

EXHIBIT C

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION – LOS ANGELES**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DIRECT LENDING INVESTMENTS
LLC,

Defendant.

Case No.: 2:19-cv-02188-DSF-MRW

NOTICE OF SETTLEMENT

1 **NOTICE OF SETTLEMENT**

2 PLEASE TAKE NOTICE THAT that a settlement agreement has been
3 reached (the “Settlement Agreement”) among and between, on the one hand, (a)
4 Bradley D. Sharp, in his capacity as the Court-appointed Receiver (the
5 “Receiver”) for the estate of Direct Lending Investments, LLC, Direct Lending
6 Income Fund, L.P., Direct Lending Income Feeder Fund, Ltd., DLI Capital, Inc.,
7 DLI Lending Agent, LLC, DLI Assets Bravo LLC (in Receivership)
8 (collectively, the “Receivership Entities”); (b) Bradley D. Sharp and Christopher
9 D. Johnson, in their capacities as Joint Official Liquidators (“JOLs”) of Direct
10 Lending Income Feeder Fund, Ltd. (in official liquidation) (“DLIFF”) (DLIFF,
11 together with the Receivership Entities, the “DLI Entities”); (c) investors in the
12 DLI Entities (“Investors”) that participated in the mediation and identified in
13 Exhibit A to the Settlement Agreement (“Party Investors”) (specifically, those
14 Investors represented by Levine Kellogg Lehman Schneider + Grossman LLP,
15 The Meade Firm P.C., and Reiser Law P.C., including those who are plaintiffs in
16 the action *Andrew Baer, et al. v. Duff & Phelps, LLC, et al.*, No. 22-CV-00994
17 (JMF) (S.D.N.Y.) (consolidated) (the “Century Group”); those Investors
18 represented by Nystrom Beckman & Paris LLP, including those who were
19 plaintiffs in the action *Alfred Jackson, et al. v. Duff & Phelps, LLC*, 651831/2021
20 (N.Y. Supr. Ct.) (the “Jackson Action”); and those Investors represented by
21 Bragar Eigel & Squire, P.C., including those who are plaintiffs in the action
22 *Andrew Baer, et al. v. Duff & Phelps, LLC, et al.*, No. 22-CV-00994 (JMF)
23 (S.D.N.Y.) (consolidated) (the “Baer Group”); and, on the other hand, (d) Duff
24 & Phelps, LLC (n/k/a Kroll, LLC) (“Kroll”).¹

25 ¹ “Kroll” or “Kroll Entities” refer to Duff & Phelps, LLC (n/k/a Kroll, LLC) and
26 each of their respective Subsidiaries, parents, Affiliates, divisions, joint
27 venturers, contractors, subcontractors, subrogees, offices, controlled Persons,
28 predecessors, successors, assignors, assigns, transferees, heirs, executors,
shareholders, owners, investors, accountants, auditors, advisors, employees,
trustees, fiduciaries, consultants, agents, representatives, nominees, attorneys,

1 Under the terms of the Settlement Agreement, Kroll will pay the amount
2 of six million nine hundred thousand U.S. dollars (\$6,900,000) (the “Settlement
3 Amount”) to be deposited into escrow account(s) for DLIF Investors, for DLIFF,
4 for Party Investors, and for payment of Court approved attorneys’ fees. The
5 Settlement Amount less attorneys’ fees and expenses as awarded by the Court
6 (“Net Settlement Amount”), will be disbursed to DLIF Investors, will be
7 disbursed to DLIFF and distributed to DLIFF Investors and creditors by the JOLs
8 pursuant to Cayman Islands law, and will be disbursed to the Party Investors.

