

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

ROCHE FREEDMAN LLP,

Plaintiff,

v.

JASON CYRULNIK,

Defendant.

Case No. 1:21-cv-01746-JGK-SN

JASON CYRULNIK,

Counterclaim-Plaintiff,

v.

ROCHE FREEDMAN LLP, KYLE ROCHE,  
DEVIN FREEDMAN, AMOS FRIEDLAND,  
NATHAN HOLCOMB, and EDWARD  
NORMAND,

Counterclaim-Defendants.

**Expert Report of**

**Eric Jenkins, CIRA**

**Managing Director**

**Hilco Valuation Services, LLC**

**December 22, 2022**

**Expert Report of Eric Jenkins, CIRA, Managing Director, Hilco Valuation Services, LLC  
December 22, 2022**

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**Managing Director, Hilco Valuation Services, LLC**  
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**1. INTRODUCTION**

**1.1. Qualifications and Experience**

1. I am a Managing Director and Head of Disputes Advisory at Hilco Valuation Services, LLC (“Hilco”), a firm that specializes in complex valuations and damages analyses in the context of litigation and investigations. Hilco is part of Hilco Global, a diversified financial services firm. Prior to joining Hilco, I was a Managing Director in the Commercial Disputes Advisory practice at Huron Consulting Group; a Managing Director in the Disputes & Investigations practice at Kroll (formerly Duff & Phelps); a Senior Managing Director in GlassRatner Advisory & Capital Group’s forensic accounting and litigation support practice; a Managing Director at Deloitte in the Transaction Advisory Services group; and a Vice President for Bank of America and its predecessors in the areas of corporate finance, capital markets, leverage finance, and commercial banking. My curriculum vitae is attached as Appendix A.
2. I have served as a damages, valuation, and accounting expert. I have financial experience in capital markets areas including commercial banking, leverage finance, private placements, and public securities and in strategic advisory, including restructurings and investment banking. Throughout my career, I have served as an advisor or lender in more than \$6 billion in capital raises and strategic transactions.
3. I am a Certified Insolvency and Restructuring Advisor (“CIRA”). I am an associate member of the Commercial Finance Association (“CFA”), Turnaround Management Association (“TMA”), the Association of Certified Fraud Examiners (“ACFE”) and the American Bankruptcy Institute (“ABI”).

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4. I earned a Bachelor of Science degree in finance from Miami University in Oxford, Ohio and earned a Master of Business Administration with highest honors from the University of Illinois, Champaign-Urbana, Illinois with concentrations in finance and accounting.

### **1.2. Scope of Assignment**

5. I have been retained as an expert on economic damages by the law firm Kasowitz Benson Torres LLP (“Kasowitz” or “Counsel”) on behalf of its client Jason Cyrulnik (“Cyrulnik” or the “Counterclaim-Plaintiff”) relating to his litigation with Kyle Roche (“Roche”), Devin Freedman (“Freedman”), Amos Friedland (“Friedland”), Nathan Holcomb (“Holcomb”), Edward Normand (“Normand”), and Roche Cyrulnik Freedman LLP a/k/a Roche Freedman LLP a/k/a Freedman Normand Friedland LLP (the “Firm,” collectively the “Counterclaim-Defendants”). I have been asked by Counsel to provide a report and testimony (together, “Testimony”), relating to certain claims Cyrulnik is pursuing against the Counterclaim-Defendants. Specifically, I have been asked by Counsel to provide an economic damages assessment and associated valuations relating to various components of value due to Cyrulnik (the “Report”) further to an email he received from the Firm (the “Separation”) on February 12, 2021 (the “Separation Date”).
6. A list of documents that I considered is included in Appendix B. While my Report may involve references to accounting records, financial statements, and other information provided to me, my analysis did not include an audit or review in accordance with generally accepted auditing standards of such financial statements and records. I also obtained and relied upon financial information and industry information from public sources I believe to be reliable. My calculations are dependent upon such information being reasonably complete and accurate in all material respects. As is customary in the business valuation profession, the scope of my work does not enable Hilco to accept responsibility for the accuracy and completeness of such information or data. I have performed calculations based on the accounting data, financial information, and other descriptive information as provided by Counsel.

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7. This Report is based upon the information available to me and reviewed to date. I specifically reserve the right to supplement this Report as necessary to respond to any additional information obtained through discovery or issues raised by experts retained by the parties in this matter. In addition, I reserve the right to prepare additional exhibits, charts, graphs, tables, demonstratives, and diagrams to summarize or support the opinions and analyses set forth in this Report.
8. Hilco is being compensated at hourly rates, based on the level of personnel involved in the assignment. My hourly billing rate charged by Hilco is \$800. The work on which this Report is based was performed by me, or by people under my direct supervision. Hilco's fees for this engagement are not contingent on the conclusions reached or ultimate resolution of the case.

## **2. SUMMARY OF OPINIONS**

9. Based on my review of the information produced in this matter, I have formed the following opinions based on the terms of the Memorandum of Understanding, dated December 26, 2019 and executed on December 27, 2019, by Cyrulnik, Freedman, Friedland, Holcomb, Normand, and Roche, (collectively, the "Founding Partners") (the "MOU")<sup>1</sup> and related agreements, including a Memorandum of Understanding dated January 4, 2019 [sic] executed between January 21, 2020 and January 27, 2020 by Founding Partners Roche, Cyrulnik, and Freedman (the "Side Letter").<sup>2</sup>
10. Cyrulnik suffered economic damages resulting from his Separation from the Firm as follows:
  - a) Damages associated with Cyrulnik's 27% equity stake in the Firm.<sup>3</sup> While the Firm had approximately 69 Contingency Matters as of the Separation Date, I have not been provided with sufficient information to value the Contingency Matters as a

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<sup>1</sup> RF\_0426689-RF\_0426726.

<sup>2</sup> RF\_0420598-RF\_0420599.

<sup>3</sup> RF\_0426689-RF\_0426726 at 6691.

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whole. I was able to examine three cases using the methodology described in Section 4 of this Report to calculate a value for the potential recovery in those Contingent Matters resulting in \$4.6 million of damages to Cyrulnik based on those cases alone. While I cannot assign a value to the entire portfolio of Matters as of the date of this Report, it is my opinion that it is materially greater than the sum of the three cases examined.

- b) Damages associated with his 25%<sup>4</sup> of the Firm's contingency stake in the *Kleiman v. Wright* matter (the "Kleiman Case").<sup>5</sup> Using the same methodology described in Section 4 of this Report, I have valued Cyrulnik's share to be worth \$2.5 million.
- c) Damages associated with payments due from Roche pursuant to the Side Letter.<sup>6</sup> Cyrulnik is due payment of \$238,000, under the Side Letter, and damages of \$53,040 for the time value of money on two late payments and the missed payment. Total damages are \$291,040.<sup>7</sup>
- d) The value of Cyrulnik's 27% interest in the Firm's billable work can be calculated based on the revenues the Firm received, given its formulaic compensation system. I reserve the right to calculate those revenues once the Firm provides updated numbers of its revenues and expenses.

11. Cyrulnik also suffered damages associated with the Avalanche crypto tokens due Cyrulnik pursuant to the Side Letter and other agreements (the "Tokens").<sup>8</sup> Counsel has retained Vikram Kapoor of Ernst & Young, LLP, to perform a valuation of the Tokens. I am relying on Mr. Kapoor's Expert Report dated December 22, 2022 regarding the Tokens, including:

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<sup>4</sup> RF\_0420598-RF\_0420599 at 0598.

<sup>5</sup> *Ira Kleiman, As the Personal Representative of the Estate of David Kleiman and W&K Info Defense Research LLC v. Craig Wright*, United States District Court Southern District of Florida, Case No. 18-cv-80176-BB.

<sup>6</sup> RF\_0420598-RF\_0420599 at 0598.

<sup>7</sup> I have not undertaken to provide a valuation of the damages associated with removing Cyrulnik's name from the Firm and the alleged violation of Section F of the MOU, independent of the values the parties mutually attributed to changes to the Firm name in the Side Letter.

<sup>8</sup> The Tokens are comprised of a certain number of Tokens that had been transferred by Ava Labs prior to the Separation Date, but never remitted to Cyrulnik (the "Converted Tokens") and Tokens that had not yet been transferred to the Firm prior to the Separation Date (the "Remaining Tokens").

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- a) the description of the various agreements, and amendments thereto, regarding the Tokens;
- b) the description of the circumstances surrounding the acquisition and disposition of the Tokens;
- c) the vesting schedule for the Tokens;
- d) Cyrulnik's percentage share of the Tokens, and
- e) the valuation of the Tokens as referenced herein.

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Table 1. Valuation of Damages Claimed by Cyrulnik

Valuation of Damages Claimed	(\$ 000)
Equity stake in the Firm (27%)	
Potential Contingency Claims <sup>9</sup>	
Apothio Case	\$ 1,542
Scurtis Case	629
Tether Case	2,408
	<u>4,579</u>
Contingency Recovery value in the Kleiman Case (25%)	2,485
Payment from Roche Pursuant to the Side Letter	<u>291</u>
<b>Total for Claims Valued</b>	<b>\$7,355</b>
<i>Plus value of Contingent Matters to be valued<sup>10</sup></i>	TBD
Tokens	
Converted Tokens including statutory interest <sup>11</sup>	\$ 21,563
Remaining Tokens including statutory interest <sup>12</sup>	<u>17,199</u>
<b>Total Tokens</b>	<b>\$ 38,762</b>
<b>Total for Claims Valued and Tokens</b>	<b><u>\$ 46,117</u></b>

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<sup>9</sup> I note that I was only able to evaluate three of approximately 69 pending Contingency Matters due to insufficient information available to me at the time of this Report.

<sup>10</sup> My work on this matter is ongoing. I was not provided sufficient information on pending Contingency Matters to analyze and determine a value of the potential recovery as of the date of this Report.

<sup>11</sup> Expert Report of Vikram Kapoor, December 22, 2022. Statutory interest through November 30, 2022. Value considers highest intermediate value.

<sup>12</sup> Expert Report of Vikram Kapoor, December 22, 2022. Statutory interest through November 30, 2022. Value considers highest intermediate value.

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### **3. ELEMENTS OF THE CASE**

#### **3.1. The Firm**

##### *3.1.1. Background*

12. In the Summer of 2019, Roche and Freedman left Boies Schiller Flexner LLP (“BSF”) to start a law firm focusing on cryptocurrency and other specialized practice areas, Roche Freedman LLC (the “Predecessor Firm”). Cyrulnik, Roche, and Freedman met while Cyrulnik was a senior partner and Roche and Freedman were associates at BSF. Cyrulnik agreed to found a new law firm with Roche and Freedman in or around December 2019.
13. The Firm is a New York and Florida based law firm with offices in Manhattan and Miami. The Firm is registered as a limited liability partnership with the state of Florida.<sup>13</sup> The Firm had a total of nine partners, three attorneys of counsel, and an additional 15 associates and paralegals providing legal services to the Firm’s clients in 2020.<sup>14</sup>
14. On or about December 27, 2019, the Founding Partners executed the MOU. The MOU outlined the core terms of the partnership. The Firm operated for over a year based on the terms of the MOU and the Side Letter.
15. In late January 2020, Roche, Cyrulnik, and Freedman executed the Side Letter which established certain terms of agreement among and between them, regarding amounts that Roche would pay Cyrulnik in return for allowing Roche to be the first named partner and the division of fees relating to the Kleiman Case.

##### *3.1.2. The MOU and Side Letter*

16. The MOU and Side Letter describe several areas central to the management and economics of the Firm.

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<sup>13</sup> The Predecessor Firm was registered in Florida as a limited liability partnership on July 23, 2019. A name change was filed, changing the name Roche Freedman LLP to the name Roche Cyrulnik Freedman LLP on March 1, 2021. <https://dos.sunbiz.org/pdf/LL002556.pdf>, <https://dos.sunbiz.org/pdf/LL001361.pdf>.

<sup>14</sup> RF\_0426971.

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### 3.1.2.1. Equity in the Firm

17. The Founding Partners' equity stakes in the Firm pursuant to the MOU are shown in *Table 2* below.<sup>15</sup> Cyrulnik was offered financial incentives to leave BSF and come to the Firm; one such incentive was that he would have the largest equity share of all the Partners, which share could not be altered without adherence to the agreed-upon terms set forth in the MOU.

