds, Zohar Notes, Patriarch, or Respondents for custodians Jeremy Hedberg, Matt March, and any other individual whom the SEC has notified Varde it may call to testify, or Varde has reason to believe may be called to testify, in connection with the hearing ordered in the Order Instituting Proceedings, to commence before the Honorable Carol Fox Foelak, Administrative Law Judge, on October 24, 2016 (including, but not limited to, e-mails between, on the one hand, Hedberg and/or March, and, on the other, Respondents and/or the Zohar Trustee, to the extent not already produced to the SEC in this investigation and/or administrative proceeding).



SUBPOENA TO PRODUCE DOCUMENTS

Issued Pursuant to U.S. Securities and Exchange Commission Rules of Practice 111(b) and 232, 17 C.F.R. §§ 201.111(b), 201.232.

<p>1. TO Matt Mach c/o Matthew Rossi, Esq. Mayer Brown LLP 1999 K Street N.W. Washington DC 20006</p>	<p>This subpoena requires you to produce documents or other tangible evidence described in Item 7, at the request of the Party described in Item 4, in the U.S. Securities and Exchange Commission Administrative Proceeding described in Item 6.</p>
<p>2. PLACE OF PRODUCTION Gibson, Dunn & Crutcher LLP 200 Park Avenue New York, NY 10166-0193</p>	<p>3. DATE AND TIME PRODUCTION IS DUE August 31, 2016 at 10:00am</p>
<p>4. PARTY AND COUNSEL REQUESTING ISSUANCE OF SUBPOENA Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC, Patriarch Partners XIV, LLC, Patriarch Partners XV, LLC By: Randy Mastro, Esq. Gibson, Dunn & Crutcher LLP 200 Park Avenue New York, NY 10166-0193</p>	<p>5. THE PRODUCTION OF DOCUMENTS OR OTHER TANGIBLE EVIDENCE IS ORDERED BY The Honorable Carol Fox Foelak Administrative Law Judge U.S. Securities and Exchange Commission</p>

6. TITLE OF THE MATTER AND ADMINISTRATIVE PROCEEDING NUMBER
In the Matter of Lynn Tilton, et al., Respondents, File No. 3-16462

7. DOCUMENTS OR OTHER TANGIBLE EVIDENCE TO BE PRODUCED (ATTACH PAGES AS REQUIRED)

See attachment.

<p>DATE SIGNED <i>Aug. 30, 2016</i></p>	<p>SIGNATURE OF ADMINISTRATIVE LAW JUDGE <i>Carol Fox Foelak</i></p>
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GENERAL INSTRUCTIONS

MOTION TO QUASH

The U.S. Securities and Exchange Commission's Rules of Practice require that any application to quash or modify a subpoena comply with Commission Rule of Practice 232(e)(1), 17 C.F.R. § 201.232(e)(1).

**ATTACHMENT TO SUBPOENA DUCES TECUM
TO MATT MACH**

DEFINITIONS AND INSTRUCTIONS

1. Produce the Documents described below that are within your possession, custody, or control, including all Documents held by third parties such as agents, accountants, attorneys, or others. Produce responsive Documents as they are kept in the usual course of business, or produce the Documents organized and labeled to correspond with the specific Request(s) to which they are responsive. Documents are to be produced in full and complete form, including all drafts and all copies of Documents that bear any notes, marks, or notations not existing in the original or other copies.

2. "And" and "or" have both the conjunctive and disjunctive meanings, and the terms "each," "any," and "all" mean "each and every."

3. "A&M" means Alvarez & Marsal and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

4. "Barclays" means Barclays Capital, Inc. and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

5. "Common Interest Agreement" or "Joint Defense Agreement" means any written and/or oral agreement pursuant to which confidential information is exchanged and protected.

6. "Communication" means any form of contact, documentary, written, or oral, formal or informal, at any time or place and under any circumstances whatsoever whereby information of any nature is transmitted or transferred by any means, including, but not limited to letters, memoranda, reports, emails, text messages, telegrams, invoices, telephone conversations, voicemail messages, audio recordings, face-to-face meetings and conversations, and any other form of communication or correspondence.

7. "Document" is used in a comprehensive sense and includes, without limitation, any and all written, printed, typed, recorded, filmed, punched, transcribed, taped, or other graphic matter of any kind or nature, however produced, reproduced, or stored, in whatever format of paper, digital, electronic, or otherwise, whether sent or received or neither, including all originals, drafts, copies, and non-identical copies bearing notations or marks not found on the original(s), and includes but is not limited to, Communications, papers, letters, envelopes, electronic mail messages (or "emails"), telecopied messages, voice mails, telephone messages, tapes or other forms of audio, visual, or audio-visual recordings, all records, handwritten or other notes, memoranda, reports, financial statements, affidavits, transcripts, indices, telegrams, cables, telex messages, summaries or records of telephone conversations, summaries or records of personal conversations or interviews, summaries or records of meetings or conferences, minutes or transcriptions or notations of meetings or telephone conversations or other communications of any type, tabulations, studies, analyses, evaluations, projections, work papers, statements, summaries, opinions, journals, desk calendars or other calendars, maintenance or service records, appointment books, diaries, billing records, checks, contracts, agreements, bank account statements, invoices, receipts, photographs, microfilms, microfiche, tapes or other records, punch cards, magnetic tapes, disks, CDs, DVDs, hard drives, flash drives, PDA files, electronic files,

electronic databases, data cells, drums, printouts, other data compilations (in any form) from which information can be obtained, all recordings made through data processing techniques and written information necessary to understand and use such materials, and any other Documents which are in your possession, custody, or control or to which you otherwise have access.

8. "Including" means including but not limited to. When the word "including" is followed by one or more specific examples, those examples are illustrative only and do not limit in any way the Documents requested.

9. "MBIA" means MBIA Insurance Corporation and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

10. "Moody's" means Moody's Investor Service and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives, agents, and its and their present and former attorneys.

11. "Nord" means Norddeutsche Landesbank Girozentrale and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives, agents, and its and their present and former attorneys.

12. "Order Instituting Proceedings" means the United States Securities and Exchange Commission's Order Instituting Proceedings in *In the Matter of Lynn Tilton; Patriarch Partners, LLC; Patriarch Partners VIII, LLC; Patriarch Partners XIV, LLC; and Patriarch Partners XV, LLC*, Administrative Proceeding, File No. 3-16462, dated March 30, 2015.s

13. "Rabobank" means Rabobank International and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

14. "Related to", "relating to", and "in connection with", in addition to their other customary and usual meanings, mean alluding to, discussing, concerning, constituting, comprising, containing, commenting upon, embodying, evidencing, supporting, mentioning, pertaining to, referring to, referencing, involving, setting forth, reflecting, stating, showing, dealing with, assessing, recording, describing, regarding, noting, probative of, touching upon, bearing upon, evaluating, connected with, in respect of, about, indicating, identifying, memorializing, proving, suggesting, having anything to do with, contradicting, and/or summarizing in any way, directly or indirectly, in whole or in part, the subject matter referred to in the Request.

15. "Respondents" means Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC; Patriarch Partners XIV, LLC; Patriarch Partners XV, LLC and/or their affiliates, employees or agents.

16. "SEC" means the United States Securities and Exchange Commission, including but not limited to its agents, employees, officers, directors, commissioners and representatives.

17. “SEI” means SEI Investments Company and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

18. “Standard & Poor’s” means Standard & Poor’s Financial Services LLC and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

19. “Varde Partners” means Varde Partners, Inc. and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

20. “You” or “your” means Matt Mach, and all of your representatives, agents, and present and former attorneys.

21. “Zohar Funds” means the following collateralized loan obligations: Zohar I, Zohar II and Zohar III.

22. “Zohar Indentures” means the indentures governing the Zohar Funds, including all amendments, alterations, and supplements thereto.

23. “Zohar Notes” means the Class A notes issued by the Zohar Funds, as described and defined in Article 2 of the Zohar Indentures.

24. “Zohar Trustee” means the trustee for each of the Zohar Funds, as defined in Section 1.1 of the Zohar Indentures. The term “Zohar Trustee” includes U.S. Bank, N.A., LaSalle Bank, N.A., Bank of America Corp., and all of their predecessors, successors, parents, subsidiaries, affiliates, employees, representatives, and agents.

25. “Zohar Trustee Reports” means the “Monthly Report” and “Note Valuation Report” and any electronic data or other files that accompany such “Monthly Report” or “Note Valuation Report” prepared and issued by the Zohar Trustee pursuant to Section 10.13 of the Zohar Indentures.

26. If you encounter any perceived ambiguity, vagueness, or confusion in construing either a request below or an instruction or definition relevant to a request, your response should: set forth the matter deemed ambiguous, select a reasonable construction or interpretation of the matter you deem ambiguous, explain with particularity the construction or interpretation selected by you, and respond to the request using the construction or interpretation selected by you.

27. References to any natural person shall be deemed to include that natural person’s agents, servants, attorneys, representatives, current and former employees, and successors. References to any non-natural persons (i.e., entities such as corporations, LLCs, companies, trusts, partnerships, etc.) shall be deemed to include that entity’s subsidiaries, parent entities, affiliates, divisions, predecessors, successors, assigns, and its and their current and former employees, agents, servants, officers, directors, partners, members, shareholders, attorneys, representatives, successors, and predecessors.

28. In the event that any Documents responsive to the following Request(s) are withheld on the basis of a claim of privilege or other protection, prepare an appropriate log identifying such Documents with particularity. For each Document withheld, provide the following information: title, date, author(s); recipient(s); document type; subject; location; number of pages; attachments or appendices; nature of privilege or protection claimed; and a description of the Document and its contents that you believe is sufficient to support your contention that the Document may properly be withheld. If a Document is withheld on the ground of attorney work product, also specify whether the Document was prepared in anticipation of litigation and, if so, identify the anticipated litigation(s) upon which the assertion is based. Produce the log described above contemporaneously with the responsive Documents.