9 Concurrent with this Notice, Investors are being served with Notices of the
10 Settlement and the Right of Exclusion from the Settlement (or “Opt-out Notices”)
11 describing the steps that Investors must take to exclude themselves from the
12 Settlement. Please read the entire Opt-out Notice carefully. As described in more
13 detail in the Opt-out Notice to DLIF Investors, a portion of the Net Settlement
14 Amount will be distributed on a pro rata basis to persons or entities that invested,
15 through the purchase of limited partnership interests or otherwise, in DLIF
16 (“DLIF Investors”) that do not exclude themselves from the Settlement
17 (“Participating DLIF Investors”) pursuant to the procedures described therein. As
18 described in more detail in the Opt-out Notice to DLIFF Investors, a separate
19 portion of the Net Settlement Amount will be distributed to DLIFF to be
20 distributed by the JOLs in accordance with Cayman Islands law to creditors and
21 persons or entities that invested, through the purchase of shares, or otherwise, in
22 DLIFF (the “DLIFF Investors”)² pursuant to the procedures described therein.

23
24 _____
25 partners, associates, counsel, managers, and members, directors and officers, in
26 each case individually and collectively, together with each and any of their
27 respective predecessors and successors in interest.

28 ² Participating DLIF Investors and DLIFF Investors that do not opt-out
27 (“Participating DLIFF Investors”) together are referred to as “Participating
28 Investors”.

1 The Settlement will resolve all claims and potential claims by the Receiver, the
2 JOLs, and all DLIF Investors who do not opt out.

3 In return for the Settlement Amount, the Receiver, the JOLs, the DLI
4 Entities, the Party Investors,³ and Participating DLIF Investors will release all
5 claims against Kroll arising out of, relating to, or in connection with the
6 professional services provided by the Kroll Entities to the DLI Entities, among
7 other Released Claims.⁴ The Claimants and Participating Investors will be barred
8 by the Final Approval Order (defined below) from prosecuting or seeking
9 monetary or any relief in the United States against any of the Released Kroll
10 Entities⁵ with respect to any and all such claims. Any final verdict or judgment

11 ³ The Receiver, the JOLs, the DLI Entities, and the Party Investors are
12 collectively referred to as the “Claimants”.

13 ⁴ “Released Claims” means, to the fullest extent that the law permits their release,
14 all past, present, and future claims of any nature whatsoever, including, without
15 limitation, all claims, suits, actions, allegations, damages (including, without
16 limitation, contributory, compensatory, punitive, exemplary, rescissory, direct,
17 consequential or special damages, restitution, and disgorgement), liabilities,
18 causes of action, complaints, lawsuits, responsibilities, demands, rights, debts,
19 penalties, costs, expenses, fees, injunctive relief, attorneys’ fees, expert or
20 consulting fees, prejudgment interest, indemnities, duties, losses, and obligations
21 of any kind, known or unknown, foreseen or unforeseen, whether or not
22 concealed or hidden, asserted or unasserted, existing or contingent, direct or
23 indirect, anticipated or unanticipated, asserted or that could have been asserted
24 by, or on behalf of, for the benefit of, or in the name of the Claimants or
25 Participating Investors, whether legal, contractual, rescissory, statutory, or
26 equitable in nature, whether arising under federal, state, common or foreign law,
27 that now exist, have ever existed, or might ever exist, from the beginning of time
28 in perpetuity, that are based upon, arise out of, or are related in any way to: (a)
the professional services provided by the Kroll Entities to the DLI Entities; (b)
the conduct, transactions, or occurrences set forth in any of the pleadings in the
Related Actions; (c) the Related Actions; and (d) the conduct and subject matter
of the Mediation, Settlement negotiations, and the negotiation of this Agreement
(except for representations or obligations expressly included in this Agreement),
including without limitation fraud in the inducement thereof.

24 ⁵ “Released Kroll Entities” means (a) the Kroll Entities; (b) the Kroll Entities’
25 predecessors, successors, Affiliates, Subsidiaries, divisions, assignors, and
26 assignees; (c) each of the foregoing’s past, present, and future officers, directors,
27 board and board members, principals, partners, officials, employees,
28 Subsidiaries, parents, Affiliates, divisions, joint venturers, contractors,
subcontractors, subrogees, offices, controlled Persons, predecessors, successors,
assignors, assigns, transferees, heirs, executors, shareholders, owners, investors,
accountants, auditors, advisors, trustees, fiduciaries, consultants, agents,
representatives, nominees, attorneys, partners, officers, directors, employees,

1 obtained by or on behalf of any Claimant or Participating DLIF Investor against
2 any Third Party⁶ shall be reduced by the proportionate fault of the Released Kroll
3 Entities, unless governing law requires otherwise.