*Table 2. Founding Partners' Equity Percentage*

<b>Partner</b>	<b>Equity Share</b>
<b>Cyrulnik</b>	<b>27%</b>
Freedman	24%
Roche	19%
Friedland	10%
Holcomb	10%
Normand	10%
<b>Total</b>	<b>100%</b>

### 3.1.2.2. Distribution of Firm Revenue

18. The MOU provided for the distribution of Firm revenue based on the Roche Cyrulnik Freedman Partnership Compensation Model (Exhibit C to the MOU) (the "Compensation Structure").<sup>16</sup> The Compensation Structure outlined the three manners in which Partners earn compensation including: (i) Income from Billable Hour Matters; (ii) Income from Contingency Matters; and (iii) Income from Equity Position.<sup>17</sup>
19. Income from Billable Hours Matters is based on billable hours of that partner (non-origination), up to 45% of the recovery, and origination credit, up to 30% of the recovery. Income from Contingency Matters is similarly based on recovery to the Firm in proportion to the billable hours of that partner (non-origination-Recovery) and origination credit of

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<sup>15</sup> RF\_0426689-RF\_0426726 at 6691.

<sup>16</sup> RF\_0426689-RF\_0426726 at 6721-6724. The document references a related spreadsheet. I have not been provided with this document.

<sup>17</sup> Terms as defined in the Compensation Structure.

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15% of the Recovery, which can be increased up to 30% of the Recovery where litigation financing is obtained.<sup>18</sup>

3.1.2.3. Treatment of Roche Freedman Assets and Rights

20. The MOU outlines how certain assets and rights of the Predecessor Firm will be treated, including funds raised through the PFPA,<sup>19</sup> the Tokens, the Kleiman Case, and two other contingency cases.

3.1.2.4. The Tokens

21. Per the MOU, Roche Freedman agreed to distribute the Tokens according to the following breakdown:<sup>20</sup>

*Table 3. Token Allocation*

Partner	Token Allocation
Cyrulnik	25%
Freedman	32%
Roche	28%
Friedland	5%
Holcomb	5%
Normand	5%
<b>Total</b>	<b>100%</b>

22. I direct the reader to the Expert Report of Vikram Kapoor for a further description of this allocation of the Tokens.

3.1.2.5. The Kleiman Case

23. The MOU states that any proceeds from the Kleiman Case would be distributed according to a “distribution agreement Kyle [Roche], Velvel [Freedman], and Jason [Cyrulnik]

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<sup>18</sup> RF\_0426689-RF\_0426726 at 6721-6724.

<sup>19</sup> The Prepaid Forward Purchase Agreement between Roche Freedman and [REDACTED], dated July 12, 2019 and related Security Agreement dated July 12, 2019 (collectively, the “PFPA”). RF\_0426689-RF\_0426726 at 6700-6713.

<sup>20</sup> RF\_0426689-RF\_0426726 at 6693.

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previously negotiated.”<sup>21</sup> I assume that the “distribution agreement” refers to what was is ultimately memorialized in the Side Letter.

24. The Side Letter states:

***Kleiman:** should Roche, Freedman, Roche Freedman LLP, or RCF be entitled to any contingent recovery in connection with the Kleiman v. Wright litigation, Freedman, Roche, and Cyrulnik agree to split the recovery as follows: 1. Freedman: 50% of any recovery; 2. Roche: 25% of any recovery; 3. Cyrulnik: 25% of any recovery.*<sup>22</sup>

Table 4. Kleiman Allocation

Partner	Kleiman Share
Cyrulnik	25%
Freedman	50%
Roche	25%
<b>Total</b>	<b>100%</b>

3.1.2.6. Withdrawal of Partners

25. Section VI(C) of the MOU regarding the withdrawal of partners from the Firm states:

*If any Partner withdraws from the firm within 18 months from the Firm’s formation, the following shall occur: That Partner shall return to the firm any amount of payments received that exceed what that Partner was entitled to under the Firm’s formula compensation model. If the Firm owes that Partner funds under the formula, that amount shall be paid to that Partner at the next quarterly distribution, but the Firm shall not owe that Partner any additional compensation going forward. That Partner’s equity shall be returned to the balance of the firm’s equity partners pro-rata.*<sup>23</sup>

26. The Compensation Structure defines three components to compensation: Billable Case Matters, Contingent Matters, and Equity. The term “formula compensation” is not defined in the MOU or the Compensation Structure. It appears to refer to the compensation from

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<sup>21</sup> RF\_0420598-RF\_0420599 at 0598.

<sup>22</sup> RF\_0420598-RF\_0420599 at 0598.

<sup>23</sup> RF\_0426689-RF\_0426726 at 6696.

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Billable Case Matters and Contingent Matters, i.e., not including compensation from equity.

27. The MOU also includes a section regarding Partner Removal:

*A Founding Partner cannot be removed without cause. A Founding Partner can be removed for cause only on the affirmative vote of 2/3 of the Firm's equity partners.*<sup>24</sup>

3.1.3. *The Firm's Practice*

3.1.3.1. Cases

28. At the Separation Date, the Firm had approximately 97 active matters<sup>25</sup> consisting of approximately 69 Contingency Matters and 28 Billable Hour Matters (*see Exhibit 1 – List of Matters*).<sup>26</sup>

*Table 5. Types of Cases*

Type of Case	Count	Percent
Contingency Matters <sup>27</sup>	69	71%
Billable Hour Matters	28	29%
<b>Total</b>	<b>97</b>	<b>100%</b>

29. As *Table 5* indicates, Contingency Matters were approximately 70% of the overall cases with Billable Hour Matters representing approximately 30%. Billable Hour Matters include providing legal services for which the Firm would periodically invoice the client for the professional time spent working on the case during the time period covered by each

<sup>24</sup> RF\_0426689-RF\_0426726 at 6696.

<sup>25</sup> An active matter includes matters prior to a case filing.

<sup>26</sup> RF\_0426689 – RF\_0426726 at 6695, RF\_0426971, and email communications between Counterclaim-Defendant's counsel and Counterclaim-Plaintiff's counsel, dated August 19, 2022. Because of actions by Roche in August 2022 which seemed to indicate that Roche was systematically, continually, and deliberately violating the attorneys' code of ethics, he and/or firms related to the Firm and its successors were removed from several of the Firm's Contingency Matters. However, these actions took place after Cyrulnik's Separation from the Firm and as such, are not relevant to the analyses in this Report. See, for example, <https://news.bloomberglaw.com/business-and-practice/crypto-cash-and-spies-secret-videos-sink-legal-rising-star>.

<sup>27</sup> Includes one Hybrid Case.

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invoice. The invoice amount is directly related to the amount of time spent on the Billable Hour Matter by each professional multiplied by the hourly billing rate associated with each professional assigned to the matter. The fees generated on Billable Hour Matters by the law firm are generally not affected by the outcome of the case.

30. Contingency Matters, on the other hand, differ in that fees are all, or in part, dependent upon a successful case outcome, usually based upon a percentage of the award or settlement money. If the case is lost, there is no fee. Consequently, Contingency Matters require sizable investments of time and expenses in hopes of receiving significant recoveries to offset the investment.
31. A class action lawsuit is a litigation case where a group of people with similar claims sues a defendant in a single lawsuit. Class action lawsuits are typically contingency cases. Among the many parties involved in a class action lawsuit, there is usually a lead plaintiff along with class counsel who represent the class and performs the majority of the legal work. The lead counsel's fee is paid out of the money recovered on behalf of the entire group, before it is divided among the members of the class.
32. Contingency Matters offer prospects of substantial recovery to the Firm. For example, in the case of *Eliades, et al. v. Grubhub, Inc., et al.* (the "Grubhub Case"),<sup>28</sup> according to firm documents I reviewed, asserted damages to plaintiffs were estimated to be in excess of ██████████.<sup>29</sup> However, because the Firm was in its infancy, the Firm at times relied upon Billable Hour Matters and litigation funding in order to meet its cash flow requirements to cover its costs. A more mature firm would, in theory, have a flow of Contingency Matters generating fees from completed cases to meet expense requirements. Cyrulnik's practice primarily consisted of Billable Hour Matters which helped fund the Firm's Contingency Matters practice.

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<sup>28</sup> *Eliades, et al. v. Grubhub, Inc., et al.*, United States District Court, Southern District of New York, Case No. 1:20-cv-05134-LAK.

<sup>29</sup> RF\_0112014.

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### 3.1.3.2. Litigation Funding

33. Many law firms whose matters consist of Contingency Matters have relied upon litigation funding to mitigate risks associated with the cost of investment in the cases. Litigation funding (also referred to as litigation finance) is the provision of capital by a third-party “litigation funder” to a plaintiff and/or plaintiff’s counsel in a litigation. In return, the litigation funder receives a portion of what the plaintiff recovers. Litigation can be prohibitively expensive and take years to resolve. Plaintiffs that lack the financial wherewithal to pay legal fees and law firms who undertake Contingency Matters that seek to mitigate the impact of expenses and deferred cash flow often turn to litigation finance as a necessary means of funding expenses.
34. The capital provided by litigation funders is normally non-recourse and may be securitized with an interest in an underlying case or multiple cases. Litigation funders are often considered investors as opposed to lenders. The litigation funder is compensated if the underlying case or cases are successful. This type of arrangement involves the sharing of risk and potential upside between the litigation funder and the plaintiff attorneys.
35. Roche Freedman was initially capitalized in 2019 through a litigation funding agreement, the PFFA. The initial funding commitment was \$7.5 million.<sup>30</sup>

## 3.2. The Dispute

36. On February 12, 2021, Mr. Cyrulnik received an email purporting to separate him from the Firm. On February 27, 2021, this lawsuit was commenced in the Southern District of New York, seeking, among other things, a declaratory judgment that Cyrulnik was entitled only to compensation associated with the withdrawal provisions under the MOU. On July 2, 2021, the Counterclaim-Defendants filed an Amended Complaint.<sup>31</sup>

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<sup>30</sup> RF\_0426689-RF\_0426726 at 6700.

<sup>31</sup> Amended Complaint, Docket Item 31, *Roche Cyrulnik Freedman LLP v. Cyrulnik*.

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37. On March 9, 2021, Cyrulnik filed an action in Miami-Dade County Circuit Court, seeking among other things, the dissolution of the Firm and distribution of its assets.<sup>32</sup> On March 2, 2022, Cyrulnik filed Counterclaim-Plaintiff's Corrected Answer to Plaintiff's Amended Complaint and Counterclaims (the "Counterclaims") in this case.<sup>33</sup>
38. Cyrulnik asserts his rights pursuant to the MOU and the Side Letter to damages associated with certain components of value including: (i) a 27% equity ownership position in the Firm; (ii) a 25% claim of any recovery to the Firm in connection with the Kleiman Case; (iii) satisfaction of the payments due from Roche pursuant to the Side Letter; and (iv) a claim on the Tokens distributed to the Firm.

#### 4. VALUATION OF DAMAGES

39. The Report attempts to quantify the four sources of value to which Cyrulnik is entitled under the MOU and Side Letter.

##### 4.1. Equity Ownership Position in the Firm

###### 4.1.1. Firm Financial Results

Calendar year 2020 was the Firm's first full year of operations. I was provided with the Firm's January – December 2020 unaudited profit and loss statement<sup>34</sup> (*see Exhibit 2*), which appears to be presented on a cash basis. The Firm's 2020 profit and loss statement records [REDACTED] of legal services income, [REDACTED] of operating expenses and a net operating income of [REDACTED]. Other expenses, consisting mainly of guaranteed payments to partners, were reported

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<sup>32</sup> Verified Complaint, *Cyrulnik v. Roche, Freedman, Friedland, Holcomb, Normand, and Roche Cyrulnik Freedman LLP (aka Roche Freedman LLP)*, In the Circuit Court of the Eleventh Judicial Circuit, in and for Miami-Dade County, Florida, Complex Business Litigation Division.

<sup>33</sup> Defendant's Corrected Answer to Plaintiff's Amended Complaint and Counterclaims, Docket Item 73, *Roche Cyrulnik Freedman LLP v. Cyrulnik*.

<sup>34</sup> The document is titled "Roche Freedman LLP Profit and Loss January – December 2020." It is not titled in the name of the Firm and it does not specifically state that the beginning of the period is January 1, 2020. I believe that it does represent the full year results of the Firm. RF\_0426969.

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as [REDACTED], resulting in a net income of [REDACTED]. I was not provided any additional profit and loss statements prior to or after December 31, 2020. I also was not provided with any underlying accounting records, such as general ledgers.

