

HUGHES HUBBARD & REED LLP
One Battery Park Plaza
New York, New York 10004
Telephone: (212) 837-6000
Facsimile: (212) 422-4726

*Attorneys for Christopher K. Kiplok,
Trust Administrator for the LBI Liquidating Trust*

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

In re

LEHMAN BROTHERS INC.,
Debtor.

Case No. 08-01420 (MG) SIPA

LBI LIQUIDATING TRUST REPORT AS OF DECEMBER 31, 2022

LBI Liquidating Trust
Report as of December 31, 2022
(Unaudited – *Must Be Read with Accompanying Notes*)

Assets	(in thousands)
Cash and Cash Equivalents	\$36,246
Total Assets	<u>\$36,246</u>
Liabilities	
Operational Reserve	\$13,699
Beneficiary Interest	\$22,548
Total Liabilities	<u>\$36,246</u>

General Notes

Note 1 – Basis of Presentation

Christopher K. Kiplok (the “Trust Administrator”), as Trust Administrator for the LBI Liquidating Trust (the “Trust”), and his professionals have prepared this report (the “Report”) for the period from October 1, 2022 through December 31, 2022 (the “Report Period”) based on the information available to the Trust Administrator at this time.¹ Such information may be incomplete and may be materially deficient. The Report is not prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), and the numbers are unaudited. The Report does not include explanatory footnotes nor other disclosures required under GAAP and is not presented in a GAAP-based reporting format. The Report is not audited and will not be subject to audit or review by external auditors at any time in the future. The Report is prepared on a cash basis and therefore does not reflect accruals or other amounts that would be found if prepared under an accrual basis. Because the Report is presented on a cash basis, it does not reflect value for any non-cash Trust asset. The financial information herein is subject to change, and any such change may be material, and therefore the Report should not be relied upon for investment purposes. The Trust Administrator reserves all rights to revise the Report.

1. Capitalized terms not defined herein have the meanings ascribed to them in the liquidating trust agreement (the “Agreement”), executed on June 28, 2022, by and between James W. Giddens, as SIPA Trustee for Lehman Brothers Inc., and Christopher K. Kiplok, as Trust Administrator, and previously approved by order of the United States Bankruptcy Court for the Southern District of New York (the “Trust Order”). (ECF No. 15392.) The Agreement is available in the “Key Documents” section of the Trust website (<https://dm.epiq11.com/case/lbitrust/info>).

Note 2 – Financial Systems and Control Environment

The Trust Administrator has retained professionals to monitor and maintain financial systems and a control environment for the Trust. The Trust Administrator’s professionals rely on established controls for the payment and journaling of all expenses, which include recording payment instructions and supporting documentation, reviewing time-entry diaries, and assessing the reasonableness of rates and bills for services performed.

Notes Regarding Assets

Note 3 – Cash and Cash Equivalents

The Trust Administrator maintains bank accounts with Bank of New York Mellon, where cash is maintained as cash and as certificates of deposit. The Trust Administrator and his professionals continually evaluate the rates of return on the Trust’s cash and cash equivalents to align with market conditions. During the Report Period, the Trust Administrator purchased approximately \$12 million of certificates of deposit laddered to mature quarterly in equal amounts.

During the Report Period, the Trust’s cash and cash equivalents earned \$218,091 in interest.

Note 4 – Contingent Nature of Assets

The Trust’s non-cash assets are contingent and unliquidated and are therefore speculative. Recoveries may be zero. Recoveries, if any, may take substantial time to realize. Many of the Trust’s non-cash assets are subject to unknown payment timelines with reconciliation processes that appear to have no deadlines or target dates. The Trust’s non-cash assets are difficult to diligence; in particular, there is little public or other information available to the Trust Administrator regarding the Antitrust Claims, the Securities Claims, and the Saad Claim, all of which are subject to domestic and foreign court and claims processes that are uncertain and offer little or no disclosure. Many variables materially impact the Trust’s ability to obtain a recovery on these assets, including, without limitation: certain claims remain subject to recognition by administrators in the proceedings in which they were submitted, and each of the Trust’s claims may be recognized by such administrators in a reduced amount or rejected; even if a claim is recognized by such administrator, the allocation of damages and or the netting of positions may reduce the overall damages associated with the recognized claim, reducing the likelihood of a recovery; and the ultimate recovery on any Trust claim that is recognized by an administrator is dependent on the aggregate recognized amount of claims by other parties.

Note 5 – Reversionary Administrative Interest

In connection with the Trustee’s discharge, the Trustee transferred unused LBI estate administrative reserve funds to an escrow account maintained at Citibank, N.A. by Hughes Hubbard & Reed LLP solely to be used to fund post-discharge, non-Trust expenses of the LBI estate (the “Estate Escrow”). The Liquidating Trust has the right to receive funds in the Estate Escrow in excess of the amounts set forth in the Trust Order on each of the Trust Order’s designated step-down milestones, the first of which occurs in the first quarter of 2023. (Trust Order at ¶ 12; Trustee’s Final Report and Account at ¶ 146.) At the close of the Report Period, the Estate Escrow balance was \$12,636,461.

Note 6 – Class Action Claims – Antitrust & Market Manipulation

The Trust holds several pending Antitrust Claims, including a claim into the settlement fund related to the Foreign Exchange Benchmark Rates Antitrust Litigation (the “FX Claim”). During the Report Period, the Trust received an initial distribution of \$21,546,046 on the FX Claim, representing a 60% payout on the FX Claim. *See In re Foreign Exchange Benchmark Rates Antitrust Litig.*, Case No. 13-7789-LGS (S.D.N.Y. Oct. 4, 2022), ECF No. 1951 ¶ 3(b)(iii). To the extent the 40% holdback is not depleted resolving contingencies with respect to the FX Claim or other claims or paying court-authorized future fees and expenses incurred in connection with administering the settlement fund related to the Foreign Exchange Benchmark Rates Antitrust Litigation or other related settlements, the Trust Administrator expects subsequent distributions on the FX Claim. *Id.* No date has been set for subsequent distribution(s).

Note 7 – Class Action Claims – Securities

The Trust holds several pending Securities Claims. During the Report Period, the Trust received \$48,428 on account of such Securities Claims.

Note 8 – Legacy Assets

During the Report Period, the Trust received \$66,290 in Legacy Assets: (i) \$28,650 of accrued LBI estate cash consisting of earned interest and certain *de minimis* recoveries related to estate administration; and (ii) \$37,640 in recoveries on unclaimed property claims and other asset marshaling.

Notes Regarding Liabilities

Note 9 – Operational Reserve

At the close of the Report Period, the Operational Reserve balance was \$13,698,596. Interest earned on cash and cash equivalents in the Operational Reserve accretes to the Operational Reserve. Trust Administration Fees paid in the Report Period totaled \$446,919.

Note 10 – Beneficial Interests

There are 1,000,000 Liquidating Trust Interests. The Trust Registry is the sole record of title with respect to Liquidating Trust Interests. (Agreement § 4.7(b).) On January 12, 2023, the Trust Administrator issued the first distribution of \$22.29 million to the Beneficiaries.

Dated: New York, New York
January 31, 2023

Respectfully submitted,

HUGHES HUBBARD & REED LLP

By: /s/ Anson B. Frelinghuysen
A member of the firm

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New York, New York 10004
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