29. If only a portion of an otherwise responsive Document contains information subject to a claim of privilege or other protection, only those portions of the Document subject to a claim of privilege or protection should be deleted or redacted and the remainder of the Document should be produced. If any portions of an otherwise responsive Document are deleted or redacted, those portions should be included on the log described in the foregoing instruction.

30. All Documents produced in response to the following Requests shall be clearly identified, by Bates stamp or otherwise, as having been produced by you.

31. Unless otherwise specified in a particular request, electronic or computerized information, electronically stored Documents, or data shall be produced in a single-page TIFF format, with load files demarcating document breaks, providing parent-child information, and including OCR data and certain metadata to be agreed upon by the parties. Notwithstanding the foregoing, data files, including excel files, are to be produced in native format. Responsive Documents that are not electronically stored are to be produced (i) in a single-page TIFF format,

with load files demarcating document breaks, and containing searchable document text (i.e., OCR data), (ii) in a manner which reflects physical boundaries such as boxes, folders, tabs, etc., and (iii) in a manner which reflects the document custodian.

32. Unless otherwise specified, the following requests seek Documents from January 1, 2008 to the date of your production. If it is necessary to produce Documents from a prior time period to fully respond to a particular request, do so.

DOCUMENTS TO BE PRODUCED

1. All Documents reflecting any Communications, including but not limited to, interviews, telephone calls and other meetings or discussions, with the SEC relating to the SEC's investigation of the Zohar Funds, Patriarch, and/or Respondents prior to and subsequent to the Order Instituting Proceedings, including, but not limited to, communications which on information and belief occurred between the week of May 25, 2015 and present;

2. All Documents reflecting any Communications, including but not limited to interviews, telephone calls and other meetings or discussions with Barclays, Nord, MBIA, Rabobank, SEI, and/or any other investors in the Zohar Funds, any ratings agencies, including but not limited to Standard & Poor's and/or Moody's, any of the Zohar Trustees, and/or A&M, relating to the SEC's investigation of the Zohar Funds, Patriarch, and/or Respondents prior to and subsequent to the Order Instituting Proceedings;

3. Any Common Interest Agreement or Joint Defense Agreement with Barclays, MBIA, Nord, Rabobank, SEI, and/or any other investors in the Zohar Funds relating in any way to Respondents or the Zohar Funds;

4. Documents related to Varde's evaluation, assessment and/or negotiation of its investment and/or its disposition of its investment in the Zohar Funds, including Documents reflecting any evaluation of the indentures and collateral management agreements for the Zohar Funds;

5. All Documents reflecting any evaluation or analysis of, or Communications relating to the Zohar Trustee Reports or other information available from the Zohar Trustees relating to Varde's investment in the Zohar Funds;

6. All Communications and Documents related to the Zohar Funds, Zohar Notes, Patriarch, or Respondents (including, but not limited to, e-mails between You, on the one hand, and Respondents and/or the Zohar Trustee, on the other, to the extent not already produced to the SEC in this investigation and/or administrative proceeding).



SUBPOENA TO PRODUCE DOCUMENTS

Issued Pursuant to U.S. Securities and Exchange Commission Rules of Practice 111(b) and 232. 17 C.F.R. §§ 201.111(b), 201.232.

1. TO
Jeremy Hedberg

c/o Matthew Rossi, Esq.
Mayer Brown LLP
1999 K Street N.W.
Washington DC 20006

This subpoena requires you to produce documents or other tangible evidence described in Item 7, at the request of the Party described in Item 4, in the U.S. Securities and Exchange Commission Administrative Proceeding described in Item 6.

2. PLACE OF PRODUCTION
Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193

3. DATE AND TIME PRODUCTION IS DUE
August 31, 2016 at 10:00am

4. PARTY AND COUNSEL REQUESTING
ISSUANCE OF SUBPOENA
Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC,
Patriarch Partners XIV, LLC, Patriarch Partners XV, LLC

By: Randy Mastro, Esq.
Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193

5. THE PRODUCTION OF DOCUMENTS OR OTHER TANGIBLE EVIDENCE IS ORDERED BY

The Honorable Carol Fox Foelak

Administrative Law Judge
U.S. Securities and Exchange Commission

6. TITLE OF THE MATTER AND ADMINISTRATIVE PROCEEDING NUMBER

In the Matter of Lynn Tilton, et al., Respondents, File No. 3-16462

7. DOCUMENTS OR OTHER TANGIBLE EVIDENCE TO BE PRODUCED (ATTACH PAGES AS REQUIRED)

See attachment.

DATE SIGNED

Aug. 30, 2016

SIGNATURE OF ADMINISTRATIVE LAW JUDGE

Carol Fox Foelak

GENERAL INSTRUCTIONS

MOTION TO QUASH

The U.S. Securities and Exchange Commission's Rules of Practice require that any application to quash or modify a subpoena comply with Commission Rule of Practice 232(e)(1). 17 C.F.R. § 201.232(e)(1).

**ATTACHMENT TO SUBPOENA DUCES TECUM
TO JEREMY HEDBERG**

DEFINITIONS AND INSTRUCTIONS

1. Produce the Documents described below that are within your possession, custody, or control, including all Documents held by third parties such as agents, accountants, attorneys, or others. Produce responsive Documents as they are kept in the usual course of business, or produce the Documents organized and labeled to correspond with the specific Request(s) to which they are responsive. Documents are to be produced in full and complete form, including all drafts and all copies of Documents that bear any notes, marks, or notations not existing in the original or other copies.

2. "And" and "or" have both the conjunctive and disjunctive meanings, and the terms "each," "any," and "all" mean "each and every."

3. "A&M" means Alvarez & Marsal and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

4. "Barclays" means Barclays Capital, Inc. and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

5. "Common Interest Agreement" or "Joint Defense Agreement" means any written and/or oral agreement pursuant to which confidential information is exchanged and protected.

6. "Communication" means any form of contact, documentary, written, or oral, formal or informal, at any time or place and under any circumstances whatsoever whereby information of any nature is transmitted or transferred by any means, including, but not limited to letters, memoranda, reports, emails, text messages, telegrams, invoices, telephone conversations, voicemail messages, audio recordings, face-to-face meetings and conversations, and any other form of communication or correspondence.

7. "Document" is used in a comprehensive sense and includes, without limitation, any and all written, printed, typed, recorded, filmed, punched, transcribed, taped, or other graphic matter of any kind or nature, however produced, reproduced, or stored, in whatever format of paper, digital, electronic, or otherwise, whether sent or received or neither, including all originals, drafts, copies, and non-identical copies bearing notations or marks not found on the original(s), and includes but is not limited to, Communications, papers, letters, envelopes, electronic mail messages (or "emails"), telecopied messages, voice mails, telephone messages, tapes or other forms of audio, visual, or audio-visual recordings, all records, handwritten or other notes, memoranda, reports, financial statements, affidavits, transcripts, indices, telegrams, cables, telex messages, summaries or records of telephone conversations, summaries or records of personal conversations or interviews, summaries or records of meetings or conferences, minutes or transcriptions or notations of meetings or telephone conversations or other communications of any type, tabulations, studies, analyses, evaluations, projections, work papers, statements, summaries, opinions, journals, desk calendars or other calendars, maintenance or service records, appointment books, diaries, billing records, checks, contracts, agreements, bank account statements, invoices, receipts, photographs, microfilms, microfiche, tapes or other records, punch cards, magnetic tapes, disks, CDs, DVDs, hard drives, flash drives, PDA files, electronic files,

electronic databases, data cells, drums, printouts, other data compilations (in any form) from which information can be obtained, all recordings made through data processing techniques and written information necessary to understand and use such materials, and any other Documents which are in your possession, custody, or control or to which you otherwise have access.

8. "Including" means including but not limited to. When the word "including" is followed by one or more specific examples, those examples are illustrative only and do not limit in any way the Documents requested.

9. "MBIA" means MBIA Insurance Corporation and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

10. "Moody's" means Moody's Investor Service and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives, agents, and its and their present and former attorneys.

11. "Nord" means Norddeutsche Landesbank Girozentrale and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives, agents, and its and their present and former attorneys.

12. “Order Instituting Proceedings” means the United States Securities and Exchange Commission’s Order Instituting Proceedings in *In the Matter of Lynn Tilton; Patriarch Partners, LLC; Patriarch Partners VIII, LLC; Patriarch Partners XIV, LLC; and Patriarch Partners XV, LLC*, Administrative Proceeding, File No. 3-16462, dated March 30, 2015.s

13. “Rabobank” means Rabobank International and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

14. “Related to”, “relating to”, and “in connection with”, in addition to their other customary and usual meanings, mean alluding to, discussing, concerning, constituting, comprising, containing, commenting upon, embodying, evidencing, supporting, mentioning, pertaining to, referring to, referencing, involving, setting forth, reflecting, stating, showing, dealing with, assessing, recording, describing, regarding, noting, probative of, touching upon, bearing upon, evaluating, connected with, in respect of, about, indicating, identifying, memorializing, proving, suggesting, having anything to do with, contradicting, and/or summarizing in any way, directly or indirectly, in whole or in part, the subject matter referred to in the Request.

15. “Respondents” means Lynn Tilton, Patriarch Partners, LLC, Patriarch Partners VIII, LLC; Patriarch Partners XIV, LLC; Patriarch Partners XV, LLC and/or their affiliates, employees or agents.

16. “SEC” means the United States Securities and Exchange Commission, including but not limited to its agents, employees, officers, directors, commissioners and representatives.

17. "SEI" means SEI Investments Company and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

18. "Standard & Poor's" means Standard & Poor's Financial Services LLC and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

19. "Varde Partners" means Varde Partners, Inc. and all of its present and former divisions, groups, parents, subsidiaries, subdivisions, predecessors, successors, and affiliated entities (whether organized or doing business under the laws of the United States or under the laws of a foreign country), its and their present and former officers, directors, employees, partners, principals, representatives and agents, and its and their present and former attorneys.