Table 6. Summary Income Statement January – December 2020

<b>Summary Income Statement Jan. – Dec. 2020 (\$000)</b>	
<b>Income</b>	
Legal Service Income	\$ [REDACTED]
<b>Total Income</b>	[REDACTED]
<b>Expenses</b>	
Client Costs	[REDACTED]
Legal and Professional Services	[REDACTED]
Occupancy Expenses	[REDACTED]
Employee Related Expenses	[REDACTED]
Miscellaneous Expenses	[REDACTED]
<b>Total Expenses</b>	[REDACTED]
<b>Net Operating Income</b>	[REDACTED]
<b>Other Expenses</b>	
Guaranteed Payments to Partners	[REDACTED]
Partnership Pension Expense	[REDACTED]
<b>Total Other Expenses</b>	[REDACTED]
<b>Net Income/(Loss)</b>	\$ [REDACTED]

40. I was provided with the Firm’s balance sheet, as of December 31, 2020, which appears to be presented on a cash basis (see *Exhibit 3*).<sup>35</sup> The Firm’s balance sheet assets at that time consisted of cash, client trust accounts (against which there was an equal liability), office equipment which was fully depreciated, capitalized case expenses, a security deposit against a lease, and “partnership merger.” One indication that the Firm uses cash accounting methods is that the balance sheet does not include Accounts Receivable or WIP. Current liabilities included an SBA loan payable, a client payable and the litigation finance

<sup>35</sup> The balance sheet is also titled “Roche Freedman LLP.” RF\_0426968.

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obligation. I was not provided a balance sheet for January 31, 2021 or thereafter. However, I was provided bank statements which showed a combined cash balance of approximately [REDACTED], as of February 12, 2021.<sup>36</sup>

Table 7. Balance Sheet at December 31, 2020

<b>Balance Sheet at December 31, 2020</b>		<b>\$000</b>
Assets as recorded on the balance sheet		
Cash	\$	[REDACTED]
Trust accounts, net of trust account liability		-
Equipment, net of depreciation		-
Security Deposit – Office Lease		[REDACTED]
Capitalized expenses		[REDACTED]
Partnership Merger <sup>37</sup>		[REDACTED]
Total Assets	\$	[REDACTED]
Less:		
Current Liabilities		[REDACTED]
Litigation Financing drawn		[REDACTED]
Net asset value, before consideration of Accounts Receivable and WIP	\$	[REDACTED]

4.1.2. *Potential methods of valuing professional services firms*

41. In valuing a business, business interest, or business asset, often the same object carries different values if viewed from different viewpoints. Furthermore, the same object may also have a different value from the same viewpoint at different points in time. That “viewpoint” is the standard of value.

<sup>36</sup> RF\_0425655 – RF\_0425660 at 5658 and RF\_0425661 – RF\_0425662 at 5662.

<sup>37</sup> This account is not explained. From an accounting basis, it does not appear that there was a “merger” between Roche Freedman and the Firm. Per filings with the Florida Division of Corporations, the Predecessor Firm changed its name to Roche Cyrulnik Freedman LLP. It is not known if this asset is an intangible, such as goodwill, assets brought to the Firm by Roche Freedman or any of the Founding Partners, or capitalized costs.

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42. The most commonly applied standard of value for a business valuation is Fair Market Value (“FMV”). There are several variations on the definition of FMV, all of which are similar and used interchangeably in the valuation profession. One such definition is the price at which a property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts. In addition, court decisions frequently state that the hypothetical buyer and seller are assumed to be able as well as willing to trade and remain well informed about the property and the market for such property.
43. Valuation techniques must be appropriate in the circumstances and for which sufficient data are available to measure that value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Three widely used valuation techniques are the market approach, the income approach, and the asset approach.

#### 4.1.2.1. Market Approach

44. The market approach follows the premise that the value of a business ownership interest should be based on what astute and rational capital market investors would pay to own that interest, based on the observable market value of similar, or guideline, companies. This market value could be the trading price of the stock of publicly traded companies and/or the acquisition price of comparable companies. A guideline company’s market pricing is used to determine the value of that company. The value is then divided by the financial metric of that company, such as Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”), to determine a multiple of that metric. That multiple is calculated for each of the guideline companies and then analyzed to determine the appropriate group multiple. That multiple is then applied to the subject company's same financial metric, after being adjusted for the subject company’s specific characteristics relative to those of the guideline companies. The selection of the guideline companies and the application of the multiples to the subject company would normally include a thorough analysis of each company’s historical results to determine the similarities of the guideline and subject companies.

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45. The market approach is not appropriate to value the Firm. Law firms may not be publicly held, so an analysis based on stock market pricing is not possible. While law firm mergers and acquisitions happen frequently, the price of these transactions and the multiples on which the pricing is based are rarely disclosed.

#### 4.1.2.2. Income Approach

46. The income approach values the future cash flows that an asset or entity will generate over its remaining useful life. To value a business, the assumption is that the entity is a going concern to the end of the projection period.

47. Capitalization of Earnings Method: The capitalization of earnings method is most appropriate when it appears that a company's current and historical earnings can reasonably be considered indicative of its future operations – that is, stable earnings and a long-term sustainable growth rate. Under this method, a normalized future benefit stream is divided by a capitalization rate to arrive at a conclusion of value.

48. Discounted Cash Flow Method: The discounted cash flow (“DCF”) method is used to estimate value using the concept of the time value of money. All future cash flows, both incoming and outgoing, are estimated and discounted at a selected rate to give their present value, the sum of which is the value of the cash flows. In addition, the residual value of the business enterprise is estimated as of the end of the discrete projection period. This terminal value is discounted to estimate its present value as well.

49. The income approach is not appropriate to value the Firm. The income approach relies on the ability to project future cash flows to and from the subject company, usually based on a combination of historical results and company projections. At February 12, 2021, the Firm was only one year old, without a consistent history of financial results, appreciable cash flow, or a track record of winning cases, making it difficult to project future cash flows. I have not been provided with any Firm budgets or projections.

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#### 4.1.2.3. Asset Approach

50. The asset approach to valuation focuses on a company's net asset value, or the fair market value of its total assets minus its total liabilities. Each asset is valued at fair market value, using the method of valuation most appropriate to that asset class. Assets not carried on the balance sheet, such as intangibles, may be valued and added to the valuation as appropriate.
51. This approach overall is the most appropriate to attempt to value the Firm. The Firm's Accounts Receivable and WIP, including the potential recovery from pending Contingency Matters, are its most valuable assets. Although these assets are not recorded on the balance sheet, under the asset approach, these specific assets could be valued, taking into consideration the circumstances of individual cases and projected outcomes (were sufficient information available). Within the asset approach, the valuation method of these particular assets, that is, these pending Contingency Matters, is similar to a DCF. For each Contingency Matter, the ultimate recovery is projected, then discounted back on the appropriate time frame to determine its present value. The total value of the potential recovery is the sum of the present value of each Contingency Matter.

#### 4.1.3. Valuation of Accounts Receivable and WIP

52. A law firm's WIP is the amount of time, usually in hours, firm lawyers have worked, the value of that time, and expenses that have been incurred, but not yet invoiced. Firms that perform legal services on contingency often incur significant up-front attorney hours and expenses in pursuing claims. These types of cases may carry WIP costs for several years before realizing any recovery. For hourly billable legal services, where a firm invoices and collects its fees and expenses on a timely basis, the value of the WIP will not be as pronounced. For the purposes of this Report, the potential recovery from Contingency Matters is included in WIP and represents the potential future profit of pending Contingency Matters.
53. The Firm's accounting appears to be on a cash basis. As a result, Accounts Receivable and WIP do not appear on the Balance Sheet. However, Accounts Receivable and WIP are the Firm's two most valuable assets.

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54. To analyze a portfolio of pending Contingency Matters such as that of the Firm, one would analyze, for example, a firm's history of fees earned, case expenses and overhead, the success rate of the firm, and the average length of a case to verdict or settlement and then to receipt of recovery. These averages would then be applied to the metrics of the collective cases. The steps required in this type of analysis and valuation of pending Contingency Matters include:
1. Identifying the outstanding cases at the valuation date;
  2. Estimating the average fee per case, net of direct expenses;
  3. Assessing the success rate of the firm;
  4. Estimating the percentage overhead per case;
  5. Multiplying the number of open cases by the net average fee per case by the average success rate less the percentage overhead to obtain the estimated future profit attributable to WIP;
  6. Estimating the average length of time that the firm's cases are open;
  7. Estimating the date of completion for each case;
  8. Selecting an appropriate discount rate for the present value calculations;
  9. Discounting the estimated future profit of each case by that discount rate using the estimated completion date for each case to determine its Present Value, and
  10. Adding the sum of the Present Values for each case to the balance sheet.<sup>38</sup>
55. The Firm has not provided sufficient information to determine these averages to apply them to the Firm's portfolio of Contingency Matters. I therefore would have to assess each case separately, based on its own particular circumstances.
56. I was unable to analyze the Firm's portfolio of pending Contingency Matters given the lack of supporting documentation available for most cases including: (i) case engagement letters; (ii) Co-Counsel agreements or any other fee splitting agreements; (iii) litigation financing agreements, if any; (iv) estimated damages or provable damages, supported by expert reports, other third-party support, or counsel's estimate as presented to litigation

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<sup>38</sup> Based on "Ten Steps to Value Law Firm Contingency Cases," Business Valuation Resources, March 2010.

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funders; (v) internal memorandum describing the merits of the matters; (vi) projections or forecasts of any cases; (vii) funding memorandum used to raise litigation funding; and (viii) documentation of any settlement offers.

57. These are the steps I would take to calculate the Estimated Net Proceeds to the Firm for a Contingency Matter, which would have to be adjusted where there is a lack of information, as appropriate:

- a) To estimate probable damages, I would use case filings, case engagement letters, Co-Counsel agreements or other fee splitting agreements, litigation financing agreements, expert reports, other third-party support, internal memorandum describing the merits of the matters, client or counsel projections or forecasts, memoranda and presentations used to raise litigation funding, documentation of any settlement offers, and publicly available information.
- b) I would then estimate the probability of a successful outcome, i.e., an award or settlement, and the size of that award or settlement. I would use the same information I used to estimate damages. I would also assess the stage of the case, that is, milestones and events that can inform the outcome. I would determine, for example, whether there has been a settlement offer, whether the class has been certified in a class action lawsuit, and whether the case has progressed past a Motion to Dismiss or a Motion for Summary Judgment. I would also look to the average success rate of the subject firm and of Co-Counsel.
- c) I would then multiply the damages estimate by the probability of success to calculate the probability-adjusted gross expected award.
- d) I would then apply the contingency fee arrangements as described in the client engagement letter, Co-Counsel agreement, co-Lead Counsel agreement, and any other applicable agreement to the probability-adjusted gross expected award to calculate the contingency fee due to the law firms, and apply any further splits to determine the Gross Expected Recovery to the Firm.
- e) I would then assess the probability of collecting all of the award or settlement pursuant to its terms. I would consider factors about the defendant's willingness

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and ability to pay, such as credit-worthiness, assets, including liquid assets, insurance coverage, and the likelihood of compliance. I would apply the assumed collectability percentage to the Gross Expected Recovery to calculate the estimated Realizable Recovery to the Firm.

- f) I would then assess any litigation financing agreements and deduct any funds due under those agreements.
  - g) I would then apply the compensation due under the Compensation Structure of up to 45% for non-Origination Recovery and 15% to 30% for Origination Recovery.<sup>39</sup> I would apply an estimated incremental firm overhead expense allocation. In total, I would estimate up to 80% of the recovery would be used for compensation and expenses.
  - h) The remaining balance would be available to be distributed in accordance with each partner's equity stake.
58. Some of the inputs in this methodology are knowable, for example, contractual fee terms. Others inputs are projections, some of which are extrapolations and some of which, such as the probability of success in a case, are more speculative.
59. I note there were approximately 67 pending Contingency Matters at the time of Cyrulnik's Separation, not including other cases that had been discussed but not yet initiated. It is my understanding that as of February 12, 2021, the Firm had multiple cases with damages estimations into the hundreds of millions, such as the Grubhub Case. However, to date I have not been provided information on these cases that is customary and expected in the normal course of analyzing and valuing such cases.

#### 4.1.3.1. Recovery Value – Apothio Case

60. The valuation of Cyrulnik's interest in the potential recovery in the pending Contingency Matter, *Apothio, LLC v. Kern County, et al.*,<sup>40</sup> (the "Apothio Case") is based upon the

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<sup>39</sup> 15% for Origination Recovery for a Contingency Matter with no litigation funding up to 30% Origination Recovery for a fully financed Contingency Matter.

<sup>40</sup>*Apothio, LLC v. Kern County, et al.*, Eastern District of California, Case number 1:20-cv-00522-JLT-CDB.

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information available to me and reviewed to date. I reserve the right to update this valuation as necessary to respond to any additional information obtained through discovery or issues raised by experts retained by the parties in this matter, if any.

