EVE H. KARASIK (SBN 155356)
LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.
10250 Constellation Boulevard, Suite 1700
Los Angeles, CA 90067
Telephone: (310) 229-1234
Facsimile: (310) 229-1244
Email: EHK@lnbyb.com
Bankruptcy Counsel for the J.T. Thorpe Settlement Trust

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re J.T. THORPE, INC., a California corporation; J.T. THORPE, INC., a dissolved California corporation; Debtors.	Chapter 11 Case Nos. LA-02-14216-BB & LA-04-35876-BB (Jointly Administered Under Case No. LA-02-14216-BB) **ELEVENTH ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT** **<u>Hearing</u>**: Date: June 7, 2017 Time: 2:00 p.m. Place: Courtroom 1539 255 East Temple Street Los Angeles, CA 90012

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE AND OTHER PARTIES IN INTEREST:

The Trustees of the J.T. Thorpe Settlement Trust by and through their counsel, Levene, Neale, Bender, Yoo & Brill, hereby file the Eleventh Annual Report and Accounting, Audited Financial Statements, and Claim Report.

Dated: April 26, 2017

Respectfully submitted,

/s/ Eve H. Karasik

EVE H. KARASIK
LEVENE, NEALE, BENDER,
YOO & BRILL L.L.P.
Email: EHK@lnbyb.com
Bankruptcy Counsel for the J.T. Thorpe
Settlement Trust

ELEVENTH ANNUAL REPORT AND ACCOUNTING

OF J.T. THORPE SETTLEMENT TRUST

The Trustees of the J.T. Thorpe Settlement Trust ("Trust") hereby submit this Eleventh Annual Report and Accounting ("Annual Report") covering Trust activities that occurred during the period from January 1, 2016 to and including December 31, 2016 ("Accounting Period"), and certain activities of the Trust that took place outside of the Accounting Period. This Annual Report is submitted to the U.S. Bankruptcy Court for the Central District of California, Los Angeles Division, *In re J.T. Thorpe, Inc., a California corporation*; *J.T. Thorpe, a dissolved California corporation*; *Thorpe Holding Company, a California corporation*; and *Thorpe Technologies, Inc., a California corporation*, Case Nos. LA 02-14216-BB; LA 04-35876-BB; LA 04-35877-BB; LA 04-35847-BB, Jointly Administered Under Case No. LA 02-14216-BB, in accordance with the *First Amended Joint Plan of Reorganization* [Docket No. 472] (the "Plan"); *Order Confirming First Amended Joint Plan of Reorganization Dated August 5, 2005, and Granting Related Relief* [Docket No. 1455] ("Confirmation Order"); and the Trust Agreement, Bylaws, Trust Distribution Procedures, and Case Valuation Matrix, as amended from time to time, established pursuant to the Plan,[1] and pursuant to the laws of the state of Nevada, where the Trust is organized and where it resides. The Trust Agreement states in Section 7.11 that the Trust is governed by Nevada law. Section 164.015 of the Nevada Revised Statutes allows the Trust to render an accounting and seek approval for its past actions. The factual statements in this Annual Report are supported by the Declaration of Sara Beth Brown, Executive Director, in Support of Motion to Approve and Settle J.T. Thorpe Settlement Trust's Eleventh Annual Report and Accounting, Audited Financial Statements, and Claim Report as described in paragraphs 6, 7, and 8, *infra*. Capitalized terms not defined herein are defined in the Glossary of Terms for the Plan Documents. This Court has approved each Annual Report beginning in 2007.

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[1] The Appendix [Docket Nos. 1755-2 through 1755-4] includes the Plan; Order Confirming the Plan; Eighth Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Agreement (the "Trust Agreement"); Third Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Bylaws ("Trust Bylaws"); Second Amendment to and Complete Restatement of J.T. Thorpe Case Valuation Matrix (the "Matrix"); Second Amendment to and Complete Restatement of Trust Distribution Procedures ("TDP"); other controlling documents approved by this Court; and other documents as indicated.

1. Effective Date: In compliance with Sections 4.1 and 7.2 of the Plan, and the Glossary of Terms for the Plan Documents, the Effective Date of the Trust is June 29, 2006.

2. Appointment of Trustees: In its March 23, 2006 Order Granting Plan Proponents' Motion for Approval of Appointment of Trustee for the J.T. Thorpe Settlement Trust, this Court approved the appointment of Mr. Stephen M. Snyder as the sole Trustee of the Trust.