20. "You" or "your" means Jeremy Hedberg, and all of your representatives, agents, and present and former attorneys.

21. "Zohar Funds" means the following collateralized loan obligations: Zohar I, Zohar II and Zohar III.

22. "Zohar Indentures" means the indentures governing the Zohar Funds, including all amendments, alterations, and supplements thereto.

23. "Zohar Notes" means the Class A notes issued by the Zohar Funds, as described and defined in Article 2 of the Zohar Indentures.

24. "Zohar Trustee" means the trustee for each of the Zohar Funds, as defined in Section 1.1 of the Zohar Indentures. The term "Zohar Trustee" includes U.S. Bank, N.A., LaSalle Bank, N.A., Bank of America Corp., and all of their predecessors, successors, parents, subsidiaries, affiliates, employees, representatives, and agents.

25. "Zohar Trustee Reports" means the "Monthly Report" and "Note Valuation Report" and any electronic data or other files that accompany such "Monthly Report" or "Note Valuation Report" prepared and issued by the Zohar Trustee pursuant to Section 10.13 of the Zohar Indentures.

26. If you encounter any perceived ambiguity, vagueness, or confusion in construing either a request below or an instruction or definition relevant to a request, your response should: set forth the matter deemed ambiguous, select a reasonable construction or interpretation of the matter you deem ambiguous, explain with particularity the construction or interpretation selected by you, and respond to the request using the construction or interpretation selected by you.

27. References to any natural person shall be deemed to include that natural person's agents, servants, attorneys, representatives, current and former employees, and successors. References to any non-natural persons (i.e., entities such as corporations, LLCs, companies, trusts, partnerships, etc.) shall be deemed to include that entity's subsidiaries, parent entities, affiliates, divisions, predecessors, successors, assigns, and its and their current and former employees, agents, servants, officers, directors, partners, members, shareholders, attorneys, representatives, successors, and predecessors.

28. In the event that any Documents responsive to the following Request(s) are withheld on the basis of a claim of privilege or other protection, prepare an appropriate log identifying such Documents with particularity. For each Document withheld, provide the following information: title, date, author(s); recipient(s); document type; subject; location; number of pages; attachments or appendices; nature of privilege or protection claimed; and a description of the Document and its contents that you believe is sufficient to support your contention that the Document may properly be withheld. If a Document is withheld on the ground of attorney work product, also specify whether the Document was prepared in anticipation of litigation and, if so, identify the anticipated litigation(s) upon which the assertion is based. Produce the log described above contemporaneously with the responsive Documents.

29. If only a portion of an otherwise responsive Document contains information subject to a claim of privilege or other protection, only those portions of the Document subject to a claim of privilege or protection should be deleted or redacted and the remainder of the Document should be produced. If any portions of an otherwise responsive Document are deleted or redacted, those portions should be included on the log described in the foregoing instruction.

30. All Documents produced in response to the following Requests shall be clearly identified, by Bates stamp or otherwise, as having been produced by you.

31. Unless otherwise specified in a particular request, electronic or computerized information, electronically stored Documents, or data shall be produced in a single-page TIFF format, with load files demarcating document breaks, providing parent-child information, and including OCR data and certain metadata to be agreed upon by the parties. Notwithstanding the foregoing, data files, including excel files, are to be produced in native format. Responsive Documents that are not electronically stored are to be produced (i) in a single-page TIFF format,

with load files demarcating document breaks, and containing searchable document text (i.e., OCR data), (ii) in a manner which reflects physical boundaries such as boxes, folders, tabs, etc., and (iii) in a manner which reflects the document custodian.

32. Unless otherwise specified, the following requests seek Documents from January 1, 2008 to the date of your production. If it is necessary to produce Documents from a prior time period to fully respond to a particular request, do so.

DOCUMENTS TO BE PRODUCED

1. All Documents reflecting any Communications, including but not limited to, interviews, telephone calls and other meetings or discussions, with the SEC relating to the SEC's investigation of the Zohar Funds, Patriarch, and/or Respondents prior to and subsequent to the Order Instituting Proceedings, including, but not limited to, communications which on information and belief occurred between the week of May 25, 2015 and present;

2. All Documents reflecting any Communications, including but not limited to interviews, telephone calls and other meetings or discussions with Barclays, Nord, MBIA, Rabobank, SEI, and/or any other investors in the Zohar Funds, any ratings agencies, including but not limited to Standard & Poor's and/or Moody's, any of the Zohar Trustees, and/or A&M, relating to the SEC's investigation of the Zohar Funds, Patriarch, and/or Respondents prior to and subsequent to the Order Instituting Proceedings;

3. Any Common Interest Agreement or Joint Defense Agreement with Barclays, MBIA, Nord, Rabobank, SEI, and/or any other investors in the Zohar Funds relating in any way to Respondents or the Zohar Funds;

4. Documents related to Varde's evaluation, assessment and/or negotiation of its investment and/or its disposition of its investment in the Zohar Funds, including Documents reflecting any evaluation of the indentures and collateral management agreements for the Zohar Funds;

5. All Documents reflecting any evaluation or analysis of, or Communications relating to the Zohar Trustee Reports or other information available from the Zohar Trustees relating to Varde's investment in the Zohar Funds;

6. All Communications and Documents related to the Zohar Funds, Zohar Notes, Patriarch, or Respondents (including, but not limited to, e-mails between You, on the one hand, and Respondents and/or the Zohar Trustee, on the other, to the extent not already produced to the SEC in this investigation and/or administrative proceeding).

Kole, Lauren M.

From: Niles, Elizabeth M.
Sent: Thursday, September 22, 2016 7:16 PM
To: Maloney, Mary Beth; Rossi, Matthew A.; Loseman, Monica K.
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)
Attachments: 2015.07.15 Rabobank Protective Order.pdf

Matt,

Attached please find the protective order with Rabobank that we referenced on the call earlier today.

Best,

Elizabeth Niles

GIBSON DUNN

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200 Park Avenue, New York, NY 10166-0193
Tel +1 212.351.4036 • Fax +1 212.351.6234
ENiles@gibsondunn.com • www.gibsondunn.com

From: Maloney, Mary Beth
Sent: Wednesday, September 21, 2016 5:30 PM
To: Rossi, Matthew A. <MRossi@mayerbrown.com>; Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Perfect. Thanks so much, Matt. Elizabeth, would you send a dial-in/calendar invite?

-Mary Beth

Mary Beth Maloney

GIBSON DUNN

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200 Park Avenue, New York, NY 10166-0193
Tel +1 212.351.2315 • Fax +1 212.351.6315
MMaloney@gibsondunn.com • www.gibsondunn.com

From: Rossi, Matthew A. [<mailto:MRossi@mayerbrown.com>]
Sent: Wednesday, September 21, 2016 5:28 PM
To: Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>
Cc: Maloney, Mary Beth <MMaloney@gibsondunn.com>
Subject: Re: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Elizabeth - Yes. How about 4:00pm ET tomorrow?

Sent from my BlackBerry 10 smartphone.

From: Niles, Elizabeth M.
Sent: Wednesday, September 21, 2016 5:01 PM
To: Rossi, Matthew A.; Loseman, Monica K.
Cc: Maloney, Mary Beth
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Hi Matt,

Unfortunately we can't make 1 pm. Do any times after 3 pm ET tomorrow work for you?

Thanks,

Elizabeth Niles

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200 Park Avenue, New York, NY 10166-0193
Tel +1 212.351.4036 • Fax +1 212.351.6234
ENiles@gibsondunn.com • www.gibsondunn.com

From: Rossi, Matthew A. [<mailto:MRossi@mayerbrown.com>]
Sent: Wednesday, September 21, 2016 3:23 PM
To: Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>
Cc: Maloney, Mary Beth <MMaloney@gibsondunn.com>
Subject: Re: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Elizabeth - Does 1:00pm ET/11:00am MT tomorrow work for you?

Regards,

Matt

Sent from my BlackBerry 10 smartphone.

From: Niles, Elizabeth M.
Sent: Wednesday, September 21, 2016 1:18 PM
To: Loseman, Monica K.; Rossi, Matthew A.
Cc: Maloney, Mary Beth
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Hi Matt,

We wanted to touch base and see if you have time for a quick call either today or tomorrow to discuss next steps regarding Varde's production. Please let us know what times work for you.

Best,

Elizabeth Niles

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Gibson, Dunn & Crutcher LLP
200 Park Avenue, New York, NY 10166-0193
Tel +1 212.351.4036 • Fax +1 212.351.6234
ENiles@gibsondunn.com • www.gibsondunn.com

From: Loseman, Monica K.
Sent: Monday, September 12, 2016 6:00 PM
To: Rossi, Matthew A. <MRossi@mayerbrown.com>
Cc: Niles, Elizabeth M. <ENiles@gibsondunn.com>
Subject: Re: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

That works - thank you.

Sent from my iPhone

On Sep 12, 2016, at 3:28 PM, Rossi, Matthew A. <MRossi@mayerbrown.com> wrote:

Monica – Yes. How about 10:00am MT/12:00pm ET?

Matt

Matthew A. Rossi
Mayer Brown LLP
1999 K Street, N.W.
Washington, DC 20006-1101
Office: (202) 263-3374
Fax: (202) 263-5374

From: Loseman, Monica K. [<mailto:Mloseman@gibsondunn.com>]
Sent: Monday, September 12, 2016 4:05 PM
To: Rossi, Matthew A.
Cc: Niles, Elizabeth M.
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Thanks or your call on Friday, Matt. Are you available tomorrow morning to discuss?

