

**Remarks of James W. Giddens**  
**Bankruptcy Court Hearing**  
**State of the Lehman Brothers Inc. Estate**  
**September 17, 2018**

Good morning, Your Honor.

Thank you for providing this opportunity to update the Court on the state of the Lehman Brothers Inc. estate nearly ten years after the liquidation proceeding began under the Securities Investor Protection Act. As Trustee, I am proud to report that we are in the final phase of what we hope you will consider an exceptionally successful liquidation.

This has been a massive and unprecedented recovery effort only made possible by the active involvement of SIPC, including Steve Harbeck and Ken Caputo, the SEC, the CFTC, FINRA, the Federal Reserve NY Office, and other regulators that provided substantial support and guidance over the past ten years. And of course, the judicious oversight of the United States Bankruptcy Court, including Judge Peck, and of course, Your Honor.

It has been a long journey since the dark and uncertain days of Lehman's failure, when we were all catapulted into the center of a cascading liquidity crisis that roared across borders. As the largest bankruptcy in history threatened global markets and economic stability, very few observers thought we would be able to accomplish the recoveries and distributions we have accomplished in this proceeding. A full report has been submitted to the Court, and my colleague Christopher Kiplok will highlight details in a minute. So far, we have been able to return \$115 billion to creditors. Customer claims have been fully satisfied – with most customer claims fulfilled within weeks of the liquidation beginning in 2008. Secured, priority, and administrative creditors have also received 100% distributions. General creditors recently received their sixth interim distribution, bringing the cumulative payout on allowed unsecured general creditor claims to 39.75 percent, far exceeding initial expectations.

Of the approximately 140,000 claims that were asserted at the beginning of this liquidation, there are no remaining disputed customer claims and the only remaining unresolved general claims matter is a single consolidated adversary proceeding addressing 381 claims filed by former LBI employees seeking payment of deferred compensation.

Since I was before you a year ago, significant progress has been made in resolving remaining claims and winding down the estate. I would like to provide a brief recap of what has been accomplished so far.

There are no remaining disputed customer claims. Distributions on allowed customer claims are complete, and the customer estate is closed.

The only remaining unresolved general claims matter is a single consolidated adversary proceeding addressing 381 claims filed by former LBI employees seeking payment of deferred compensation. The Trustee is appellee with respect to two appeals arising out of this adversary proceeding, and both matters are *sub judice*.

As you are aware, LBI under the Securities Investor Protection Act, offered eligible general unsecured creditors the opportunity to cash out of the LBI estate by participating in the Accelerated Final Distribution Election (AFDE).

The Trustee's professionals mailed out AFDE solicitation packages in early July, and eligible claimants had until August 16, 2018 to opt-in to the AFDE.

Future interim and final distributions to general unsecured creditors will be made from any other assets the Trustee may recover, which may or may not be material.

As a young associate in the late 1970's I helped write the SIPA statute and have represented SIPC and served as a Trustee in many cases since that time. While the statute has evolved over the years, as indeed has the Bankruptcy Code, SIPA's core principles and all of its operative provisions remain the same.

There is no doubt that Lehman was the single biggest test of the SIPA statute, and ten years later even our harshest critics acknowledge that this test has become the statute's greatest success.

Indeed, through all the reform following the financial crisis, our nation's law for resolving a failed broker dealer - for returning customers their property - remains intact. No governmental funds—nor any from the SIPC Fund—were required to pay any customer claims or administrative expense in this case. This is a testament not only to the statute, but to everyone in this room, and many more around the world who played a part. I am grateful to SIPC and to the Courts for the privilege of playing a small role in this success.

Thank you.