As initially described in the Trust's Fourth Annual Report, on April 19, 2007, the number of Trustees was increased to three (3) by the Futures Representative and the Trust Advisory Committee effective on the first anniversary of the Effective Date of the Trust.

Mr. Snyder was designated as the Managing Trustee on July 24, 2007, and has acted in that capacity since that time. Dr. Sandra R. Hernandez and Mr. John F. Luikart have acted as Trustees of the Trust since June 29, 2007.

3. Appointment of Trust Advisory Committee: In the Order Confirming the Plan, this Court approved the appointment of Alan Brayton, Steven Kazan, and David Rosen as the initial members of the TAC. Mr. Brayton has served as Chair of the TAC and Mr. Kazan continued to serve as a member of the TAC since the Effective Date of the Trust. As described in the Trust's Tenth Annual Report, Mr. Rosen resigned in January 2016 and pursuant to Section 6.4 of the Trust Agreement, Patrick A. DeBlase was nominated by the remaining members of the TAC to succeed Mr. Rosen as a member of the TAC. This Court approved Mr. DeBlase as a member of the TAC on June 10, 2016.

4. Appointment and Continuation of Futures Representative: The Honorable Charles B. Renfrew, retired, was appointed as the Futures Representative in the J.T. Thorpe Reorganization Cases on December 2, 2002, and his continued appointment as the Futures Representative of the Trust was approved by this Court in the Confirmation Order. Judge Renfrew has served as the Trusts' Future Representative since the Effective Date of the Trust.

5. Fiscal Year and Tax Obligations: The Trust is required by the Internal Revenue Code to account for and report on its activities for tax purposes on a calendar-year basis. Therefore, the Trust's fiscal year is the calendar year. Except where otherwise stated, all reports attached to this Annual Report cover the Accounting Period. Section 2.2(b) of the Trust Agreement requires the

Trustees to file income tax and other returns and statements in a timely manner, and to comply with all withholding obligations as legally required, including fulfilling requirements to maintain its status as a Qualified Settlement Fund. The 2015 federal tax return was filed by its extended due date of September 15, 2016 and the 2016 federal tax return will be filed by its extended due date of September 15, 2017. The Trust resides in Nevada, and Nevada has no state income tax. Although the Trust is not subject to tax in California, the Trustees file a tax return in California each year, attaching a copy of the Trust's federal tax return, but showing no California taxable income or state tax liability.

6. Annual Report: Section 2.2(c)(i) of the Trust Agreement provides in pertinent part:

> The Trustees shall cause to be prepared and filed with the Bankruptcy Court . . . an annual report containing financial statements of the Trust (including, without limitation, a statement of the net claimants' equity of the Trust as of the end of such fiscal year and a statement of changes in net claimants' equity for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the equity presently available to current and future claimants and as to the conformity of the financial statements with the following special-purpose accounting methods which differ from accounting principles generally accepted in the United States.

The Trust's financial statements are prepared using special-purpose accounting methods that depart from Generally Accepted Accounting Principles (GAAP) in certain respects in order to better disclose the amount and changes in net claimants' equity.

7. Financial Report: In accordance with the requirements of Section 2.2(c)(i) of the Trust Agreement, the Trust has caused its financial statements to be audited by Grant Thornton LLP, the independent certified public accountants retained by the Trust to perform the annual audit of its financial statements. The Trust's audited financial statements ("Audited Financial Statements") are attached hereto as Exhibit "A". These include a Statement of Net Claimants' Equity, a Statement of Changes in Net Claimants' Equity, a Statement of Cash Flows and explanatory Notes. The Statement of Net Claimants' Equity, which is the equivalent of a corporate balance sheet, reflects total assets of the Trust at market value and on the other comprehensive basis of accounting adopted by the Trust. These Audited Financial Statements show, among other things, that as of December 31

2016, total Trust assets were $141,355,354, total liabilities were $8,114,818 and Net Claimants' Equity was $133,240,536.