Monica K. Loseman

GIBSON DUNN

Gibson, Dunn & Crutcher LLP
1801 California Street, Denver, CO 80202-2642
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Mloseman@gibsondunn.com • www.gibsondunn.com

From: Loseman, Monica K.
Sent: Friday, September 2, 2016 5:04 PM
To: 'Rossi, Matthew A.' <MRossi@mayerbrown.com>
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Thank you,

Monica

Monica K. Loseman

GIBSON DUNN

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1801 California Street, Denver, CO 80202-2642
Tel +1 303.298.5784 • Fax +1 303.313.2828
MLoseman@gibsondunn.com • www.gibsondunn.com

From: Rossi, Matthew A. [<mailto:MRossi@mayerbrown.com>]
Sent: Friday, September 2, 2016 1:59 PM
To: Loseman, Monica K. <MLoseman@gibsondunn.com>
Subject: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Dear Ms. Loseman:

I received the subpoenas that respondents directed to Jeremy Hedberg, Matt Mach, and Varde Partners in the above-referenced proceeding, and will accept service on their behalf. Varde's General Counsel is traveling out of the country and is unavailable until early next week. I will contact you next week to discuss the subpoenas.

Regards,

Matt Rossi

Matthew A. Rossi
Mayer Brown LLP
1999 K Street, N.W.
Washington, DC 20006-1101
Office: (202) 263-3374
Fax: (202) 263-5374

This email and any files transmitted with it are intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. If you are not the named addressee you should not disseminate, distribute or copy this e-mail.

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message.

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 2931/July 15, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16462

In the Matter of

LYNN TILTON, :
Patriarch Partners, LLC, :
Patriarch Partners VIII, LLC, : ORDER
Patriarch Partners XIV, LLC, and :
Patriarch Partners XV, LLC :

The Securities and Exchange Commission instituted this proceeding with an Order Instituting Proceedings (OIP) on March 30, 2015, and the hearing, which is expected to last about two weeks, is scheduled to commence on October 13, 2015, in New York City. The OIP alleges that Respondents violated the antifraud provisions of the Investment Advisers Act of 1940 in their operation of three collateral loan obligation funds by reporting misleading values for the assets held by the funds and failing to disclose a conflict of interest arising from Lynn Tilton's undisclosed approach to categorization of assets.

On May 27, 2015, the undersigned issued a subpoena *duces tecum* to Rabobank International, New York Branch (Rabobank), at the request of Respondents. Under consideration is Rabobank's Motion for Issuance of a Protective Order (Motion). Respondents consent to the Motion, and the Division of Enforcement does not oppose it. The Motion describes two discrete categories of documents that have been identified as responsive to the subpoena that contain and reflect trade secrets or other proprietary, confidential, or commercially sensitive information (Highly Confidential Material). Respondents and Rabobank have entered a confidentiality agreement concerning the production, handling, and use of documents produced pursuant to the subpoena. Although the record in a public hearing is presumed to be public, the harm resulting from disclosure of such material is presumed harmful. It is specifically limited in various contexts, for example, Exemption 4 of the Freedom of Information Act, 5 U.S.C. § 552(b)(4). Accordingly, the Motion will be granted.¹

¹ This Order embodies minor additions to and deletions from the phraseology of the ordering clause of Rabobank's Proposed Protective Order attached to its Motion. Additions are underscored and deletions are struck through. Additionally, provisions governing the use of the Highly Confidential Information in filings are further ordered in a separate ordering clause.

IT IS ORDERED that the following provisions shall govern the production, handling, and use of the Highly Confidential Material produced by Rabobank to the Respondents in response to the Rabobank Subpoena, which include the following:

(a) Highly confidential asset management strategy memos, credit memoranda or internal credit applications, prepared at or about the time of Rabobank's purchase of Zohar notes, and updated periodically thereafter. These highly confidential memoranda include Rabobank's proprietary performance analysis, as well as confidential assessments and strategy recommendations; and

(b) Highly confidential and proprietary month-end reports of Rabobank's IPV desk containing impairment data prepared by Rabobank, including overviews and framework test results and proprietary analyses, compilations and data studies. The IPV desk is responsible for determining Rabobank's valuation, pricing and price-testing of Rabobank's holding information of such securities, which are used in Rabobank's financial reports.

1. Highly Confidential Material shall not be used or disclosed by any person or entity for any purpose whatsoever other than the preparation for and hearing of this Proceeding, including appeals, if any.

2. Highly Confidential Material and all information contained therein shall not be shown to, reviewed by, or discussed with, any person except:

(a) Counsel to the Respondents and their employees;

(b) The Respondents and only those employees of the Respondents directly involved in instructing or assisting counsel in connection with this Proceeding, except that disclosure to the persons specified in this paragraph shall be limited to such information as is reasonably required to be disclosed to instruct or assist counsel;

(c) the Division of Enforcement of the Securities and Exchange Commission (the "Division" and, together with the Respondents, the "Parties" and each individually a "Party");

(d) The presiding Administrative Law Judge, including necessary administrative, stenographic, secretarial, and clerical personnel assisting the Administrative Law Judge, or the Securities and Exchange Commission (the "Commission") or any other judicial body hearing an appeal of the Proceeding;

(e) Witnesses in any proceedings in this Proceeding, along with their counsel, if the witness is indicated on the face of the Highly Confidential Material as its originator, author, or recipient of a copy thereof or who would be reasonably expected to have had prior access to the Highly Confidential Material, or who is otherwise familiar with the Highly Confidential Material, but only to the extent of the person's familiarity with the Highly Confidential Material, or persons whom counsel reasonably believes may have testimony relevant to the Highly Confidential Material, or if the Administrative Law Judge determines that the witness should have access to the Highly Confidential Material, on such terms as the Administrative Law Judge may order;

(f) Persons whom counsel in good faith believe are likely to be called as trial or other witnesses in this Proceeding as well as their counsel, provided, however, that counsel shall not disclose any Highly Confidential Material to any such person unless counsel in good faith believes such material to be reasonably related to that person's likely testimony and, in that event, only to the extent so related;

(g) Consultants or experts and their staff to the extent deemed reasonably necessary by counsel for the prosecution or defense of the Proceeding;

(h) Outside vendors providing copying and/or exhibit preparation services in connection with this Proceeding;

(i) Any other person only upon written consent of Rabobank or its counsel of record or upon order of the Administrative Law Judge.

With respect to the persons referenced in paragraphs 2(e), (f), (g), (h) and (i), prior to the disclosure of any Highly Confidential Material, the receiving Party shall (i) provide that person with a copy of this Protective Order, and (ii) obtain from that person written agreement to be bound by the terms of this Order in the form attached hereto as Exhibit A.

3. Rabobank shall, at the time of production, designate Highly Confidential Material as "Highly Confidential" with a stamp or label on the face of the document or item so indicating.

4. If the Respondents or the Division file any of the Highly Confidential Material with the Commission without first providing advance notice to Rabobank, those documents filed shall be (a) clearly labeled on the cover page as containing confidential information subject to this Protective Order and (b) filed in sealed envelopes or other appropriate sealed containers on which shall be listed the title of this proceeding, an indication of the nature of its contents, and a statement substantially in the following terms:

CONFIDENTIAL. Filed Pursuant to Protective Order. Not to be opened nor the contents revealed except (1) to the ~~Administrative Law Judge and her staff in the Commission's Office of Administrative Law Judges~~ Commission and its employees or agents, (2) by agreement of the submitting Party and Rabobank, or (3) by prior order of the Administrative Law Judge or the Commission.

5. Respondents or the Division may publicly file any Highly Confidential Material that has previously been admitted at any hearing in the Proceeding, so long as Respondents or the Division provide reasonable advance notice of such anticipated public filing to Rabobank to allow Rabobank to seek a protective order or other appropriate remedy to protect the confidentiality of such Highly Confidential Material. In the event of a dispute between Respondents' counsel or the Division, on the one hand, and Rabobank, on the other hand, as to whether any Highly Confidential Material, or the information derived from those documents should be filed without sealing, that dispute shall be submitted to the Administrative Law Judge for a ruling.

6. Notwithstanding the foregoing, nothing in this Order shall prevent any Party from seeking to admit as evidence or otherwise using any Highly Confidential Material in connection

with any hearing or trial held in this Proceeding, subject to the requirements concerning the filing of Highly Confidential Material in paragraphs 4 and 5.

7. Notwithstanding the foregoing, nothing in this Order shall prevent any Party from complying with any disclosure required by law, regulation or rule (including any rule of any industry or self-regulatory organization) whether pursuant to a subpoena or other similar process in connection with a litigation, arbitration, or other proceeding, or otherwise. If any Party in possession of Highly Confidential Material receives a subpoena or other such process or discovery device seeking production or other disclosure of such Highly Confidential Material, if allowed under applicable law, that Party shall give written notice to counsel for Rabobank together with a copy of the subpoena or other process and shall object to producing the Highly Confidential Material until an appropriate confidentiality stipulation or order can be entered into with the requesting party. Unless otherwise ordered by a court or appropriate tribunal, the receiving party shall not produce any of the Highly Confidential Material, or information contained therein for a period of at least ten (10) days after providing the required notice to Rabobank. During that ten day period, Rabobank may seek protection from, or file objections to, the production of the Highly Confidential Material, or information contained therein in the appropriate forum. Provided that the appropriate notice set forth in this Paragraph was given, only Rabobank shall be responsible for asserting any objection to the requested production. Nothing herein shall be construed as requiring the receiving party or anyone else covered by this Protective Order to (a) challenge or appeal any order issued in another proceeding that requires production or disclosure of any Highly Confidential Material, or information contained therein, (b) subject himself/itself to any penalties for non-compliance with any legal process, order, or statutory or regulatory obligation, or (c) seek any relief in the appropriate forum.

8. In the event of any unauthorized use or disclosure of any Highly Confidential Material, or any information contained therein, the Party responsible for such use or disclosure shall notify counsel for Rabobank immediately and make good faith efforts to remedy the unauthorized use or disclosure and prevent further unauthorized use or disclosure.