61. On April 10, 2020, Apothio, the plaintiff, (“Apothio”) filed suit against Kern County (California) and certain Kern County and California state law enforcement agencies and officials, the defendants. Apothio alleges that, on October 25, 2019, state and county law enforcement agents entered Apothio farm fields in Kern County pursuant to an improper search warrant.<sup>41</sup> Law enforcement agents ordered contract growers to destroy Apothio’s cannabis sativa L. (hemp) plants. The lawsuit seeks: (a) damages for defendants’ destruction of Apothio’s property and the violation of Apothio’s civil and constitutional rights; (b) a declaratory judgment recognizing Apothio’s status under California law and the legality of its development of hemp varieties for research and commercial purposes; and (c) an injunction against Defendants’ further violations of Apothio’s rights and precipitous destruction of its property.

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<sup>41</sup> Complaint, Docket Item 1, *Apothio v. Kern County, et al.*

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Table 8. Recovery Value – Apothio Case

Recovery Value – Apothio Case		(\$ 000)
Apothio Estimated Damages		\$ 1,000,000
Probability of Success		20.0%
Probability Adjusted Gross Expected Award		200,000
Total Contingent Fee Due to Law Firms (Blended rate)		
Total due after Referral Fees		
Total due after Estimated Co-Lead Counsel Split		
Gross Expected Recovery to the Firm after Collectability Factor	(90.00%)	23,358
Proceeds after Partnership Compensation and Expenses	(65.00%)	8,175
Cyrulnik’s Claim on Firm Equity at 27%		\$ 2,207
Estimated Date of Damages Payment		4/10/2025
Valuation Date – February 12, 2021		2/12/2021
Discount Rate		9.00%
<b>Present Value of Cyrulnik’s Claim at February 12, 2021</b>		<b>\$ 1,542</b>

62. To estimate probable damages, I used Apothio’s Complaint and other publicly available information. The Complaint stated that the potential damages were “at least \$1 billion.”<sup>42</sup> This value is based on factual information including the number of acres under cultivation, the maturity of the plants, the various products sold by Apothio, and market pricing for those products. The Complaint requests punitive damages and attorney’s fees. However, I have not considered these amounts in my assessment of potential damages, nor did I consider any pre- or post-judgment interest.
63. I also reviewed a memorandum to a potential litigation funder for the purposes of seeking litigation funding which affixed a specific amount to the potential damages. I have not seen

<sup>42</sup> Complaint, Docket Item 1, *Apothio v. Kern County, et al.*

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any documentation indicating that this lender, or any other lender, provided funding to the Firm.<sup>43</sup>

64. I then assessed the probability of success of an award or settlement and its potential size, based on the same information I used to estimate damages. Although I estimated damages at the minimum of Apothio's estimated damages per the Complaint,<sup>44</sup> part of the probability calculation represents a further discount on my estimated damages. I also assessed the stage of the case. The defendants had filed two Motions to Dismiss which had not been resolved prior to February 12, 2021.<sup>45</sup> I was not able to look to the average success rate of the Firm as part of this step. I estimated a 20% probability of success.

65. I then multiplied the damages estimate (\$1 billion) by the probability of success (20%) to calculate the probability-adjusted gross recovery (\$200 million).

66. I then applied the contingency fee arrangements to the probability-adjusted gross expected award to calculate the contingency fee due the law firms.<sup>46</sup> [REDACTED]

67. I then applied a further split of [REDACTED] for Co-Lead Counsel for a Gross Expected Recovery to the Firm of \$31.7 million.<sup>47</sup>

68. I then assessed the probability of collecting all of the award or settlement pursuant to its terms. I considered Kern County's credit-worthiness, the size of its budget, the potential

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<sup>43</sup> I note that Apothio raised litigation funding through a crowd-sourced tokenized litigation funding offer to the public under SEC Regulation C, dated October 26, 2021 and amended December 30, 2021. The financing closed on March 1, 2022 for approximately \$350,000, above the minimum of \$250,000 but below the maximum of \$5,000,000. [www.republic.com/apothio](http://www.republic.com/apothio).

<sup>44</sup> Complaint, Docket Item 1, *Apothio v. Kern County, et al.*

<sup>45</sup> Notice of Motion and Motion to Dismiss the Complaint and to Strike Portions of the Complaint, Docket Item 21 and Notice of Motion and Motion to Dismiss Plaintiff's Complaint for Failure to State a Claim; Motion for More Definite Statement, Docket Item 24, *Apothio v. Kern County, et al.*

<sup>46</sup> Apothio, LLC SEC Form C: Offering Statement dated October 26, 2021 ([www.republic.com/apothio](http://www.republic.com/apothio)).

<sup>47</sup> Deposition of Devin Freedman, pages 329-331, dated August 22, 2022. To the extent the agreed-upon split was less than what Mr. Freedman testified to, I reserve the right to adjust the calculation accordingly.

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for self- or third-party insurance coverage, and the likelihood of compliance. I applied a 90% probability of collection to the Gross Expected Recovery to calculate the estimated Realizable Recovery to the Firm of \$28.9 million.

69. I was not provided any information that suggested that the fees in this case had been funded in whole or in part by litigation financing.

70. I then applied the maximum due under the Compensation Structure of 45% for non-Origination Recovery and 15% for Origination Recovery (for a Contingency Matter with no litigation funding).<sup>48</sup> I estimated case expenses and an overhead allocation at 5%. In total, I estimated approximately 65% of the recovery would be used for compensation and expenses.

71. The remaining balance of approximately 35% would be available to be distributed in accordance with each partner's equity stake. The future value, i.e., upon collection, of Cyrulnik's 27% equity share would be \$2.2 million.

72. I then used the New York State statutory rate of 9%<sup>49</sup> as the discount rate to discount the recovery from the estimated expected date (five years from the date of the filing of the Complaint) to the Separation Date, February 12, 2021. I did not have sufficient history available to calculate the average length of time required for the collection of Firm recoveries on its Contingency Matters. Using these inputs, I calculate the present value of Cyrulnik's interest to be \$1.5 million.

73. The details of the analysis are contained in **Exhibit 4**.

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<sup>48</sup> I did not consider any compensation which may be due to Cyrulnik under the Compensation Structure specifically.

<sup>49</sup> New York Civil Practice Law and Rules, § 5004, <https://www.nysenate.gov/legislation/laws/CVP/5004>. I was advised by Counsel that in the Southern District of New York, the New York State statutory rate, not the Federal rate, is used.

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4.1.3.2. Recovery Value - Tether Case

74. The valuation of Cyrulnik’s interest in the potential recovery in the pending Contingency Matter, *David Leibowitz, et al. v. Ifinix Inc. et al.*,<sup>50</sup> (the “Tether Case”) is based upon the information available to me and reviewed to date. I reserve the right to change this valuation as necessary to respond to any additional information obtained through discovery or issues raised by experts retained by the parties in this matter.
75. I have received certain information on the Tether Case, and I have examined the Tether Case filings, including the Class Action Complaint (“Tether Complaint”), filed on October 6, 2019, with the United States District Court, Southern District of New York and the Amended Complaint.<sup>51</sup>
76. In the Tether Complaint, David Leibowitz, the Lead Plaintiff, filed suit against people and entities who control or are otherwise involved with Bitfinex, an online cryptocurrency exchange, and a related company, Tether, an issuer of USDT, a “stablecoin” pegged to the U.S. dollar and marketed as being backed by Tether’s U.S. dollar reserves. Crypto Capital Corp., another defendant, is a payment processor for cryptocurrency exchanges. The Class Action Lawsuit alleges that Tether and Bitfinex caused the 2017-2018 Bitcoin Bubble, among other actions which caused investors to lose millions of dollars.

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<sup>50</sup>Class Action Complaint, Docket Item 1, David Leibowitz, Lead Plaintiff, v. Ifinix, Inc., BFXNA Inc., BFXWW Inc., Tether Holdings Limited, Tether Operations Limited, Tether Limited, Tether International Limited, DigFinex Inc., Philip G. Potter, Giancarlo Devasini, Ludovicus Jan van der Velde, Reginald Fowler, Crypto Capital Corp., and Global Trade Solutions AG, United States District Court, Southern District of New York.

<sup>51</sup> Consolidated Class Action Complaint, Docket Item 110, *Leibowitz v. Ifinix, Inc., et al.*

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Table 9. Recovery Value – Tether

		(\$000)
Claimed Damages		\$ 850,000
Probability of Success		50.0%
Probability Adjusted Gross Recovery		425,000
Estimated Contingent Fee Owed to Law Firms	(30.00%)	127,500
Total due RCF after Estimated Co-Lead Counsel split	██████████	██████████
Gross Expected Recovery to RCF after collectability factor	(90.00%)	65,694
Payment to Lender	(37.50%)	24,635
Proceeds after RCF Partnership Compensation and Expenses	(70.25%)	12,215
Cyrulnik’s Claim on RCF Equity at 27%		\$ 3,298
Estimated Date of Damages Payment		10/6/2024
Valuation Date – February 12, 2021		2/12/2021
Discount Rate		9.0%
Value of Cyrulnik’s Recovery at February 12, 2021		\$ 2,408

77. To estimate probable damages, I used the Tether Complaint and other publicly available information. The Tether Complaint stated that the potential damages were “likely to surpass \$1.4 trillion.”<sup>52</sup> Reports in the press came to a consensus that the damages were at least \$850 million.
78. I did not consider any pre- or post-judgment interest.
79. I also reviewed the PFPA with ██████████, which provided funding to the Firm for the Tether Case, and the deposition of the its founder, ██████████.<sup>53</sup> Neither document affixed a specific amount to the potential damages. I have not seen any

<sup>52</sup> Class Action Complaint, Docket Item 1, *Leibowitz v. IFinix, et al.*, page 2. Includes punitive damages.

<sup>53</sup> Confidential Transcript of Zoom Deposition of ██████████, October 6, 2022.

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documentation indicating that there is additional funding providing to the Firm by this lender, or from any other lender.<sup>54</sup>

80. I then assessed the probability of success of an award or settlement and its potential size, based on the same information I used to estimate damages. I also assessed the stage of the case. The defendants had filed Motions to Dismiss which the case survived prior to the Separation Date. I was not able to look to the average success rate of the Firm as part of this step. I estimated a 50% probability of success.
81. I then multiplied the damages estimate (\$850 million) by the probability of success (50%) to calculate the probability-adjusted gross recovery (\$425 million).
82. I then applied the estimated contingency fee arrangements, based upon information from similar cases, to the probability-adjusted gross recovery to calculate the contingency fee due the law firms. In this case, I estimated the fee structure at a rate of 30%. At this probability-adjusted gross reward level, I estimated total fees of \$127.5 million.
83. I then applied a further split of ██████ for Co-Lead Counsel, resulting in a Gross Expected Recovery to the Firm of \$73.0 million.<sup>55</sup>
84. I then assessed the probability of collecting all of the award or settlement pursuant to its terms. I considered Tether's credit-worthiness, its overall market capitalization,<sup>56</sup> the potential for self- or third-party insurance coverage, and the likelihood of compliance. I applied a 90% probability of collection to the Gross Expected Recovery to calculate the estimated Realizable Recovery to RCF of \$65.7 million.

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<sup>54</sup> Apothio raised litigation funding through a crowd-sourced tokenized litigation funding offer to the public under SEC Regulation C, dated October 26, 2021 and amended December 30, 2021. The financing closed on March 1, 2022 for approximately \$350,000, above the minimum of \$250,000 but below the maximum of \$5,000,000. [www.republic.com/apothio](http://www.republic.com/apothio).

<sup>55</sup> March 3, 2020 email communication between Co-Counsel law firms and RCF re: Joint Prosecution Agreement-*Leibowitz, et al. v. iFinex Inc., et al.* RF\_0414380-RF\_0414384 at 4381.

<sup>56</sup> Coinmarketcap.com historical data snapshot of approximately \$31.1 market capitalization on the Separation Date.

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85. I then deducted payment due the Lender, [REDACTED], of [REDACTED], resulting in a Post Lender Recovery to RCF of \$41.1 million. I was not provided any information that suggested that this case had any additional litigation financing.
86. I then applied the maximum due under the Compensation Structure of 45% for non-Origination Recovery and 20.25% for Origination Recovery.<sup>57</sup> I estimated the incremental case expenses and overhead allocation at 5%, or \$2.1 million. In total, I estimated approximately 80% of the recovery would be used for compensation and expenses.
87. The remaining balance of approximately 20% would be available to be distributed in accordance with each partner's equity stake. The future value, i.e., upon collection, of Cyrulnik's 27% equity share would result in \$3.3 million.
88. I then used the New York State statutory rate of 9%<sup>58</sup> as the discount rate to discount the recovery from the estimated expected date (five years from the date of the filing of the Complaint) to the Separation Date, February 12, 2021. I did not have enough history available to calculate the average length of time required for the collection of Firm recoveries on its Contingency Matters. Using these inputs, I calculate the value of recovery to Cyrulnik at \$2.4 million.
89. The details of the analysis are contained in **Exhibit 6**.