8. Claim Report: Section 2.2(c)(ii) of the Trust Agreement provides that along with the Audited Financial Statements, the Trust shall file with the Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The J.T. Thorpe Settlement Trust Claim Report As of December 31, 2016 ("Claim Report") is attached hereto as Exhibit "B". During the Accounting Period, the Trust received 562 claims, paid 239 claims, and made settlement offers on 268 claims. Since the Trust received its first Trust Claim[2] on October 24, 2006, the Trust has received 8,160 Trust Claims, paid 4,502 Trust Claims, and 2,525 Trust Claims have been withdrawn.[3]

Section 5.4 of the TDP provides that "as soon as practicable after the Effective Date, the Trust shall pay all Trust Claims that were liquidated by (i) a written settlement agreement entered into prior to the Petition Date for the particular claim, or (ii) the pre-confirmation claims liquidation process." The vast majority of the 1,474 Trust claims identified in this Court's January 27, 2006, Order Liquidating Asbestos Related Claims (hereafter "PCLP Claims") were paid in 2006. To date, eleven (11) PCLP Claims have been withdrawn by their respective law firms. During the Accounting Period, one (1) PCLP Claim was paid in January of 2016 in the total amount of $615.95. The Trust has not yet received proper release documents for twenty-one (21) remaining unpaid PCLP Claims in the amount of $76,960.

9. Public Inspection: In compliance with Section 2.2(c) of the Trust Agreement, the Annual Report, including the Audited Financial Statements and Claim Report, has been sent to the Futures Representative, the TAC, the Debtors, and the Office of the United States Trustee with responsibility for the Central District of California, and has been filed with the United States Bankruptcy Court for the Central District of California. Accordingly, the Annual Report and all attached and related documents have been made available for inspection by the public in accordance with procedures established by the Court.

[2] "Trust Claims" are any claims submitted to the Trust after the Effective Date.
[3] "Withdrawn Claims" include claims which are not qualified and/or claims with deficiencies that have not been cured beyond a certain time period, and/or claims that have remained on hold beyond a certain time period.

10. Trustees' Meetings: Article II, Section 4 of the Trust Bylaws provides that the Trustees shall meet in Nevada, or a state other than California, at least four times a year, as close as practicable on a quarterly basis. The Trustees held five (5) meetings during the Accounting Period (February 18-19, 2016, March 18, 2016, April 14, 2016, September 23, 2016, and November 17-18, 2016). The February, April, September and November meetings were held in Nevada, and the March meeting was held in Arizona.

11. Arbitrations: During the Accounting Period, no arbitrations were held pursuant to Section 5.9 of the Trust Distribution Procedures.

12. Payment Percentage: Section 4.2 of the TDP provides that, commencing on the first day of January, after the Plan has been consummated and no less frequently than once every three years thereafter or at any time if requested to do so by the TAC or Futures Representative, the Trustees shall reconsider the Payment Percentage to assure that it is based on accurate current information and may, after such reconsideration, change the Payment Percentage if necessary with the consent of the TAC and Futures Representative. As initially described in the Trust's Fourth Annual Report, the Payment Percentage was temporarily decreased from 50% to 40% effective December 1, 2008 pursuant to the guidelines of Sections 2.3 and 4.2 of the TDP. At the November 18, 2010 meeting, the Payment Percentage was reviewed and adjusted to 45%. The Payment Percentage continued to remain at 45% after it was reviewed on February 7, 2013 and again on September 23, 2014. As described in the Trust’s Tenth Annual Report, on March 18, 2016 and April 14, 2016, an updated forecast was reviewed and at the April 14, 2016 meeting, it was decided that the Payment Percentage should remain at 45%.

13. Maximum Annual Payment: Section 2.4 of the TDP requires that the Trust calculate an annual payment limit for claims ("Maximum Annual Payment") based upon a model of the amount of cash flow anticipated to be necessary over the entire life of the Trust to ensure that funds will be available to treat all present and future claimants as similarly as possible. As described in the Trust’s Tenth Annual Report, based upon the updated forecast adopted at the April 14, 2016 meeting, the amount of excess funds carried over from prior years was set to zero and the 2016 Maximum Annual Payment was reset to $15,300,000. At the November 17, 2016 meeting, the

Maximum Annual Payment for 2017 was set at $17,000,000, plus the amount of excess funds carried over as of December 31, 2016, which Section 2.5 of the TDP requires to be rolled over and remain dedicated to the respective "Disease Category" (as such term is defined in the TDP) to which they were originally allocated.

14. Inflation Adjustment: The original Payment Percentage approved by this Court was based upon projections of future claims payments adjusted annually for inflation. Beginning in 2008, all claims payments made during a calendar year include a cost of living adjustment based upon the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W) announced in January each year. At the November 17, 2016 meeting, the CPI-W to be published in January 2017 was approved for use by the Trust in making the 2017 cost of living adjustment for claims payments. The CPI-W of 2.0% was issued on January 18, 2017 and all inflation adjustments are cumulative. Consequently, all claims payments made during the 2017 calendar year will have a cumulative inflation rate of 19.41% added to the payment amount.