9. The restrictions on dissemination of the Highly Confidential Material, or the information contained therein, shall not apply to information that is public knowledge or that, after disclosure, becomes public knowledge other than through a violation of the terms of this Protective Order or any applicable confidentiality agreement.

10. All Highly Confidential Material or other papers containing such information remain the property of, and under the custody and control of the party or other person producing that Highly Confidential Material, subject to further order of the ~~Court~~ Administrative Law Judge or the Commission. Upon the conclusion of this Proceeding (including compliance with any judgment and any appeal relating to this Proceeding), the receiving Parties shall return to Rabobank all copies of Highly Confidential Material that was produced pursuant to this Protective Order (including all copies, abstracts, and summaries of the Highly Confidential Material) or the parties may destroy such Highly Confidential Material and certify to Rabobank in writing that all such Highly Confidential Material has been destroyed. Notwithstanding the foregoing, counsel for the Parties may retain copies of pleadings, briefs, motions, memoranda and any other paper filed in this Proceeding together and correspondence exchanged in this Proceeding, copies of all hearing transcripts, admitted exhibits and copies of any attorney work product.

11. This Protective Order shall remain in force and effect until modified, superseded, or terminated on the record by agreement of the Parties and Rabobank or by order of the Administrative Law Judge or the Commission.

12. Any notice required or permitted herein shall be made to counsel of record in this proceeding or such other persons as subsequently may be designated by a party or by Rabobank. Notice may be made by either facsimile or email, provided that a hard copy is provided by hand delivery or overnight courier.

IT IS FURTHER ORDERED that if any text of a brief, motion, or other pleading filed in this proceeding is based on or derived from the Highly Confidential Material, the party making the filing shall: a) file a version clearly labeled “under seal” pursuant to this Protective Order that sets off, with double brackets, the text that is based on or derived from the Highly Confidential Material (e.g., [[text]]); and b) absent agreement of the parties and Rabobank to publicly release the material, file a public redacted version removing the text that is based on or derived from the Highly Confidential Material.

/S/ Carol Fox Foelak
Carol Fox Foelak
Administrative Law Judge

Exhibit A

I have read the Protective Order entered by the Administrative Law Judge in the Matter of Lynn Tilton, et al., Administrative Proceeding File No. 3-16462 (Hon. Judge Carol Fox Foelak) (the "Order") concerning documents produced by Rabobank. I understand the provisions of such Order and I understand the responsibilities and obligations such Order imposes on persons viewing the material encompassed by the Order. Pursuant to the Order, I hereby agree to be bound by all the provisions of the Order so as to enable me to review the material encompassed by the Order, and I hereby consent to the personal jurisdiction of the United States Securities and Exchange Commission, for any proceedings involving the enforcement of the Order.

EXECUTED this ____ day of _____, _____.

Name /Title

Kole, Lauren M.

From: Rossi, Matthew A. <MRossi@mayerbrown.com>
Sent: Wednesday, October 5, 2016 4:57 PM
To: Maloney, Mary Beth
Cc: Loseman, Monica K.; Niles, Elizabeth M.
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Mary Beth – As you requested, Värde will produce by Monday, October 10th non-privileged documents, if any, that are responsive to Request No. 2 of the Second Subpoena subject to the clarifications in our previous emails. At that time, Värde will also provide a log of general categories of documents being withheld.

I am confused about your reference to my “silence with regard to the proprietary model. . .” As I indicated during our September 22, 2016 telephone conversations and in my October 3, email to you, Värde objects to the requests that it produce documents to Respondents that would reveal its confidential and proprietary business information including the prices it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments. However, as I also stated during our September 22nd telephone conversation and referenced in my September 29th email to you, Värde is reviewing material previously withheld on the grounds that it is confidential and proprietary business information to determine whether at least some of that material can be produced in an effort to avoid an impasse. To the extent any such material exists, it will be produced this week. I also stated in our September 22nd telephone conversation and in my October 3rd email to you, that Värde will produce this week additional material potentially responsive to the subpoenas. This material includes documents potentially responsive to at least Requests 4, 5, and 6 of the Second Subpoena and materials dated after September 11, 2015 – the date on which Värde previously produced 16,000 pages of documents to Respondents

Finally, I again encourage you to provide a specific explanation as to why the more than 16,000 pages of documents Värde already produced to Respondents (and the additional materials when they are produced) are not sufficient for your needs. I also reiterate my request that you consider narrowing the requests in the subpoenas – including Request Nos. 4, 5, and 6 of the Second Subpoena.

Regards,

Matt Rossi

Matthew A. Rossi
Mayer Brown LLP
1999 K Street, N.W.
Washington, DC 20006-1101
Office: (202) 263-3374
Fax: (202) 263-5374

From: Maloney, Mary Beth [mailto:MMaloney@gibsondunn.com]
Sent: Wednesday, October 05, 2016 6:01 AM
To: Rossi, Matthew A.
Cc: Loseman, Monica K.; Niles, Elizabeth M.
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Matt,

Thanks so much for confirming the underlying facts related to the common interest. I do hope you will be able to produce the agreement this morning so we won't have to move for its production.

We appreciate your agreement to produce documents responsive to Request No. 2. Please confirm that these documents will be produced by Monday, October 10. Please also confirm that you will be producing a privilege log of withheld documents at that time. I recognize that the timing may be challenging but given our weeks of negotiations and knowing that Mr. Mach is going to be called by the Division first, we need confirmation that a log will be produced by Monday so that we can immediately address any deficiencies in the log. Also, to the extent you intend to log documents based on a common interest agreement, we will be moving for their production as part of our motion related to Request Nos. 4-6.

Please confirm your silence with regard to the proprietary model reflects that we are at an impasse as to the production of documents that might reveal that model. Please also confirm that you don't intend to produce any other documents for which Mr. Mach is a custodian or any documents responsive to Request Nos. 4-6. I would like confirmation of the impasse this morning when we hear about the common interest agreement. In the alternative, please commit to producing responsive documents forthwith. Otherwise we will have to seek a further order from Judge Foelak.

Thanks,
Mary Beth

Mary Beth Maloney

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From: Rossi, Matthew A. [<mailto:MRossi@mayerbrown.com>]

Sent: Tuesday, October 4, 2016 1:49 PM

To: Maloney, Mary Beth <MMaloney@gibsondunn.com>

Cc: Loseman, Monica K. <MLoseman@gibsondunn.com>; Niles, Elizabeth M. <ENiles@gibsondunn.com>

Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Mary Beth – The names of the parties to the common interest agreement are Sidley Austin LLP; Credit Value Partners, LP; Halcyon Capital Management LP; Coöperatieve Rabobank U.A.; and Värde Partners, Inc. The common interest among these entities includes interests with respect to, among other matters, the pursuit and defense of legal rights in connection with: (1) Zohar III, Limited, Zohar III, Corp., Zohar III, LLC, any of their affiliates or associated persons or entities, and/or any entity involved in the Zohar III CDO (collectively “Zohar Entities”); (2) any indenture agreement and related documents concerning the Zohar Entities, including the indenture (as amended, modified, supplemented, or restated from time to time, dated as of April 6, 2007 between and among Zohar III, Limited, Zohar III, Corp., Zohar III, LLC, Natixis Financial Products, Inc., as Class A-1R Note Agent and Class A-1D Note Agent, and LaSalle Bank National Association, as trustee, and the Collateral Management Agreement, dated April 6, 2007, between and among Zohar III, Limited, Zohar III, LLC, and Patriarch Partners XV, LLC; and (3) any potential restructuring of the Zohar CDOs.

Thank you for clarifying the documents sought by Request No. 2 of the second subpoena. Subject to Värde's objections, it will produce its non-privileged communications, if any, with Zohar noteholders concerning how the outcome of the above-referenced SEC proceeding might impact the financial interests of Zohar noteholders.

Finally, I am attempting to obtain the required consents to provide you with the common interest agreement by 10:00am tomorrow morning as you requested.

Regards,

Matt Rossi

Matthew A. Rossi
Mayer Brown LLP
1999 K Street, N.W.
Washington, DC 20006-1101
Office: (202) 263-3374
Fax: (202) 263-5374

From: Maloney, Mary Beth [<mailto:MMaloney@gibsondunn.com>]
Sent: Monday, October 03, 2016 2:11 PM
To: Rossi, Matthew A.
Cc: Loseman, Monica K.; Niles, Elizabeth M.
Subject: FW: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Matt,

Thank you for your efforts to produce the common interest agreement sought by Request No. 3 of Respondents' second subpoena to Värde ("2016 Subpoena"). While you await the response of the other signatories regarding whether you can produce a copy of the agreement to us, we have consistently asked for the names of those parties and the basis on which the common interest is being asserted. Please let us know those basic facts today so we can assess the reasonableness of the common interest assertion. Recognizing that there is a religious holiday today and tomorrow that may make getting sign off on production of the common interest agreement challenging, we are not demanding production of that document today. But if we do not receive a copy of the agreement by 10am Wednesday morning, we will move to compel.

We agree to your proposal to limit Request No. 2 to communications concerning how the outcome of the SEC action might impact the financial interests of noteholders, with a few clarifications. We do want to confirm that you will produce communications concerning how the outcome of the SEC action might impact the financial interests of noteholders, as opposed to as noteholders—as such communications with MBIA are encompassed within this Request.