#### 4.1.3.3. Scurtis Case

90. I received certain information on a pending Contingency Matter, *Scurtis v. Rodriguez, et al.*, (the "Scurtis Case"), including a memorandum prepared for litigation funders and case filings such as the Complaint, filed in the 11th Judicial Circuit Court, in and for Miami-Dade County, Florida.<sup>59</sup>

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<sup>57</sup> Origination Recovery based on level of litigation funding to the Firm.




<sup>58</sup> New York Civil Practice Law and Rules, § 5004, <https://www.nysenate.gov/legislation/laws/CVP/5004>. I was advised by Counsel that in the Southern District of New York, the New York State statutory rate, not the Federal rate, is used.

<sup>59</sup> Constantine Scurtis v. 6th Avenue Buildings, Ltd, a Florida for Profit Limited Partnership; 455 Building Ltd., a

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91. Constantine Scurtis, the plaintiff, invested in real estate with the defendant, Alexander Rodriguez. They are also formerly brothers-in-law. The defendants are accused of breach of contract, bad faith acts, and fraud due to the defendant’s actions regarding the properties including the sale of properties.

Table 10. Scurtis Case Value of Potential Recovery

		(\$000)
Scurtis Claimed Damages		\$ 50,000
Probability of Success		50%
Probability Adjusted Gross Recovery		25,000
		
Gross Expected Recovery to RCF		8,695
Est. Realizable Recovery to RCF after collectability factor	(90%)	7,826
Proceeds after RCF Partnership Compensation and Expenses	(65%)	2,739
Cyrulnik’s Claim on RCF Equity at 27%		\$ 740
Estimated Date of Damages Payment		12/31/2022
Valuation Date – February 12, 2021		2/12/2021
Discount Rate		9%
Present Value of Cyrulnik’s Claim at February 12, 2021		\$629

92. To estimate probable damages, I reviewed internal Firm email communications regarding potential litigation funding to the Firm for the Scurtis Case which indicated a value of not less than \$50 million. I also used publicly available information. I have not seen any documentation indicating that any lenders provided any funding to the Firm.

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Florida for Profit Limited Partnership, 750 Bayfront Ltd., a Florida for Profit Limited Partnership, 500 NE 24TH Street, Ltd., a Florida for Profit Limited Partnership, 2328 NE 6 Ave., Ltd., a Florida for Profit Limited Partnership, and Alexander E. Rodriguez, individually, (the “Scurtis Case”), including the Complaint, filed in the 11th Judicial Circuit Court, in and for Miami-Dade County, Florida.

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93. I then assessed the probability of success of an award or settlement and its potential size, based on the information available to estimate damages. I also assessed the stage of the case. It is my understanding that defendants had filed Motions to Dismiss which the case survived. The case docket was unavailable to me at the time of this report. I was not able to look to the average success rate of the Firm as part of this step. I estimated a 50% probability of success in the Scurtis case.
94. I then multiplied the damages estimate (\$50 million) by the probability of success (50%) to calculate the probability-adjusted gross recovery (\$25 million).
95. Next, I applied the estimated contingency fee arrangements, based upon review of funding memorandum between the Firm and potential funders, to the probability-adjusted gross recovery to calculate the contingency fee due the Firm. In this case, I estimated the fee structure at a rate of [REDACTED]. At this probability-adjusted gross reward level, I estimated total fees of [REDACTED].
96. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]. The resulting Gross Expected Recovery to the Firm is \$8.7 million.
97. Next, I assessed the probability of collecting all of the award or settlement pursuant to its terms. I considered the Defendant's credit-worthiness, his overall net worth, the potential for self- or third-party insurance coverage, and the likelihood of compliance. I applied a 90% probability of collection to the Gross Expected Recovery to calculate the estimated Realizable Recovery to the Firm of \$7.8 million.
98. I then applied the amount due under the Compensation Structure of 45% for non-Origination Recovery and 15% for Origination Recovery. I estimated the incremental Firm expense allocation at 5%, or \$0.4 million. In total, I estimated approximately 65% of the recovery would be used for compensation and expenses.

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99. The remaining balance of approximately 35% would be available to be distributed in accordance with each partner's equity stake. The future value, i.e., upon collection, of Cyrulnik's 27% equity share would be \$0.7 million.
100. I then used the New York State statutory rate of 9% as the discount rate to discount the recovery from the estimated expected date (based upon the likelihood of settlement before trial) to the Separation Date, February 12, 2021. I did not have sufficient history available to calculate the average length of time required for the collection of Firm recoveries on its Contingency Matters. Using these inputs, I calculate the value of recovery to Cyrulnik's at \$0.6 million.
101. The details of the analysis are contained in **Exhibit 7**.








#### **4.2. Recovery Value – Kleiman Case**

102. The valuation of Cyrulnik's interest in the potential recovery in the pending Contingency Matter *Kleiman v. Wright* is based on information available to me and reviewed to date. I reserve the right to change this valuation as necessary to respond to any additional information obtained through discovery or issues raised by experts retained by the parties in this matter, if any.
103. David Kleiman and Dr. Craig Wright are thought by some to be Satoshi Nakamoto. Satoshi Nakamoto is a pseudonym for the person or people who helped develop the first bitcoin software and introduced the concept of cryptocurrency in a 2008 "white paper."
104. The Firm represents the plaintiffs, Ira Kleiman, as Personal Representative to the Estate of David Kleiman, and W&K Info Defense Research LLC (plaintiffs collectively, "Kleiman"). The Kleiman Case was filed on February 14, 2018 over the rights to Bitcoins and Bitcoin-related intellectual property. Kleiman sought ownership of a share of the

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1.1 million Bitcoin held by Wright. The value of 1.1 million Bitcoin on the date the Kleiman Case was filed was approximately \$10.2 billion.<sup>60</sup>

*Table 11. Kleiman Preliminary Valuation of Potential Recovery*

	<b>(\$000)</b>
Kleiman Settlement Award	\$ 250,000
Probability of Success	90.00%
Probability Adjusted Gross Expected Award	225,000
	
	
	
<b>Contingent Fee Percentage Due to the Firm</b>	<b><u>11.25%</u></b>
Gross Expected Recovery to the Firm	25,313
Assumed Collectability Probability	<u>95.00%</u>
Estimated Realizable Recovery to the Firm	24,047
Total Payments to Lender – 	<u>12,853</u>
Post Lender Recovery to the Firm	11,194
Cyrulnik’s 25% of Proceeds (per Side Letter)	\$ 2,799
Estimated Award Date	6/30/2022
Valuation Date – February 12, 2021	2/12/2021
Discount Rate	9.00%
<b>Present Value of Cyrulnik’s Claim at February 12, 2021</b>	<b><u>\$ 2,485</u></b>

105. To estimate probable damages, I assumed a settlement of \$250 million based on a settlement offer from Wright for \$250 million, prior to February 12, 2021, which Kleiman declined.<sup>61</sup> It is reasonable to assume that the settlement offer was declined because the

<sup>60</sup> www.coinmarketcap.com

<sup>61</sup> Source: Jason Cyrulnik. I do not have documentation of the settlement offer.

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expectation was that the anticipated award would be significantly greater. Nonetheless, I used this settlement offer as a floor for the value of the recovery.

106. I then assessed the probability of completing a settlement based on a projected settlement offer. I also assessed the stage of the case. On April 16, 2018, the defendant filed a Motion to Dismiss the Complaint.<sup>62</sup> On May 15, 2018, that motion was denied.<sup>63</sup> On June 15, 2018, the defendant filed a Motion to Dismiss the Amended Complaint.<sup>64</sup> On December 27, 2018, that motion was denied, in part.<sup>65</sup> On April 15, 2019, the defendant filed Dr. Wright's Motion for Judgment on the Pleadings for Lack of Subject-Matter Jurisdiction.<sup>66</sup> It was denied on August 15, 2019.<sup>67</sup> On May 8, 2020, the defendant filed a Motion for Summary Judgment which was denied on September 21, 2020.<sup>68</sup> On June 18, 2020 the case mediator filed a report noting that the Kleiman case did not settle.<sup>69</sup> I was not able to look to the average success rate of the Firm as part of this step. I estimated a 90% probability of success of a settlement being negotiated and closed at the estimate damage amount.

107. I then multiplied the damages estimate (\$250 million) by the probability of success (90%) to calculate the probability-adjusted gross expected award (\$225 million).

108. I then applied the contingency fee arrangements to the probability-adjusted gross expected award to calculate the contingency fee due to the law firms. In this case, the fee structure provided ██████ to the law firms. I then applied a split of ██████ for Co-Lead Counsel, and a further ██████ split between the Firm and BSF for a Gross Expected Recovery to the Firm of \$25.3 million. Although I have not reviewed any client retention or Co-Counsel

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<sup>62</sup> Motion to Dismiss the Complaint, Docket Item 12, *Kleiman v. Wright*.

<sup>63</sup> Paperless Order Denying Motion to Dismiss, Docket Item 25, *Kleiman v. Wright*.

<sup>64</sup> Motion to Dismiss the Amended Complaint, Docket Item 33, *Kleiman v. Wright*.

<sup>65</sup> Order on Motion to Dismiss, Docket Item 68, *Kleiman v. Wright*.

<sup>66</sup> Dr. Wright's Motion for Judgment on the Pleadings for Lack of Subject-Matter Jurisdiction, Docket Item 144, *Kleiman v. Wright*.

<sup>67</sup> Order, Docket Item 265, *Kleiman v. Wright*.

<sup>68</sup> Dr. Craig Wright's Motion for Summary Judgment, Docket Item 487, and Omnibus Order, Docket Item 615, *Kleiman v. Wright*.

<sup>69</sup> Mediator's Report, Docket Item 220, *Kleiman v. Wright*.

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arrangements, my understanding from reviewing other information I was provided, including Freedman's deposition testimony,<sup>70</sup> is that the Firm will receive an [REDACTED] contingency fee for any award.

109. I then assessed the probability of collecting all of the award or settlement pursuant to its terms. I considered Dr. Wright's assets, net worth, and the likelihood of his compliance.<sup>71</sup> I applied a 95% probability of collection to the Gross Expected Recovery to calculate the Estimated Realizable Recovery to the Firm of \$24.0 million.
110. I then deducted the estimated amount due to the litigation funder pursuant to the PFPA, [REDACTED], assuming the maximum amount of the draw at that time, [REDACTED]
111. Cyrulnik's claim on the recovery proceeds pursuant to the Side Letter is 25%, or \$2.8 million.
112. I then used the New York State statutory judgment rate of 9.00% as the discount rate to discount the recovery from the estimated expected date, June 30, 2022 to the date of termination, February 12, 2021. I did not have sufficient history available to calculate the average length of time required for the collection of Firm recoveries on its Contingency Matters. Using these inputs, I calculate the present value of Cyrulnik's interest to be \$2.485 million.
113. I note that after Cyrulnik's Separation from the Firm, in December 2021, a jury awarded \$100 million to Kleiman plus \$43 million of pre-judgement interest for a total award of \$143 million on one count of the litigation.<sup>72</sup> Kleiman has appealed certain other counts in the litigation.<sup>73</sup>

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<sup>70</sup> Deposition of Devin Freedman, pages 329-331, dated August 22, 2022.

<sup>71</sup> Defendant's net worth is reported to be excess of \$10 billion. See also, <https://www.bbc.com/news/business-59571277>.

<sup>72</sup> Order on Motion to Amend Final Judgment, Docket Item 888, Kleiman v. Wright.

<sup>73</sup> Notice of Appeal, Docket Item 892, Kleiman v. Wright.

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114. Further detail of my valuation analysis, including potential damage to Cyrulnik, regarding the Kleiman Case, is contained in *Exhibit 5*.

**4.3. Amounts Due from Roche to Cyrulnik under the Side Agreement**

115. Roche, Cyrulnik, and Freedman, the named partners of the Firm, executed the Side Letter, which established certain terms of agreement among and between them, regarding, among other things, amounts that Roche would pay Cyrulnik and Freedman in return for allowing Roche to be the first named partner.

116. The Side Letter states:

*The Parties understand that to facilitate the founding of Roche Freedman LLP, Roche and Freedman raised \$7.5 million in litigation finance (the “Finance Agreement”). At that time, Freedman and Roche agreed that Roche would receive \$1.5 million of the cash proceeds from the Finance Agreement, of which \$250,000 was immediately paid and the remaining \$1,250,000 would be paid over a 30-month period as the funding from the Finance Agreement was drawn down. In consideration for being first named partner, Roche shall forfeit his right to the remaining \$1,250,000, \$850,000 of which will be distributed to Cyrulnik and \$400,000 of which shall be distributed to Freedman, which shall be paid out from the Finance Agreement to Cyrulnik and Freedman pro rata...<sup>74</sup>*

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<sup>74</sup> RF\_0420598-RF\_0420599 at 0598. “Finance Agreement” is defined as the PFPA in this Report.