15. Budget and Cash Flow Projections: Section 2.2(d) of the Trust Agreement requires the Trust to prepare a budget and cash flow projections prior to the commencement of each fiscal year covering such fiscal year and the succeeding four fiscal years. The Trustees approved the 2017 budget and the required four-year budget and cash flow projections on November 18, 2016. Pursuant to the Trust Agreement, these were provided to the TAC and Futures Representative. The budget for operating expenses, including investment fees, in 2017 totals $1,864,762.[4]

16. Trust Facilities and Services Sharing Agreement with Western Asbestos Settlement Trust: As initially described in the Trust's First Annual Report, the Trust and Western Asbestos Settlement Trust ("Western Trust") entered into a Trust Facilities and Services Sharing Agreement. The Trust agreed to pay a negotiated monthly amount. Such arrangement was approved by this Court in the order approving the Trust's First Annual Report. As described in the Trust’s Tenth Annual Report, pursuant to the annual reconciliation of fees presented on February 18, 2016, the Trust and the Western Trust agreed that the advance payments shall be $37,000 per month for 2016.

[4] This figure excludes claimant payments budgeted for $17,000,000, extraordinary legal fees budgeted for $180,000, and income tax payments budgeted for $1,750,000.

Pursuant to an interim reconciliation of fees presented on September 23, 2016, the Trust and the Western Trust revised the advance payments to $35,000 per month as of July 1, 2016. Pursuant to the annual reconciliation of fees presented on March 16, 2017, the Trust and the Western Trust agreed that the advance payments shall be $38,000 per month for 2017. The total amount paid by the Trust to the Western Trust, after accounts were reconciled for 2016, was $426,116.

17. Settlement Fund: The Settlement Fund was established at Wells Fargo Bank, N.A., to pay valid claims.

18. Operating Fund: The Operating Fund was established at Wells Fargo Bank, N.A. as described in the Trust's Annual Reports. During the Accounting Period, transfers were made from the Settlement Fund to the Operating Fund to pay anticipated operating expenses of the Trust.

19. Indemnity Fund (Self-Insured Retention): Section 4.6 of the Trust Agreement provides that the Trust shall indemnify the Trustees, the Trust's officers and employees, the Futures Representative, the TAC and each of their respective agents. The Trustees, the Futures Representative, the TAC and their respective agents have a first priority lien upon the Trust's assets to secure the payment of any amounts payable to them pursuant to Section 4.6.

In addition to the first priority lien on all the Trust's assets, in 2006, the Trust established an indemnity fund in the amount of $5,000,000, as described in the Trust's Annual Reports. All interest earned by the fund is returned to the Trust quarterly. During the Accounting Period, no claims were made against the fund and no money was paid from the fund.

20. Legal Dispute: As described in the Trust's Ninth Annual Report, on January 23, 2014, the Trustees entered into an agreement with the Mandelbrot Law Firm and its principal, Michael J. Mandelbrot (herein "Mandelbrot"), requiring that Mandelbrot transfer all its pending claims to other counsel and cease "immediately" further claims-filing activity with the Trust. This agreement was made on the record during the bench trial of this Trust's and the Thorpe Insulation Settlement Trust's adversary proceedings against Mandelbrot. The terms of the agreement and settlement were read in to the record and agreed to by all parties, including Mandelbrot.

After making the stipulation, however, Mandelbrot's trial counsel was substituted out as counsel and Mandelbrot disavowed the agreement and unsuccessfully challenged its validity. After further hearings, this Court entered the Order Granting Motion To Enforce January 23, 2014 Stipulated Agreement [Docket No. 232] ("Enforcement Order") and Order Following Trial On Adversary Complaints And Motion For Instructions [Docket No. 233] ("Order After Trial"). All of this was reduced to a Judgment, entered on April 7, 2014, resolving the adversary proceedings [Docket No. 234] ("Judgment and Order"). This Court issued its Findings of Fact and Conclusions of Law supporting its Order after Trial [Docket No. 235] on April 9, 2014.