With regards to your refusal to produce, "[Värde's] own confidential and proprietary business information including the prices and values it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments," it appears we are at an impasse. As you know, on September 14, 2016, Judge Foelak denied Varde's motion to quash Respondents' 2015 Subpoena (the "2015 Subpoena") and explained that the Division has stated it will call Mr. Mach regarding, "Varde Partners' investment in the Zohar Fund(s), communications regarding the investment, relationship with Patriarch, their understanding of the investment, any interaction with Tilton or other Patriarch employees, and the monitoring or assessment of Varde Partners' investment." Judge Foelak then concluded that the information sought by Respondents from

Varde is “directly relevant to the Division’s proposed evidence *and necessary for cross examination.*” (emphasis added)

As previously discussed, Respondents remain willing to enter into a protective order to allay your client’s disclosure concerns. On September 22, we even forwarded the PO entered with respect to Rabobank’s production of material it considered proprietary. It appears that Varde nonetheless refuses to comply with the subpoena as ordered by Judge Foelak on September 14. At this point, just three weeks from trial, we have no choice but to seek appropriate relief from Judge Foelak.

I am available any time after 3pm if you wish to discuss this further.

Thanks,
Mary Beth

Mary Beth Maloney

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From: Rossi, Matthew A. [<mailto:MRossi@mayerbrown.com>]

Sent: Monday, October 3, 2016 10:08 AM

To: Maloney, Mary Beth <MMaloney@gibsondunn.com>; Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>

Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Mary Beth - Now it's my turn to apologize for the delay in responding. As you know from the out of office reply you received to your email, I was traveling and had only limited access to my email last Friday. I am available to discuss the outstanding issues relating to the subpoenas at 1:00pm today or anytime thereafter that is convenient for you.

Additionally, I have attempted to confirm whether the signatories to the common interest agreement sought by Request No. 3 of your clients’ second subpoena to Värde (“Second Subpoena”) object to Värde producing the common interest agreement. I expect to know later today whether there is any such objection. Provided none of the parties to the agreement assert an objection, Varde will produce the agreement.

Thank you for explaining your view of the relevance of the information sought by Request No. 2 of the Second Subpoena. In your email below, you stated that communications with parties pursuant to the common interest agreement are relevant to the credibility and potential bias of my client when testifying in the above-reference proceeding, “if [Värde] has entered an agreement with other noteholders and had communications related to how the outcome of the SEC Action might impact their financial interests as noteholders...” Please let me know whether you are willing to limit Request No. 2 to communications concerning how the outcome of the SEC action might impact the financial interests of noteholders?

As you know, Varde continues to object to the subpoenas to the extent they ask Värde to disclose its own confidential and proprietary business information including the prices and values it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments. Producing this information to a business competitor even subject to a protective order could cause enormous financial and competitive harm to Värde. However, as I indicated during our September 22, 2016 telephone conversation, subject to these objections Varde will produce additional non-privileged documents responsive to the subpoenas that do not reveal its confidential

and proprietary business information. It will also provide a log of general categories of documents that it is withholding. During our September 22nd telephone conversation you asked that Värde complete its production during the first week of October. Accordingly, it will provide this information and material this week.

Of course, I remain willing to continue discussions aimed at avoiding a potential impasse. Please let me know whether your clients are willing to narrow the scope of the subpoenas to avoid impinging on privileges, eliminate duplication of information sought, and facilitate reaching an agreement on the scope of the subpoenas. It would also facilitate discussion if you could let me know why you believe the more than 16,000 pages of documents that Värde has already produced are not sufficient for your clients needs.

Please also let me know if you would like to schedule a call today. Thank you.

Regards,

Matt Rossi

Matthew A. Rossi
Mayer Brown LLP
1999 K Street, N.W.
Washington, DC 20006-1101
Office: (202) 263-3374
Fax: (202) 263-5374

From: Maloney, Mary Beth [<mailto:MMaloney@gibsondunn.com>]
Sent: Friday, September 30, 2016 11:11 AM
To: Rossi, Matthew A.; Niles, Elizabeth M.; Loseman, Monica K.
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Matt,

Apologies for the delayed response. Is there a time that works for you today to discuss the below issues?

As to Request No. 1, we received your production yesterday and have reviewed it. Thank you.

As to Request No. 3 (documents reflecting a common interest) I appreciate your sending the date of the agreement below, but we had also asked for the parties to the agreement and the basis on which the privilege is being asserted. This information is discoverable, even when a common interest is asserted. Will you please let us know today whether you are refusing to produce that additional information? Our position is that evidence of a common interest agreement, and communications with parties pursuant to that agreement (which are requested under Request No. 2) are relevant to the credibility and potential bias of your client when it testifies in these proceedings. If your client has entered an agreement with other Noteholders and had communications related to how the outcome of the SEC Action might impact their financial interests as Noteholders, those communications are relevant and should be produced. Please let us know if you plan to withhold such documents.

As to Requests Nos. 4-6, we understood that you previously withheld documents in response to similar requests because such documents might include information related to a proprietary model. We sent you a copy of the Protective Order entered with Rabobank and signed by Judge Foelak. As we said on our prior call we are willing to seek a protective order to the extent you believe compliance with the subpoena and Judge Foelak's 9/14/16 Order will require the production of Värde's propriety materials. Please let us know whether you will agree to produce documents responsive to these requests, subject to entry of a protective order.

As to your concerns regarding a duplicative production, we understand that on 9/11/2015 Varde produced 16,000 pages in response to the 2015 Subpoena. But to the extent Varde is or was a Noteholder in Zohar III after 9/11/2015, documents responsive to both the 2015 Subpoena Requests (which include a continuing discovery obligation) and responsive to the 2016 Subpoenas' Requests 4-6, should be produced forthwith. As Judge Foelak noted in her 9/14/16 Order, "At least some of the information sought [by the 2015 Subpoena] is directly relevant to the Division's proposed evidence and necessary for cross-examination." Having now reviewed Varde's prior production, we have identified just over 200 documents in which Mr. Mach appears. Given that documents produced to date stop in 2015 and the withholding of documents on the basis of Varde's "propriety model" assertion, we believe there are more documents relevant to Mr. Mach testimony and necessary for our preparation of his upcoming examination.

Happy to discuss further, especially because the days left before trial are few. I hope we can reach agreement on the above points to avoid motion practice next week.

Much thanks,
Mary Beth

Mary Beth Maloney

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From: Rossi, Matthew A. [mailto:MRossi@mayerbrown.com]
Sent: Thursday, September 29, 2016 10:45 AM
To: Maloney, Mary Beth <MMaloney@gibsondunn.com>; Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Mary Beth - I'm feeling much better and I am back in the office today. The disk I arranged to have sent to you contains additional communications between (or on behalf of) Värde and the SEC. The password for the disk is M@y3RBr0wn1221*.

During our conversation last week, I agreed to provide you with additional information relating to Värde's objection to producing a common interest agreement in response to Request No. 3 of your clients' second subpoena to Värde. The only common interest agreement potentially responsive to Request No. 3 of the subpoena was entered into among a small group of investors in notes issued by the Zohar Funds and counsel for that group on or about February 2, 2016, almost a year after the SEC issued its order instituting proceedings against your clients. Given the timing of the agreement, it is not relevant to the claims at issue in the SEC's proceeding against your clients. The agreement is also protected from disclosure by the attorney client privilege and attorney work product doctrine.

As you know, Värde produced over 16,000 pages of documents on September 11, 2015, in response to your clients' first subpoena which sought virtually all of the documents your clients requested again in the second subpoena they served on Värde. The materials already produced by Värde respond to requests 1, 2, 4, 5, and 6 of the second subpoena. We are currently attempting to determine if, subject to Värde's previous objections, any additional materials responsive to the subpoenas can be produced under a protective order or otherwise. This includes any additional materials responsive to Request No 4. Once these materials have been identified, we can determine whether a protective order is necessary.

During our call last week, you indicated that although you had done "some targeted searches" on the more than 16,000 pages of documents Värde previously produced, you had not yet reviewed Värde's entire production. Please let me know when you have reviewed the entire production. A review of the entire production will provide a helpful basis for discussing which additional materials, if any, your clients believe they need; narrowing the scope of documents sought by the subpoena; and otherwise attempting to avoid an impasse.

I am available today to discuss these and the other issues raised in your email below. Is there a time between 11:30am and 1:30pm today that is convenient for you?

Regards,

Matt

Matthew A. Rossi
Mayer Brown LLP
1999 K Street, N.W.
Washington, DC 20006-1101
Office: (202) 263-3374
Fax: (202) 263-5374

From: Maloney, Mary Beth [<mailto:MMaloney@gibsondunn.com>]
Sent: Thursday, September 29, 2016 10:16 AM
To: Rossi, Matthew A.; Niles, Elizabeth M.; Loseman, Monica K.
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Matt,

The FedEx with the CD of doc just arrived at my desk. Thank you.

Let me know when you are available to discuss the additional matters noted below.

Thanks,
Mary Beth

Mary Beth Maloney

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From: Maloney, Mary Beth
Sent: Wednesday, September 28, 2016 7:07 PM
To: 'Rossi, Matthew A.' <MRossi@mayerbrown.com>; Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Matt,

I hope you are feeling better. I left you a voicemail as well.

We had a call today with the SEC about their witness list and based on that call we do need to move forward with either completing negotiations about the subpoenas to Varde and their employees, or we need to know if we are at an impasse.

Can you let us know the status of the production in response to Request No. 1? We agreed that you would produce that on Monday.

Can you let us know the parties, date, and basis for the common interest that you are claiming in response to Request No. 3? We agreed that you would send us that on Monday.

Have you had a chance to review the protective order my colleague, Elizabeth Niles, sent on Thursday? Would it address your concerns related to the production of documents in response to Request No. 4?

Have you had a chance to find out if Mr. Mach is willing to meet with us prior to the hearing date?

Lots to discuss. I am available at your convenience tonight and tomorrow.

Thanks,
Mary Beth

Mary Beth Maloney

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From: Maloney, Mary Beth

Sent: Monday, September 26, 2016 4:38 PM

To: 'Rossi, Matthew A.' <MRossi@mayerbrown.com>; Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>

Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

I had the flu last week and it was awful, I wish you a speedy recovery.

I am anxious however to get the common interest agreement info and those communications with the SEC. Perhaps if you are still out tomorrow, your colleague could handle? Please do keep me posted.