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Table 12. Valuation of Amounts due from Roche to Cyrulnik under the Side Letter

<i>Valuation of Amounts Due from Roche to Cyrulnik under the Side Letter<sup>75</sup></i>						
<b>Payment</b>	<b>Scheduled Payment to Cyrulnik</b>	<b>Due Date</b>	<b>Date Paid<sup>76</sup></b>	<b>Scheduled Payments Outstanding at 11/30/2022</b>	<b>Damages as of 11/30/2022<sup>77</sup></b>	
1	\$ 204,000	1/12/2020	1/12/2020	\$ -	\$ -	
2	204,000	7/12/2020	6/1/2021	-		16,299
3	204,000	1/12/2021	6/1/2021	-		7,043
4	<u>238,000</u>	7/12/2021	-na-	238,000		<u>267,698</u>
<b>Total</b>	<b><u>\$ 850,000</u></b>					<b><u>\$291,040</u></b>

117. Payment 1 was made pursuant to the terms of the Side Letter. However, Cyrulnik received payment 2 almost a year after it was due and payment 3 approximately five months after it was due.<sup>78</sup> While the Side Letter does not reference interest or penalties for late payments, Cyrulnik was damaged by not having those funds for that period of time. I used the New York State statutory rate, 9.00%, as a proxy to calculate the damages arising from the time value of money from the due date to the date paid.

118. The Side Letter states further:

*Should Freedman or Cyrulnik voluntarily leave the firm or be terminated for cause before any of the foregoing payments is scheduled to be paid, the departing partner's remaining payments hereunder will be forfeited back to Roche. Should Freedman or Cyrulnik voluntarily leave the firm or be terminated for cause before January 1, 2021, the departing partner shall return the 2020 payments received hereunder to Roche.<sup>79</sup>*

<sup>75</sup> Source is RF\_0420598-RF\_0420599 at 0598 unless otherwise noted.

<sup>76</sup> Source for amounts and dates paid: Jason Cyrulnik. I lack other documentation.

<sup>77</sup> Days past due for payments 2 and 3 calculated from the date due to the date paid. Days past due for payment 4 is calculated from the due date to November 30, 2022. Damages on late payments calculated at 9%.

<sup>78</sup> Source for amounts and dates paid: Jason Cyrulnik. I lack other documentation.

<sup>79</sup> RF\_0420598-RF\_0420599 at 0598.

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119. This Report assumes that Cyrulnik did not leave the Firm voluntarily and that he was not removed for cause, for purposes of assessing the damages due. In such circumstances, per the terms of the Side Letter, he should have received payment 4 on July 12, 2021. As illustrated in **Table 10**, Cyrulnik was damaged by \$238,000 for the unpaid payment 4. He was further damaged by the delay in payment. As with the late payments described above, I used a rate of 9.00% to calculate the damages arising from the time value of money from the due date up to November 30, 2022.
120. The damages relating to the missed and late payments due under the Side Letter are \$292,040 as of the date of this Report. I did not extend the damages past November 30, 2022, nor did I include post-judgment interest. I note, at 9.00%, post-judgement interest would accrue on the total damages at approximately \$72 per day.<sup>80</sup>

#### **4.4. The Tokens**

121. Counsel has retained Vikram Kapoor of Ernst & Young, LLP, to perform a valuation of the Tokens. I am relying on Mr. Kapoor's Expert Report dated December 22, 2022 regarding the Tokens, including:
- a) the description of the various agreements, and amendments thereto, regarding the Tokens;
  - b) the description of the circumstances surrounding the acquisition and disposition of the Tokens;
  - c) the vesting schedule for the Tokens;
  - d) Cyrulnik's percentage share of the Tokens, and
  - e) the valuation of the Tokens as referenced herein.

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<sup>80</sup> <https://www.nysd.uscourts.gov/forms/how-calculate-post-judgment-interest>.

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*Table 13. Value of the Tokens per the Expert Report of Vikram Kapoor*

<b>Valuation of Tokens per the Expert Report of Vikram Kapoor</b>		<b>(\$ 000)</b>
Tokens		
Converted Tokens including statutory interest <sup>81</sup>		\$ 21,563
Remaining Tokens including statutory interest <sup>82</sup>		<u>17,199</u>
<b>Total Value of Tokens per the Expert Report of Vikram Kapoor</b>		<b><u><u>\$ 38,762</u></u></b>

Respectfully Submitted,



Eric Jenkins  
 Managing Director, Hilco Valuation Services, LLC

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<sup>81</sup> Expert Report of Vikram Kapoor, December 22, 2022. Statutory interest through November 30, 2022.

<sup>82</sup> Expert Report of Vikram Kapoor, December 22, 2022. Statutory interest through November 30, 2022.

## APPENDIX A – CURRICULUM VITAE OF ERIC JENKINS



Eric Jenkins,  
Managing Director and Head of Disputes Advisory Practice  
Hilco Valuation Services, LLC  
HilcoGlobal

Eric Jenkins is a Managing Director and head of the Disputes Advisory practice. His practice focuses on providing investigative, consulting, and expert advisory services along with expert testimony involving issues relating to bankruptcy and insolvency disputes, capital markets disputes, transactional and post-transactional M&A disputes, complex commercial disputes, valuation disputes, investigations, and forensic accounting.

Eric has over 20 years of financial experience in investment and corporate banking covering strategic advisory, capital markets, leverage finance, private placements and public securities and has served as financial advisor in numerous in and out of court restructurings. Throughout his career, he has served as an advisor in strategic transactions and capital raises representing billions of dollars in value. Eric also has represented both debtors and creditors in restructuring and bankruptcy litigation.

Eric's consulting and testifying experience involves securities and transaction disputes, solvency issues, avoidance/preference actions, complex breach of contract matters, ability to pay and damages analysis, lost profits, business valuations, forensic accounting analysis, investigations, data analysis, revenue and cost analysis and purchase price accounting.

Before joining Hilco, Eric was a managing director in the disputes and investigations practices for Kroll (formerly Duff & Phelps), Huron Consulting and a senior managing director at another international consulting firm where he led the firm's Chicago efforts and served on the national leadership team. Earlier in his career, Eric was an investment banker with Banc of America Securities, LLC and Deloitte and a corporate and commercial loan officer at NationsBank and Continental Bank. Eric was also the Co-Founder and Managing Partner of Paradigm Capital which provided investment banking advisory services, private investment capital and senior executive management services.

Eric holds a Masters of Business Administration in finance and accounting with highest honors from the University of Illinois, and an undergraduate degree in finance from Miami University. Eric is a Certified Insolvency and Restructuring Advisor (CIRA).

### **Representative Engagements**

#### **Disputes Experience**

- Served as expert on behalf of a Canadian Regulatory agency in the investigation of certain mortgage operators relating to brokerage activities, mortgage administrator fiduciary duties, and various developer responsibilities in promoting, raising, and administering nearly CDN \$1 billion in syndicated mortgages.
- Served as expert on behalf of defendant in the life sciences industry relating to preference/avoidance claims brought by the liquidating trustee in attempts to claw back substantial prior ordinary course payments for services.
- Served as expert in litigation matter involving valuation of a subordinated debt instrument and stock in a closely-held company relating to a fraudulent transfer / conversion action.
- Served as consulting expert on behalf of the liquidating trustee of a regional hospital relating to its preference/avoidance claims against a large regional hospital system performing under a management

APPENDIX A – CURRICULUM VITAE OF ERIC JENKINS, *continued*

services agreement alleging various claims including insolvency, reasonably equivalent value, and breach of fiduciary duties.

- Served as consulting expert for investor group in defense of bankruptcy trustee's recovery attempts alleging fraudulent transfers (actual intent and constructive), insolvency and breach of fiduciary duties relating to a dividend recapitalization and transaction transfers of interest to its stockholders.
- Served as consulting expert for energy company and its related publicly traded oil trust in its defense of allegations by an institutional investor of improper accounting treatment, depravity of income and the dissolution of the trust.
- Financial advisor to the Department of Justice (DOJ) regarding environmental claims in the Peabody Energy Chapter 11.
- Served as consulting expert and led data analytics team for defendant Keller Williams relating to several class action cases alleging breaches of federal antitrust laws.
- Served as expert in litigation matter regarding valuation of purchased loan and credit facility and membership units, solvency issues and other valuation matters relating to fraudulent transfer and breach of contract actions.
- Served as independent arbitrator in post-acquisition dispute between opposing private equity firms relating to purchase price allocation of Class IV and Class V assets.
- Served as expert for EXCO Resources in Chapter 11 litigation matter relating to breach of contract and tortious interference actions regarding termination of a \$300 million asset sale and unreasonable request for financial assurance.
- Served as expert on behalf of defendants within the commercial banking industry regarding criminal indictments alleging wire fraud, fraud against an FDIC-insured bank, and transactional fraud allegations relating to SBA loans.
- Served as expert on behalf of an oil and gas exploration company in arbitration matter relating to breach of contract and tortious interference actions post Chapter 11 proceedings.
- Served as expert on behalf of multinational company in transfer pricing dispute with Minister of National Revenue relating to claims of recharacterization of certain internal restructuring and financing transactions.
- Financial advisor to counsel and the Indenture Trustee on the behalf of tax-exempt bondholders in investigation, forensic accounting and Chapter 11 litigation of a not-for-profit 501(c)(3) organization.
- Served as expert in arbitration matter regarding the ability to pay damages in a breach of contract dispute.
- Provided litigation consulting and valuation analysis on behalf of ESOP Trustee against allegations of breach of fiduciary duties and causing and engaging in a prohibited transaction.
- Court-Appointed Receiver for a mixed-use commercial property responsible for managing and preserving receivership estate resulting in the successful sale of the property.
- Financial advisor to counsel and the Indenture Trustee acting on behalf of bondholders of tax-exempt community development district (CDD) bonds regarding dispute relating to feasibility analysis, restructuring considerations for the CDD bonds and the underlying TIF Plan.

## APPENDIX A – CURRICULUM VITAE OF ERIC JENKINS, *continued*

- Financial advisor to counsel and the Indenture Trustee acting on the behalf of bondholders of tax-exempt bonds in the investigation, forensic accounting and liquidation actions of a failed not-for-profit 501(c)(3) Charter School.
- Provided expert analysis and investigation regarding validity of claim alleging senior management incentive plan was unreasonable dilutive to employee stock ownership plan (ESOP) and its shareholders.
- Restructuring Officer for NASDAQ listed BPO company overseeing its operational turnaround and go-private transaction.
- Financial advisor and interim restructuring officer for a not-for-profit 501(c)(3) responsible for investigation and forensic accounting relating to prior management, and the operational turnaround and debt restructuring of tax-exempt bonds.
- Financial advisor regarding disputes over valuation of minority interest of closely held company and the repurchase of the company from a private equity firm and allocation of value of minority interest.
- Advisor to hedge fund in its valuation dispute over restructuring of subordinated notes as part of an approximate \$200 million refinancing of tax-exempt Housing Revenue Bonds.

### **Capital Markets Experience**

- Structured and executed structured equity line for publicly traded company for up to 7,000,000 common shares and 1,800,000 warrants to purchase common shares.
- Administrative agent and arranger of \$650 million underwriting commitment and \$450 million acquisition line for a master limited partnership (MLP).
- Led Bank of America's capital market efforts to identify, price and monetize in-the-money callable high yield bonds.
- Lead Manager of \$150 million senior notes for an Australian communications firm.
- Sole Manager of \$348 million senior secured notes for a forest products company.
- Sole Manager of \$265 million senior secured notes for a lumber producer.
- Lead Manager of \$156 million senior secured notes for a leading paper products company.
- Co-Manager of \$300 million initial public offering for a real estate investment trust (REIT).
- Acquisition bridge financing for a privately-held company's \$912 million purchase of a chemical company.
- Sole manager of a \$50 million monetization of installments notes for a forest products company.

### **Strategy Advisory Experience**

- Advisor to a large provider of satellite-based communications services in its \$1 billion international joint venture.
- Advisor to a multinational telecommunications and data networking equipment manufacturer's \$600 million international joint venture with a telecommunications firm.
- Led Bank of America's corporate finance efforts to market, structure and execute tax-advantaged installment loan monetizations relating to the divestiture of qualifying assets which generated substantial NPV savings for the sellers.