4 PLEASE TAKE FURTHER NOTICE that the Receiver has filed in
5 *Securities and Exchange Commission v. Direct Lending Investments, LLC*, Case
6 No. 19-cv-2188 (C.D. Cal.) (the “SEC Action”) the Motion for Order: (i)
7 Preliminarily Approving Settlement with Duff & Phelps, LLC (n/k/a Kroll,
8 LLC); (ii) Setting the Schedule for Objections and Final Approval Hearing; (iii)
9 Approving the Form of Order Finally Approving the Settlement with Duff &
10 Phelps, LLC (n/k/a Kroll, LLC); and (iv) Approving the Form and/or Limitation
11 of Notice of Motion Under Local Rule 66-7 (the “Motion”). The Parties to the
12 Settlement Agreement seek approval of the Court in the SEC Action of the terms
13 of the Settlement Agreement and entry of a final order approving the Settlement
14 (the “Final Approval Order”).

15 **This matter may affect your rights and you may wish to consult an**
16 **attorney.**

17 The material terms of the Settlement Agreement are as follows:

- 18 1. Kroll will pay \$6,900,000 into an escrow account(s) to be identified
19 by the Receiver pursuant to the Settlement Agreement;
- 20 2. Investors shall have the right to exclude themselves from
21 participation in the Settlement pursuant to the procedures described
22 in the applicable Opt-out Notice. In the event that Investors that opt-
23 out of the Settlement exceed a certain threshold agreed upon by the

24 _____
25 associates, counsel, managers, and members, in each case individually and
26 collectively, together with any of their respective predecessors and successors in
interest; and (d) each of the Kroll Entities’ insurers, reinsurers, excess insurers,
underwriters, and claims administrators.

27 ⁶ “Third Party” means a nonparty to the Settlement Agreement that has been or
28 may be sued by any of the Claimants or Participating Investors for claims arising
out of, relating to, or in connection with the DLI Entities.

1 signatories to the Settlement Agreement (“Opt-out Threshold”),
2 Kroll shall have the sole and exclusive right to withdraw from and
3 terminate the Settlement;

4 3. Counsel for Claimants and Kroll are executing a confidential
5 Supplemental Agreement Regarding Requests for Exclusion. This
6 supplemental agreement sets forth certain conditions under which
7 Kroll shall have the option to withdraw from the Settlement and
8 render the Settlement Agreement null and void in the event that the
9 Opt-out Threshold is reached;

10 4. Entry of Final Approval Order: specifying (i) that each of the
11 Claimants and Participating DLIF Investors release each of the
12 Released Kroll Entities from all Released Claims; (ii) that each of
13 the Claimants and Participating Investors are barred from seeking
14 monetary or other relief in any state or federal court, arbitration
15 proceeding, or other forum in the United States against any of the
16 Released Kroll Entities with respect to any and all claims based on
17 the professional services provided by the Kroll Entities to the DLI
18 Entities; and, (iii) any final verdict or judgment obtained by or on
19 behalf of any Claimant or Participating DLIF Investor against any
20 Third Party shall be reduced by an amount that corresponds to the
21 percentage of responsibility of the Released Kroll Entities for
22 common damages. However, where the law governing such final
23 verdict or judgment (“Other Governing Law”) requires a reduction
24 in a different amount, the final verdict or judgment shall be reduced
25 by an amount as provided by Other Governing Law;

26 5. An Agreement Regarding Disbursement of Attorneys’ Fees,
27 attached as Exhibit F to the Settlement Agreement, establishes an
28

1 Attorneys' Fund in the amount of \$2,070,000 to compensate the
2 attorneys who represented the Party Investors and the Receiver,
3 subject to Court approval of the Attorneys' Fee Motion [Dkt. No.
4 944]. The Receiver, JOLs, and Kroll do not object to the Attorneys'
5 Fee Motion; and,

- 6 6. The Receiver will disseminate notice of the Settlement Agreement
7 as set forth in the Preliminary Approval Order entered in the SEC
8 Action (Dkt. No. [962]), including via this Notice to all Interested
9 Parties⁷ and the applicable Opt-out Notice to all Investors (through
10 one or more of the following: first class mail, email, or international
11 delivery) and provide Publication Notice.