All best,
Mary Beth

Mary Beth Maloney

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From: Rossi, Matthew A. [mailto:MRossi@mayerbrown.com]
Sent: Monday, September 26, 2016 4:33 PM
To: Maloney, Mary Beth <MMaloney@gibsondunn.com>; Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Mary Beth – During our call last week I agreed to produce today certain email communications with the SEC and provide some additional information regarding Varde’s objection to producing a common interest agreement. However, I am out of the office today with the flu. I expect to be back in the office tomorrow and will provide you with the information then.

Regards,

Matt Rossi

Matthew A. Rossi
Mayer Brown LLP
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Washington, DC 20006-1101
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Fax: (202) 263-5374

From: Maloney, Mary Beth [mailto:MMaloney@gibsondunn.com]
Sent: Wednesday, September 21, 2016 5:30 PM
To: Rossi, Matthew A.; Niles, Elizabeth M.; Loseman, Monica K.
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Perfect. Thanks so much, Matt. Elizabeth, would you send a dial-in/calendar invite?

-Mary Beth

Mary Beth Maloney

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From: Rossi, Matthew A. [mailto:MRossi@mayerbrown.com]
Sent: Wednesday, September 21, 2016 5:28 PM
To: Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>
Cc: Maloney, Mary Beth <MMaloney@gibsondunn.com>
Subject: Re: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Elizabeth - Yes. How about 4:00pm ET tomorrow?

Sent from my BlackBerry 10 smartphone.

From: Niles, Elizabeth M.
Sent: Wednesday, September 21, 2016 5:01 PM
To: Rossi, Matthew A.; Loseman, Monica K.
Cc: Maloney, Mary Beth
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Hi Matt,

Unfortunately we can't make 1 pm. Do any times after 3 pm ET tomorrow work for you?

Thanks,

Elizabeth Niles

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From: Rossi, Matthew A. [<mailto:MRossi@mayerbrown.com>]
Sent: Wednesday, September 21, 2016 3:23 PM
To: Niles, Elizabeth M. <ENiles@gibsondunn.com>; Loseman, Monica K. <MLoseman@gibsondunn.com>
Cc: Maloney, Mary Beth <MMaloney@gibsondunn.com>
Subject: Re: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Elizabeth - Does 1:00pm ET/11:00am MT tomorrow work for you?

Regards,

Matt

Sent from my BlackBerry 10 smartphone.

From: Niles, Elizabeth M.
Sent: Wednesday, September 21, 2016 1:18 PM
To: Loseman, Monica K.; Rossi, Matthew A.
Cc: Maloney, Mary Beth
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Hi Matt,

We wanted to touch base and see if you have time for a quick call either today or tomorrow to discuss next steps regarding Varde's production. Please let us know what times work for you.

Best,

Elizabeth Niles

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From: Loseman, Monica K.
Sent: Monday, September 12, 2016 6:00 PM
To: Rossi, Matthew A. <MRossi@mayerbrown.com>
Cc: Niles, Elizabeth M. <ENiles@gibsondunn.com>
Subject: Re: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

That works - thank you.

Sent from my iPhone

On Sep 12, 2016, at 3:28 PM, Rossi, Matthew A. <MRossi@mayerbrown.com> wrote:

Monica – Yes. How about 10:00am MT/12:00pm ET?

Matt

Matthew A. Rossi
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1999 K Street, N.W.
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From: Loseman, Monica K. [<mailto:MLoseman@gibsondunn.com>]
Sent: Monday, September 12, 2016 4:05 PM
To: Rossi, Matthew A.
Cc: Niles, Elizabeth M.
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Thanks or your call on Friday, Matt. Are you available tomorrow morning to discuss?

Monica K. Loseman

GIBSON DUNN

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From: Loseman, Monica K.
Sent: Friday, September 2, 2016 5:04 PM
To: 'Rossi, Matthew A.' <MRossi@mayerbrown.com>
Subject: RE: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Thank you,

Monica

Monica K. Loseman

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From: Rossi, Matthew A. [<mailto:MRossi@mayerbrown.com>]
Sent: Friday, September 2, 2016 1:59 PM
To: Loseman, Monica K. <MLoseman@gibsondunn.com>
Subject: In the Matter of Lynn Tilton, et al. (File No. 3-16462)

Dear Ms. Loseman:

I received the subpoenas that respondents directed to Jeremy Hedberg, Matt Mach, and Varde Partners in the above-referenced proceeding, and will accept service on their behalf. Varde's General Counsel is traveling out of the country and is unavailable until early next week. I will contact you next week to discuss the subpoenas.

Regards,

Matt Rossi

Matthew A. Rossi
Mayer Brown LLP
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Kole, Lauren M.

From: Rossi, Matthew A. <MRossi@mayerbrown.com>
Sent: Monday, October 10, 2016 8:02 PM
To: Maloney, Mary Beth
Cc: Loseman, Monica K.; Niles, Elizabeth M.
Subject: In the Matter of Lynn Tilton, et al. (File No. 3-16462)
Attachments: 2010-10-10 Log.pdf

Mary Beth – Attached is a log of general categories of documents currently withheld from Värde Partners Inc.'s production of documents in response to the two subpoenas, dated August 17, 2015 and August 30, 2016, served by Respondents in the above-referenced matter.

Please let me know if you have any questions or would like to discuss.

Regards,

Matt

Matthew A. Rossi
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In the Matter of Lynn Tilton, et al. (File No. 3-16462)
 General Categories of Documents Withheld from Värde Partners Inc.'s Response to
 Two Subpoenas Served by Respondents Dated August 17, 2015 and August 30, 2016.

October 10, 2016

1	Communications between Värde personnel and Värde's outside counsel concerning the pursuit and defense of legal rights in connection with: (1) Zohar III, Limited, Zohar III, Corp., Zohar III, LLC, any of their affiliates or associated persons or entities, and/or any entity involved in the Zohar III CDO (collectively "Zohar Entities"); (2) any indenture agreement and related documents concerning the Zohar Entities, (3) any potential restructuring of the Zohar CDOs; and (4) the above-referenced Securities and Exchange Commission administrative proceeding ("Proceeding")
2	Communications among Värde personnel and Värde's in-house counsel concerning the pursuit and defense of legal rights in connection with: (1) the Zohar Entities; (2) any indenture agreement and related documents concerning the Zohar Entities; (3) any potential restructuring of the Zohar CDOs; and (4) the Proceeding
3	Communications among Värde and other holders of notes issued by Zohar III, Limited ("Zohar III Notes") on the one hand and the note holders common counsel on the other hand concerning the pursuit and defense of legal rights in connection with: (1) the Zohar Entities; (2) any indenture agreement and related documents concerning the Zohar Entities; and (3) any potential restructuring of the Zohar CDOs
4	Documents prepared by Värde's counsel in anticipation of litigation and reflecting the mental impressions of counsel concerning the pursuit and defense of legal rights in connection with: (1) the Zohar Entities; (2) any indenture agreement and related documents concerning the Zohar Entities; (3) any potential restructuring of the Zohar CDOs; and (4) the Proceeding
5	Trade tickets, confirmations, and counterparty risk reports for transactions in Zohar III Notes
6	Client holding statements, profit & loss statements, and custody statements reflecting all client holdings including Zohar III Notes as well as the prices and values of those holdings
7	Investment committee updates/meeting minutes, quarterly memoranda, and presentations containing confidential and proprietary business information reflecting the prices and values Värde placed on Zohar III Notes as well as the methods it employs to price, value, analyze, and monitor those investments
8	Emails among Värde personnel and internal reports titled "Zohar III Update," "Zohar III Opportunity Overview," and "Zohar III Portfolio Exposures" reflecting Värde's internal valuation and analysis of Zohar III Notes including the prices and values Värde placed on investments as well as the methods it employs to price, value, analyze, and monitor those investments
9	Emails among Värde personnel evaluating bids, offers and marks for Zohar III Notes
10	Emails between Värde personnel on the one hand and brokers and other third parties on the other relating to bids, offers and marks for Zohar III Notes
11	Internal spreadsheets and analyses reflecting Värde's proprietary models and internal analyses concerning Zohar III Notes
12	Emails among Värde personnel concerning its strategy for negotiating a restructuring of the Zohar CDOs

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October 7, 2016

BY E-MAIL & UPS EXPRESS

Mary Beth Maloney, Esquire
Gibson, Dunn & Crutcher, LLP
200 Park Avenue
New York, NY 10166

Re: In the Matter of Lynn Tilton, et al.,
SEC Admin. File 3-16462

Dear Ms. Maloney:

Enclosed please find a disk containing documents bates numbered VPI0016490 through VPI0018757. These documents are produced on behalf of Värde Partners, Inc. (“Värde”) in response to the August 30, 2016 subpoena (“Second Subpoena”), that Lynn Tilton, Patriarch Partners, LLC and its affiliates (“Respondents”) served on Värde in the above-referenced proceeding (“Proceeding”). This production is made in addition to the 16,489 pages of documents that Värde has already provided to Respondents.

The Second Subpoena is almost wholly duplicative of the August 17, 2015 subpoena Respondents previously served on Värde (“First Subpoena”) and is therefore subject to all of the same objections that Värde asserted in response to the First Subpoena, including the objections set forth in my August 25, 2015 letter to Respondents’ counsel, Christopher Gunther; the August 4, 2016 Motion of Non-Party Värde Partners, Inc. To Quash Subpoena Served by Respondents with supporting memorandum; and Värde’s August 19, 2016 Reply to Respondents’ Opposition to Motion to Quash Subpoena.