APPENDIX A – CURRICULUM VITAE OF ERIC JENKINS, *continued*

- Advisor to a publicly traded forest products company's \$360 million divestiture of timberlands.
- Advisor to a publicly traded forest products and building materials company's \$270 million divestiture of timberlands.
- Advisory to a leading building materials manufacturer's \$50 million divestiture to a leading lumber producer.
- Advisor to a large publicly traded India based technology company in its acquisition of a US based consulting firm.
- Advisor to a publicly traded India based company in its acquisition of a German based technology company.
- Advisor to technology and management consulting company's divestiture of its energy consulting business to an India-based technology company.

**Education**

Master of Business Administration with Highest Honor, University of Illinois, Champaign-Urbana, Illinois  
Concentrations in Finance and Accounting

Bachelor of Science in Finance, Miami University, Oxford, Ohio

**Certifications/Affiliations**

Certified Insolvency and Restructuring Advisor (CIRA)

Member, Associated of Insolvency and Restructuring Advisors (AIRA)

Member, Turnaround Management Associated (TMA)

Member, Association of Certified Fraud Examiners (ACFE)

Member, American Bankruptcy Institute, (ABI)

## APPENDIX B – DOCUMENTS CONSIDERED

Bates Stamped Documents		
Document Title	Beginning Bates	Ending Bates
Agreement of Lease	RF_0074449	RF_0074480
First Lease Modification Agreement	RF_0209674	RF_0209677
Memorandum of Understanding (Side Letter)	RF_0420598	RF_0420599
Amended Memorandum of Understanding, dated February 10, 2021	RF_0421631	RF_0421639
JP Morgan Chase bank statements	RF_0425539	RF_0425665
Memorandum of Understanding, dated December 26, 2019	RF_0426689	RF_0426726
[REDACTED]	RF_0426700	RF_0426713
Ava Labs Engagement Letter, dated September 30, 2019	RF_0426715	RF_0426720
Roche Cyrulnik Freedman Compensation Proposal	RF_0426721	RF_0426724
Balance Sheet, as of December 31, 2020	RF_0426968	RF_0426968
Profit and Loss, January - December 2020	RF_0426969	RF_0426969
Excel spreadsheet file	RF_0426971	RF_0426971
Excel spreadsheet file	RF_0428206	RF_0428206
Untitled Bates Stamped Documents		
Document Title	Beginning Bates	Ending Bates
RF_0028518	RF_0028518	RF_0028535
RF_0050032	RF_0050032	RF_0050036
RF_0112001	RF_0112001	RF_0112015
RF_0120839	RF_0120839	RF_0120839
RF_0120840	RF_0120840	RF_0120844
RF_0147248	RF_0147248	RF_0147248
RF_0187112	RF_0187112	RF_0187123
RF_0187368	RF_0187368	RF_0187376
RF_0187377	RF_0187377	RF_0187381
RF_0211744	RF_0211744	RF_0211758
RF_0246707	RF_0246707	RF_0246707
RF_0246708	RF_0246708	RF_0246721
RF_0246722	RF_0246722	RF_0246747
RF_0246748	RF_0246748	RF_0246748
RF_0246749	RF_0246749	RF_0246749
RF_0246750	RF_0246750	RF_0246755
RF_0286176	RF_0286176	RF_0286176
RF_0286177	RF_0286177	RF_0286181
RF_0295150	RF_0295150	RF_0295158
RF_0295159	RF_0295159	RF_0295163
RF_0302104	RF_0302104	RF_0302107
RF_0329791	RF_0329791	RF_0329804
RF_0414379	RF_0414379	RF_0414379
RF_0414380	RF_0414380	RF_0414384
RF_0426689	RF_0426689	RF_0426726
RF_0426968	RF_0426968	RF_0426968
RF_0426969	RF_0426969	RF_0426969
RF_0426971	RF_0426971	RF_0426971
RF_0427123	RF_0427123	RF_0427123
RF_0428229	RF_0428229	RF_0428256
Non-Bates Stamped Documents		
Document Title		
Affirmation of Jason Cyrulnik, dated December 22, 2022		
Complaint, Constantine Scurtis v. 6th Avenue Buildings, Ltd. et al., filed electronically, December 17, 2014		
Defendant's Corrected Answer to Plaintiff's Amended Complaint and Counterclaims		
[REDACTED] deposition testimony, October 6, 2022		
Devin Freedman deposition testimony, August 22, 2022		
Email communications between Plaintiff's counsel and Defendant's counsel, dated August 19, 2022		
Expert Report of Vikram Kapoor, dated December 22, 2022		

## APPENDIX B – DOCUMENTS CONSIDERED

Public Sources
Federal Reserve Statistical Release, as of February 10, 2021
Duff & Phelps Cost of Capital Navigator -2020
Capital IQ
Pratt, Shannon, <i>Valuing a Business: The Analysis and Appraisal of Closely Held Companies</i> , (McGraw-Hill, Fifth Edition, 2008)
Private Company Valuation Presentation, CFA Institute
Startup-ups and Early Stage Companies, A Valuation Insight by KPMG, May 2021 edition
Ten Steps to Value Law Firm Contingency Cases, Business Valuation Resources, March 2010
Apothio, LLC SEC Form C: Offering Statement dated October 26, 2021 ( <a href="http://www.republic.com/apothio">www.republic.com/apothio</a> )
Case filings, Apothio, LLC v. Kern County, et al., Eastern District of California, Case number 1:20-cv-00522-JLT-CDB
Case filings, Cyrulnik v. Roche, Freedman, Friedland, Holcomb, Normand, and Roche Cyrulnik Freedman LLP (aka Roche Freedman) LLP), In the Circuit Court of the Eleventh Judicial Circuit, in and for Miami-Dade County, Florida, Complex Business Litigation Division
Case filings, Eliades, et al. v. Grubhub, Inc., et al., United States District Court, Southern District of New York, Case No. 1:20-cv-05134-LAK
Case filings, Ira Kleiman, As the Personal Representative of the Estate of David Kleiman and W&K Info Defense Research LLC v. Craig Wright, United States District Court Southern District of Florida, Case No. 18-cv-80176-BB
Case filings, David LLeibowitz, et al., v. Ifinex Inc., et al., Case number 1:19-cv-09236-KPF
Case filings, In re Tether and Bitfinex Crypto Asset Litigation, case number: 1:19-cv-09236-KPF
Ava Labs Website: <a href="http://www.avalabs.org">www.avalabs.org</a>
<a href="https://dos.sunbiz.org">https://dos.sunbiz.org</a>
<a href="http://www.bbc.com/news/business-59571277">www.bbc.com/news/business-59571277</a>
<a href="http://www.nysd.uscourts.gov/forms/how-calculate-post-judgment-interest">www.nysd.uscourts.gov/forms/how-calculate-post-judgment-interest</a> .
<a href="http://www.nysenate.gov/legislation/laws/CVP/5004">www.nysenate.gov/legislation/laws/CVP/5004</a>
<a href="http://www.coinmarketcap.com">www.coinmarketcap.com</a>
<a href="http://www.forbes.com/sites/stevenehrlich/2019/05/02/after-an-850-million-controversy-what-everyone-should-know-about-bitfinex-tether-and-stablecoins/?sh=63fe5e77492f">www.forbes.com/sites/stevenehrlich/2019/05/02/after-an-850-million-controversy-what-everyone-should-know-about-bitfinex-tether-and-stablecoins/?sh=63fe5e77492f</a>
<a href="https://cryptobriefing.com/tether-bitfinex-must-stand-trial-over-850-million-lost-customer-funds/">https://cryptobriefing.com/tether-bitfinex-must-stand-trial-over-850-million-lost-customer-funds/</a>

List of Matters

Number	Case Name or Matter	Fee Arrangement
1	Apothio (Kern County) [REDACTED]	Contingency [REDACTED]
15	Constantine Scurtis et al. v. 6th Avenue Buildings Ltd. et al. [REDACTED]	Contingency [REDACTED]
34	Kleiman v. Wright [REDACTED]	Contingency [REDACTED]

List of Matters

Number	Case Name or Matter	Fee Arrangement
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
60	Tether Class Action	Contingency
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Sources: RF\_0426695, RF\_0426971, counsel email communications, dated August 19 and August 26, 2022, and discussions with Jason Cyrulnik.

**Roche Cyrulnik Freedman LLP v. Jason Cyrulnik**  
**Unaudited Income Statement** <sup>(1) (2)</sup>

**Exhibit 2**  
**(\$000's)**

<b>January 1, 2020 to December 31, 2020</b>
---

**Income**

Legal Service Income

\$ [REDACTED]

**Total Income**

**Expenses**

Client Costs

Insurance

Legal & Professional Services

Occupancy Expenses

Employee Related Expenses

Miscellaneous Expenses

**Total Expenses**

**Net Operating Income**

**Other Expenses**

Guaranteed Payments

Friedland

Freedman

Normand

Roche

Holcomb

Total Guaranteed Payments

Partnership Pension Expense

Total Other Expenses

**Net Income/(Loss)**

\$ [REDACTED]

Footnotes

- (1) Cash basis.
- (2) RF\_0426969.

**Roche Cyrulnik Freedman LLP v. Jason Cyrulnik**  
**Unaudited Balance Sheet** <sup>(1) (2)</sup>

**Exhibit 3**  
**(\$000's)**

**As of: December 31, 2020**

**ASSETS**

Current Assets

Cash

\$ [REDACTED]

Client Trust Accounts

[REDACTED]

Total Current Assets

Fixed Assets

Equipment

[REDACTED]

Accumulated Depreciation

[REDACTED]

Total Fixed Assets

Other Assets

Contingent Expenses

[REDACTED]

Partnership Merger

[REDACTED]

Security Deposit- 99 Park

[REDACTED]

Total Other Assets

[REDACTED]

**TOTAL ASSETS**

**\$ [REDACTED]**

**LIABILITIES AND EQUITY**

**Liabilities**

Other Current Liabilities

401-K Payable

\$ [REDACTED]

SBA Loan Payable

[REDACTED]

[REDACTED]

Trust Accounts - Liabilities

[REDACTED]

Total Other Current Liabilities

[REDACTED]

Long Term Liabilities

Variable Prepaid Forward Contract Payable

[REDACTED]

Total Long-Term Liabilities

[REDACTED]

**Total Liabilities**

**\$ [REDACTED]**

**Equity**

Partner Distributions

Freedman

\$ [REDACTED]

Roche

[REDACTED]

Total Partner Distributions

[REDACTED]

Retained Earnings

[REDACTED]

Net Income

[REDACTED]

**Total Equity**

**\$ [REDACTED]**

**TOTAL LIABILITIES AND EQUITY**

**\$ [REDACTED]**

Footnotes

(1) Cash basis.

(2) RF\_0426968.

Roche Cyrulnik Freedman LLP v. Jason Cyrulnik  
RCF Contingency Case Recovery Model

Exhibit 4  
(\$000's)

<b>Apothio Contingency Case No.: 1:20-cv-00522-JLT-CDB</b>	
<b>As of: February 12, 2021</b>	
<b>Estimated Recovery</b>	<b>Scenario 1</b>
[A] Claimed Damages <sup>(1)</sup>	\$1,000,000
[B] Success Probability of Recovery <sup>(2)</sup>	20.0%
[C] <b>Probability Adjusted Gross Recovery = [A x B]</b>	<b>200,000</b>
<b>Recovery Fee Arrangements <sup>(3)</sup></b>	
[L] [REDACTED]	[REDACTED]
[M] [REDACTED]	[REDACTED]
<b>Referral Fees <sup>(4)</sup></b>	
[N] [REDACTED]	[REDACTED]
[O] [REDACTED]	[REDACTED]
[P] [REDACTED]	[REDACTED]
[N] <b>Gross Expected Recovery to RCF = [L * M]</b>	<b>25,953</b>
[O] Assumed Collectability Rate <sup>(6)</sup>	90.0%
[P] <b>Estimated Realizable Recovery to RCF = [N x O]</b>	<b>23,358</b>
<b>RCF Partnership Compensation Waterfall <sup>(7) (8)</sup></b>	
[Q] Non-Origination Recovery = [N x 45%]	(10,511)
[R] Origination Recovery = [N x 15%]	(3,504)
[S] Incremental Firm Overhead Allocation <sup>(9)</sup> = [N x 5%]	(1,168)
[T] <b>Estimate Net Proceeds to RCF = [P + Q + R + S]</b>	<b>8,175</b>
[U] <b>Cyrulnik = 27% of RCF Equity (per MOU) <sup>(10)</sup> = [T * 27%]</b>	<b>\$ 2,207</b>
<b>Value of Cyrulnik Recovery as of February 12, 2021</b>	
[V] Valuation Date - February 12, 2021	2/12/2021
[W] Date of Recovery <sup>(11)</sup>	4/10/2025
[X] Discount Rate <sup>(12)</sup>	9.00%
[Y] Discount Period in Years = period in years from [V] to [W]	4.16
[Z] Present Value Factor <sup>(12)</sup> = $1/((1+X)^{(Y)})$	0.6987
[AA] <b>Value of Recovery to Cyrulnik as of February 12, 2021 = [U x Z]</b>	<b>\$ 1,542</b>