12
13 PLEASE TAKE FURTHER NOTICE that the Court in the SEC Action
14 will hold a hearing to decide whether to approve the Settlement Agreement and
15 enter the Final Approval Order (the "Final Approval Hearing"). The Final
16 Approval Hearing is set for November 4, 2024, at 1:30 p.m. Pacific.

17 Any Person who wishes to object to the terms of the Settlement Agreement
18 or the Final Approval Order, or who wishes to appear at the Final Approval
19 Hearing, must e-mail a written objection to TeamDLI@stretto.com no later than
20 October 14, 2024.

21 All objections must:

- 22 1. contain the name, address, telephone number, and (if applicable) an
23 e-mail address of the Person filing the objection;

24
25
26 ⁷ Interested Parties means, collectively, all parties to the SEC Action, all known
27 creditors, all known Investors of DLI Entities, all Claimants, and, to the extent
28 not already included in the foregoing, Opus Fund Services (USA) LLC, Opus
Fund Services (Bermuda) Ltd., EisnerAmper, LLP, and Deloitte & Touche LLP.

2. contain the name, address, telephone number, and e-mail address of any attorney representing the Person filing the objection;
3. be signed by the Person filing the objection, or his or her attorney;
4. state, in detail, the basis for any objection;
5. attach any document the Court should consider in ruling on the Settlement Agreement and the Final Approval Order; and
6. if the Person filing the objection wishes to appear at the Final Approval Hearing, make a request to do so.

Any Person submitting an objection shall be deemed to have submitted to the jurisdiction of this Court for all purposes of that objection, the Settlement Agreement, and the Final Approval Order. Potential objectors who do not present opposition by the time and in the manner set forth above shall be deemed to have waived the right to object (including any right to appeal) and shall be forever barred from raising such objections in this action or any other action or proceeding. Persons do not need to appear at the Final Approval Hearing or take any other action to indicate their approval. The Court may decline to permit anyone who fails to submit a written objection and request to appear at the Final Approval Hearing as set forth in subparts (1) through (6) immediately above from appearing at the Final Approval Hearing. The Court will exercise discretion as to whether it wishes to hear from any person or entity who fails to make a timely written objection and request to appear.

Any Investor who wishes to be excluded from the Settlement (or opt out) must send a written letter request for exclusion from the Settlement by e-mail to TeamDLI@stretto.com, no later than October 14, 2024, and the written letter must:

1. contain the name, address, telephone number, and (if applicable) an email address of the Person filing the objection; and,

1 2. be signed by the Investor who wishes to be excluded from the
2 Settlement.

3
4 **For more information**, copies of the Settlement Agreement, the Motion,
5 and other supporting papers may be obtained from the Court’s docket in the SEC
6 Action [Dkt. No. 942] and are also available on the website of the Receiver
7 (<http://case.stretto.com/dli>). Copies of these documents may also be requested by
8 email, by sending the request to TeamDLI@stretto.com or by telephone, by
9 calling the Stretto Administrator at 855-885-1564. Unless otherwise specified, all
10 capitalized terms not defined herein are defined in the Settlement Agreement.

11
12

13 DATED: August 19, 2024 RAINES FELDMAN LITTRELL LLP

14 By: /s/ Kathy Bazoian Phelps
15 Kathy Bazoian Phelps
16 Counsel for Bradley D. Sharp
17 Permanent Receiver

18
19
20
21
22
23
24
25
26
27