The Second Subpoena is also overly broad, unreasonable, oppressive, and burdensome. Respondents made no effort to tailor the Second Subpoena to avoid seeking information that is irrelevant, already in their possession, obviously protected from disclosure by the attorney client privilege and attorney work product doctrine, or that Värde already provided to Respondents in the more than 16,000 pages of documents it produced in response to the First Subpoena. For example, Request No. 6 appears to seek among other things, all documents for which two Värde employees are custodians and that relate to the Zohar Funds, Zohar Notes, Patriarch, or Respondents, including communications with Respondents. Such an overly broad request necessarily includes large amounts of material that is irrelevant, privileged, or already in Respondents’ possession. Furthermore, during my September 22, 2016 telephone conversation with Respondents’ counsel, Monica Loseman, she admitted that the Second Subpoena was one of six identical subpoenas served on six separate entities and did not take into account Värde’s

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Page 2

previous production of over 16,000 pages of documents or its objections in response to the First Subpoena.

The Second Subpoena purports to require Värde to search for documents from at least January 1, 2008, until the present. However, Respondents are well aware that Värde made no investment in any notes issued by Zohar III, Limited (“Zohar III”) or any related funds (collectively the “Zohar Funds”) until September 24, 2013, and that the SEC’s order instituting proceedings is dated March 30, 2015. Thus, the Second Subpoena seeks documents for a period beginning almost six years before Värde purchased Zohar notes and ending at least 18 months after the date of the allegations at issue in this Proceeding. Värde objects to this time period applicable to the requests because it would require searching for documents over a period of at least eight years and seeks the production of documents not relevant to this Proceeding.

In addition, as was the case with Requests 1, 2, 3, 5, 6, 7, 8, 9, and 11 of the First Subpoena, Värde objects to Request Nos. 4, 5, and 6 of the Second Subpoena because they seek to force Värde to produce its own confidential and proprietary business information including the prices and values it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments. Disclosing this information would cause enormous financial and competitive harm to Värde because Respondents are direct business competitors of Värde and it would allow Respondents to use Värde’s own confidential information and methods to benefit themselves at Värde’s expense. Moreover, by seeking this information Respondents are improperly attempting to use a Commission subpoena to obtain confidential information from Värde, a holder of notes issued by Zohar III, to gain an unfair advantage in their negotiations with investors to restructure the Zohar Funds.

For all of these reasons, Respondents’ Second Subpoena is unreasonable, oppressive, and unduly burdensome. Värde makes its production of documents in response to the Second Subpoena subject to these objections and those set forth below.

Request No. 1 seeks “all documents reflecting any communications, including but not limited to, interviews, telephone calls and other meetings or discussions, with the SEC relating to the SEC’s investigation of the Zohar Funds, Patriarch, and/or Respondents prior to and subsequent to the Order Instituting Proceedings, including but not limited to, communications which on information and belief occurred between the week of May 25, 2015 and present.”

Värde objects to this request to the extent it seeks documents protected from disclosure by the attorney client privilege and attorney work product doctrine including communications between Värde and its counsel, as well as materials prepared in anticipation of litigation and reflecting the mental impressions, conclusions, opinions, or legal theories of counsel. Subject to the forgoing objections, Värde refers Respondents to documents bates numbered VPI0016415 through VPI0016474 and VPI0018757. Värde further refers Respondents to the documents it previously produced on September 11, 2015.

Mary Beth Maloney, Esquire
October 7, 2016
Page 3

Request No. 2 seeks “all documents reflecting any communications, including but not limited to interviews, telephone calls and other meetings or discussions with Barclays, MBIA, Nord, Rabobank, SEI, and/or any other investors in the Zohar Funds, any rating agencies, including but not limited to Standard & Poor’s and/or Moody’s, any of the Zohar Trustees, and/or A&M, relating to the SEC’s investigation or the Zohar Funds, Patriarch, and/or Respondents prior to and subsequent to the Order Instituting Proceedings.”

Pursuant to an agreement between counsel for Respondents and Värde, counsel for Värde understands that this request is limited to communications with Zohar note holders concerning how the outcome of the above-referenced SEC proceeding might impact the financial interests of Zohar note holders. Värde objects to this request to the extent it seeks information unrelated to the claims or defenses in the Proceeding. Värde further objects to this request to the extent it seeks information protected from disclosure by the attorney client privilege, attorney work product doctrine, and common interest privilege, including communications between or among note holders and their common counsel. Värde previously produced to Respondents documents responsive to this request on September 11, 2015. Subject to the forgoing objections, Värde will produce additional non-privileged responsive documents, if any, on October 10, 2016.

Request No. 3 requests “Any Common Interest Agreement or Joint Defense Agreement with Barclays, MBIA, Nord, Rabobank, SEI, and/or any other investors in the Zohar Funds related in any way to Respondents or the Zohar Funds.”

Värde objects to this request to the extent it seeks information unrelated to the claims or defenses in the Proceeding. Subject to the forgoing objections, Värde refers Respondents to the document bates numbered VPI0016475 through VPI0016489 that was produced on October 5, 2016.

Request No. 4 seeks “documents related to Värde’s evaluation, assessment and/or negotiation of its investment and/or its disposition of its investment in the Zohar Funds, including Documents reflecting any evaluation of the indentures and collateral management agreements for the Zohar Funds.”

Värde objects to this request to the extent it seeks documents protected from disclosure by the attorney client privilege and attorney work product doctrine, including communications between Värde and its counsel, as well as materials prepared in anticipation of litigation and reflecting the mental impressions, conclusions, opinions, or legal theories of counsel. Värde also objects to this request because it seeks to force Värde to produce its own confidential and proprietary business information including the prices and values it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments. Disclosing this information would cause enormous financial and competitive harm to Värde because Respondents are direct business competitors of Värde. Moreover, by seeking this information Respondents are improperly attempting to use a Commission subpoena to obtain confidential information from Värde, a holder of notes issued by Zohar III, to gain an unfair advantage in their negotiations with investors to restructure the Zohar Funds. Värde further objects to the request to the extent it seeks information unrelated to the claims or defenses in the Proceeding.

Mary Beth Maloney, Esquire
October 7, 2016
Page 4

Subject to the forgoing objections, Värde refers Respondents to documents bates numbered VPI0016490 through VPI0018213 on the enclosed disk and to the documents that Värde previously produced to Respondents on September 11, 2015.

Request No. 5 requests “all documents reflecting any evaluation or analysis of, or communications regarding the Zohar Trustee reports or other information available from the Zohar Trustees regarding Värde’s investment in the Zohar Funds.”

Värde objects to this request to the extent it seeks documents protected from disclosure by the attorney client privilege and attorney work product doctrine, including communications between Värde and its counsel, as well as materials prepared in anticipation of litigation and reflecting the mental impressions, conclusions, opinions, or legal theories of counsel. Värde also objects to this request because it seeks to force Värde to produce its own confidential and proprietary business information including the prices and values it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments. Disclosing this information would cause enormous financial and competitive harm to Värde because Respondents are direct business competitors of Värde. Moreover, by seeking this information Respondents are improperly attempting to use a Commission subpoena to obtain confidential information from Värde, a holder of notes issued by Zohar III, to gain an unfair advantage in their negotiations with investors to restructure the Zohar Funds. Värde further objects to the request to because it seeks information unrelated to the claims or defenses in the Proceeding.

Subject to the forgoing objections, Värde is producing the documents bates numbered VPI0018214 through VPI0018413 on the enclosed disc. Värde also refers Respondents the documents that Värde previously produced on September 11, 2015.

Request No. 6 seeks “all communications and documents related to the Zohar Funds, Zohar Notes, Patriarch, or Respondents for custodians Jeremy Hedberg, Matt Mach, and any other individual whom the SEC has notified Värde it may call to testify, or Värde has reason to believe may be called to testify, in connection with the hearing ordered in the Order Instituting Proceedings, to commence before the Honorable Carol Fox Foclak, Administrative Law Judge, on October 24, 2016 (including, but not limited to, e-mails between, on the one hand, Hedberg and/or Mach, and on the other Respondents and/or Zohar Trustee to the extent not already produced to the SEC in this investigation and/or administrative proceeding.”

Värde objects to this request to the extent it seeks documents protected from disclosure by the attorney client privilege and attorney work product doctrine, including communications between Värde and its counsel, as well as materials prepared in anticipation of litigation and reflecting the mental impressions, conclusions, opinions, or legal theories of counsel. Värde also objects to this request because it seeks to force Värde to produce its own confidential and proprietary business information including the prices and values it places on investments as well as the methods it employs to identify, price, value, analyze, and monitor those investments. Disclosing this information would cause enormous financial and competitive harm to Värde because Respondents are direct business competitors of Värde. Moreover, by seeking this information

Mary Beth Maloney, Esquire
October 7, 2016
Page 5

Respondents are improperly attempting to use a Commission subpoena to obtain confidential information from Värde, a holder of notes issued by Zohar III, to gain an unfair advantage in their negotiations with investors to restructure the Zohar Funds. Värde further objects to the request because it seeks information unrelated to the claims or defenses in the Proceeding. Furthermore, counsel for the Division of Enforcement has informed counsel for Värde and Respondents that the Division will not call Jeremy Hedberg to testify in the Proceeding.

Subject to the forgoing objections, Värde is producing the documents bates numbered VPI0018414 through VPI0018756 on the enclosed disc. Värde also refers Respondents the documents that Värde previously produced on September 11, 2015.

Finally, in response to the Second Subpoena, Värde refers Respondents to the more than 16,000 pages of documents it provided them on September 11, 2015, in response to the First Subpoena. Because the subpoenas are duplicative, Värde's September 11, 2015 production, made subject to its objections, contains documents responsive to Request Nos. 1, 2, 4, 5, and 6 of the Second Subpoena. Although both subpoenas as currently drafted are unreasonable, oppressive, and unduly burdensome, I am available to discuss Värde's objections and possible limitations of the subpoenas.

Notwithstanding any of the foregoing, Värde reserves its right to assert other objections to the subpoenas in addition to those set forth above and to supplement its production.

Sincerely,

Matthew A. Rossi /s/

Matthew A. Rossi