**Footnotes**

- (1) Memorandum from RCF to VGL Capital, May 4, 2020, RF\_0187112 – RF\_0187123 at 7123.
- (2) I assessed the probability of a successful recovery in this litigation based on its strengths and weaknesses available at the time of this report. I included in my analysis the nature of the complaint, the parties to the litigation, stage of the case, case length to date, alleged facts to support each element, and evidence available to support those facts.
- (3) Apothio, LLC SEC Form C: Offering Statement dated October 26, 2021, Claim Participation Agreement, page 2. ([www.republic.com/apothio](http://www.republic.com/apothio)).
- (4) Reference: Email correspondence, dated March 9, 2020, re: Apothio Counsel Agreement, Apothio LLC v. Kern County Sheriffs Office et al. (RF\_0295150-RF\_0295163, at RF\_01295153 and RF\_0295160).
- (5) Deposition of Devin Freedman, pages 315-316, dated August 22, 2022.
- (6) Collectability Rate reflects Defendant is a large California municipality with a recommended FY budget for 2019-20 of \$2.9 billion, which includes significant tax revenues from oil and agriculture production, and as such would seek to comply with any judgement (RF\_0246747).
- (7) RCF Partnership Compensation Proposal (RF\_426721 to RF\_426724).
- (8) I reviewed communications regarding consideration of litigation funding to RCF, however, I did not find evidence indicating funding was ultimately provided, nor was I provided supporting documentation of a funding agreement.
- (9) Estimated incremental firm overhead expense allocation.
- (10) Partner recovery split based on equity stake of individual partners in RCF according to MOU (RF\_426691).
- (11) Recovery estimated to be five years from the initial filing date.
- (12) New York statutory Pre- and Post-judgment rate applied as a proxy to calculate the time value of money.



Roche Cyrulnik Freedman LLP v. Jason Cyrulnik  
RCF Contingency Case Recovery Model

Exhibit 6  
(\$000's)

<b>Leibowitz et al. v. iFinex Inc. et al. Contingency Case No. 1:19-cv-09236-KPF <sup>(1)</sup></b>	
<b>As of: February 12, 2021</b>	
<b><u>Estimated Recovery</u></b>	<b>Scenario 1</b>
[A] Claimed Damages <sup>(2)</sup>	\$ 850,000
[B] Success Probability of Recovery <sup>(3)</sup>	50.00%
[C] <b>Probability Adjusted Gross Recovery = [A x B]</b>	<b>425,000</b>
<b><u>Recovery Fee Arrangements</u> <sup>(4)</sup></b>	
[D] [REDACTED]	[REDACTED]
<b><u>Split with Co-Counsel Law Firms</u> <sup>(5)</sup></b>	
[E] [REDACTED]	[REDACTED]
[G] <b>Gross Expected Recovery to RCF = [E x F]</b>	<b>72,994</b>
[H] Assumed Collectability Rate <sup>(6)</sup>	90.00%
[I] <b>Estimated Realizable Recovery to RCF = [G x H]</b>	<b>65,694</b>
<b><u>Payment to Lender</u> <sup>(7)</sup></b>	
[J] [REDACTED]	[REDACTED]
[L] <b>Post Lender Recovery to RCF [I - K]</b>	<b>41,059</b>
<b><u>RCF Partnership Compensation Waterfall</u> <sup>(8)</sup></b>	
[M] Non-Origination Recovery = [L x 45%]	(18,477)
[N] Origination Recovery <sup>(9)</sup> = [L x 20.25%]	(8,314)
[O] Incremental Firm Expense Allocation <sup>(10)</sup> = [L x 5%]	(2,053)
[P] <b>Estimate Net Proceeds to RCF = [L + M + N + O]</b>	<b>\$ 12,215</b>
[Q] <b>Cyrulnik = 27% of RCF Equity (per MOU) <sup>(11)</sup> = [P x 27%]</b>	<b>\$ 3,298</b>
<b><u>Value of Cyrulnik Recovery as of February 12, 2021</u></b>	
[R] Valuation Date - February 12, 2021	2/12/2021
[S] Date of Recovery <sup>(12)</sup>	10/6/2024
[T] Discount Rate <sup>(13)</sup>	9.00%
[U] Discount Period in Years = period in years from [R] to [S]	3.65
[V] Present Value Factor <sup>(13)</sup> = $1/((1+T)^U)$	0.7301
[W] <b>Value of Recovery to Cyrulnik as of February 12, 2021 = [Q x V]</b>	<b>\$ 2,408</b>

**Footnotes**

- (1) Leibowitz, et al. v. iFinex Inc., et al. also known as "Tether."
- (2) <https://www.forbes.com/sites/stevenehrlich/2019/05/02/after-an-850-million-controversy-what-everyone-should-know-about-bitfinex-tether-and-stablecoins/?sh=bb91d13492f3>.
- (3) I assessed the probability of a successful recovery in this litigation based on its strengths and weaknesses available at the time of this report. I included in my analysis the nature of the complaint, the parties to the litigation, stage of the case, case length to date, alleged facts to support each element, and evidence available to support those facts. As of the valuation date, this case had achieved class certification and survived motions to dismiss.
- (4) Estimated based upon a range of class action lawsuits, ultimate fee percent of recovery to be determined by the court.
- (5) March 3, 2020 email communication between Co-Counsel law firms and RCF re: Joint Prosecution Agreement-Leibowitz, et al. v. iFinex Inc., et al. (RF\_0414380-RF\_0414384 at RF\_0414381).
- (6) Collectability Rate reflects Defendant's standing as financial institution that would seek to comply with any judgement within its ability. According to coinmarket.com, market capitalization of Tether is \$31.2 Billion, as of February 12, 2021.
- (7) Average PFPA of Payment of Investment Returns, RF\_0426701-RF\_0426702.
- (8) RCF Partnership Compensation Proposal (RF\_426721-RF\_426724).
- (9) According to Jason Cyrulnik Affirmation Statement, dated December 22, 2022, Tether partially funded with \$1.75 million of funding from the PFPA of the \$5 million of overall costs estimated.
- (10) Estimated incremental firm overhead expense allocation.
- (11) Partner recovery split based on equity stake of individual partners in RCF according to MOU (RF\_426691).
- (12) Recovery estimated to be five years from the initial filing date.
- (13) New York statutory Pre- and Post-judgment rate applied as a proxy to calculate the time value of money.

**Roche Cyrulnik Freedman LLP v. Jason Cyrulnik  
RCF Contingency Case Recovery Model**

**Exhibit 7  
(\$000's)**

**Constantine Scurtis et al. v. 6th Avenue Buildings Ltd. et al Case No.: 2014-031805-CA-01  
As of: February 12, 2021**

<b>Estimated Recovery</b>		<b>Scenario 1</b>
[A]	Claimed Damages <sup>(1)</sup>	\$ 50,000
[B]	Success Probability of Recovery <sup>(2)</sup>	50.0%
[C]	<b>Probability Adjusted Gross Recovery = [A x B]</b>	<b>25,000</b>
<b>Recovery Fee Arrangements <sup>(3)</sup></b>		
	[REDACTED]	[REDACTED]
<b>Expense Split with Client <sup>(4)</sup></b>		
	[REDACTED]	[REDACTED]
[G]	<b>Gross Expected Recovery to RCF = [E + F]</b>	<b>8,695</b>
[H]	Assumed Collectability Rate <sup>(5)</sup>	90.0%
[I]	<b>Estimated Realizable Recovery to RCF = [G x H]</b>	<b>7,826</b>
<b>RCF Partnership Compensation Waterfall <sup>(6) (7)</sup></b>		
[J]	Non-Origination Recovery = [I x 45%]	(3,521)
[K]	Origination Recovery = [I x 15%]	(1,174)
[L]	Incremental Corporate Expense Allocation <sup>(8)</sup> = [I x 5%]	(391)
[M]	<b>Estimate Net Proceeds to RCF = [I + J + K + L]</b>	<b>2,739</b>
[N]	<b>Cyrulnik = 27% of RCF Equity (per MOU) <sup>(9)</sup> = [M x 27%]</b>	<b>\$ 740</b>
<b>Value of Cyrulnik Recovery as of February 12, 2021</b>		
[O]	Valuation Date - February 12, 2021	2/12/2021
[P]	Estimated Date of Recovery <sup>(10)</sup>	12/31/2022
[Q]	Discount Rate <sup>(11)</sup>	9.00%
[R]	Discount Period in Years = period in years from [O] to [P]	1.88
[S]	Present Value Factor <sup>(11)</sup> = [1/((1+Q)^(R))]	0.8504
[T]	<b>Value of Recovery to Cyrulnik as of February 12, 2021 = [N x S]</b>	<b>\$ 629</b>

**Footnotes**

- (1) Memorandum To: Funder, Re: Scurtis v. Rodriguez, et al., Funder, dated November 1, 2020. RF\_0211744-RF\_0211758 at RF\_0211744.
- (2) I assessed the probability of a successful recovery in this litigation based on its strengths and weaknesses available at the time of this report. I included in my analysis the nature of the complaint, the parties to the litigation, stage of the case, case length to date, alleged facts to support each element, and evidence available to support those facts.
- (3) RF\_0028518-RF\_0028535 at RF\_0028529.
- (4) RF\_0028518-RF\_0028535 at RF\_0028530.
- (5) Alex Rodriguez is a retired professional athlete with a net worth in excess of \$400 million, according to Forbes magazine. <https://www.forbes.com/sites/maneetahuja/2021/04/16/inside-the-half-billion-dollar-fortune-of-a-rod-and-j-lo-how-the-breakup-will-affect-their-business-empires/?sh=237ae5bb7177>.
- (6) RCF Partnership Compensation Proposal (RF\_0426721 to RF\_0426724).
- (7) I reviewed communications regarding consideration of litigation funding, however, I did not find evidence indicating funding was ultimately provided, nor was I provided supporting documentation of a funding agreement.
- (8) Estimated incremental corporate overhead expense allocation.
- (9) Partner recovery split based on equity stake of individual partners in RCF according to MOU (RF\_0426691).
- (10) Estimated based upon likelihood of settlement.
- (11) New York statutory Pre- and Post-judgment rate applied as a proxy to calculate the time value of money.

**Roche Cyrulnik Freedman LLP v. Jason Cyrulnik**  
**Naming Rights Missed and Late Payments**<sup>(a)</sup>  
**Damage Computation**  
As of: December 19, 2022

Exhibit 8

Payment	Scheduled Payment Amount <sup>(b)</sup>	Due Date <sup>(b)</sup>	Amount Paid <sup>(c)</sup>	Date Paid or to be Paid <sup>(c)</sup>	Amount Past Due	Damages at 11/30/2022 <sup>(d)(g)</sup>	Days Late or Past Due <sup>(e)</sup>	Interest Rate per Annum <sup>(f)</sup>	Interest Rate per Day <sup>(f)</sup>	Interest per Day Beyond Report Date <sup>(g)</sup>
1	\$ 204,000	1/12/2020	\$ 204,000	1/12/2020	\$ -	\$ -	0	9.00%	0.0002466	
2	204,000	7/12/2020	204,000	6/1/2021	204,000	16,299	324	9.00%	0.0002466	
3	204,000	1/12/2021	204,000	6/1/2021	204,000	7,043	140	9.00%	0.0002466	
4	238,000	7/12/2021	-	-	238,000	267,698	506	9.00%	0.0002466	
<b>Total</b>	<b>\$ 850,000</b>					<b>\$ 291,040</b>			0.0002466	<b>\$ 71.77</b>

## Footnotes

- (a) Kyle Roche, individually, forfeits his right under First Named Partner Agreement in the amount of \$850,000 according to the payment schedule listed above. Reference: Memorandum of Understanding, Side Letter, RF\_0420598.
- (b) Side Letter, RF\_0420598.
- (c) Source for amount and dates paid: Jason Cyrulnik. I lack other documentation.
- (d) Damages include outstanding amount of Payment 4 and damages arising from the time value of money for overdue payments.
- (e) Days past due, as of report date, for remaining outstanding Payment Number 4.
- (f) New York statutory rate applied as a proxy to calculate the damages arising from time value of money from due dates to the dates paid and beyond.
- (g) Additional daily interest would accrue at \$71.77 per for each day after November 30, 2022.