Mandelbrot filed a Motion to Stay Enforcement of the Judgment and Order Following Trial. On May 27, 2014, this Court heard and denied Mandelbrot's motion to stay enforcement of the Judgment and Order. Thereafter, in early June 2014, Mandelbrot appealed the Judgment and Order and filed a motion to stay enforcement of the Judgment and Order pending appeal before the Honorable Virginia A. Phillips of the United States District Court for the Central District of California, who had been assigned to hear Mandelbrot's appeal of the Judgment and Order. Prior to the hearing on the motion, which was scheduled for July 7, 2014, Judge Phillips denied Mandelbrot's motion on the grounds that Mandelbrot had failed to meet the burden of establishing an abuse of discretion by the Bankruptcy Court in denying the requested stay.

Thereafter, on June 18, 2014, and pursuant to a briefing schedule established by the United States District Court, Mandelbrot filed a District Court brief. Briefing on Mandelbrot's appeal was completed on July 15, 2014, and on September 3, 2015, Judge Phillips affirmed the Bankruptcy Court's Judgment and Order. On September 17, 2015, Mandelbrot filed a notice of appeal with the United States Court of Appeals for the Ninth Circuit. Mandelbrot filed an opening brief in late January 2016 and the Trusts filed their responsive brief on February 26, 2016. Mandelbrot filed a reply brief on April 7, 2016. Oral arguments were heard on February 17, 2017 and the Trust is awaiting the Ninth Circuit's decision.

As a result of the stipulation, and consistent with its terms, the Trust is not accepting claims from Mandelbrot and all claims previously submitted by Mandelbrot have been transferred to new counsel. The Trust believes it is obligated to advise claims filers that Mandelbrot is not permitted to file claims with the Trust and on March 6, 2015, posted such a notification on its Web site. However, the Trust has been informed that Mandelbrot's Web site has continued to publish allegations of Trust fiduciary misconduct similar in tone to those adjudicated before this Court and to include the Trust in lists of asbestos trusts with which Mandelbrot files claims despite the Judgment and Order precluding Mandelbrot from filing claims with the Trust.

Mr. Mandelbrot has repeated previously posted allegations against the Trust and personnel involved with the Trust regarding fraud, corruption, bias and preferential treatment. He continues to claim that Trust personnel favor one claimants' law firm over other firms and that certain law firms that submit claims have caused the Trust to remove asbestos exposure sites from the Trust's site list, or to create site lists that do not include allegedly known sites where the debtor used asbestos-containing materials, so that those law firms' clients would receive preferential treatment. The accusations are similar in form and content to previously investigated accusations from Mr. Mandelbrot's blog. The Trust investigated these renewed allegations through outside counsel, who reached the same conclusion as had been reached in years past -- that the allegations are meritless. The Futures Representative and Trust Advisory Committee have been notified of the allegations, the investigation and the conclusion and are satisfied that the Trust's investigation was appropriate and concur in the conclusions.

Most recently, Mr. Mandelbrot provided notice to a lawyer in the office of a member of a Trust Advisory Committee of similar allegations (see 3 and 5 below). Mr. Mandelbrot claimed that there was reliable and verifiable information of trust fraud and misappropriation of funds by Alan Brayton and numerous other trust Fiduciaries received from a former employee (receptionist) of the Western Asbestos Settlement Trust. The allegations were:

1) Trust Funds were used to pay the catering bill at the wedding of the Chairman of the Trust Advisory Committee Alan Brayton. 2) Trust Funds were used to pay all Trust staff expenses, including travel and hotel to attend the wedding of Alan Brayton. 3) Beneficiaries who are represented by Alan Brayton are given favorable treatment by the Trust, including expedited review of claims and payment. 4) Trust Funds were used to pay for lavish quarterly meetings in Las Vegas, including all employee expenses. 5) Beneficiary claims represented by law firms other than Brayton have 'unfavorable' claim reviews designed to delay claims. 6) The Western Trust employee was terminated in retaliation for her complaints of Trust misappropriation of funds.

In addition, Mr. Mandelbrot reported that the former Western Trust employee stated to Mr. Christopher Andreas "I know all about the case against Mandelbrot, he should have won that case, his lawyer just deposed the wrong people at the Trust (who lied…)". The Trust investigated internally and retained outside counsel to investigate these allegations. The investigation found that: (a) no Trust funds were used to pay the catering bill for Alan Brayton's wedding; (b) there was no preferential treatment or unfavorable claim reviews designed to delay claims for other law firms; (c) there was no evidence of an employee lying in connection with Mr. Mandelbrot's litigation described above; and (d) there was no evidence of another employee who Mr. Mandelbrot should have deposed. The investigation found that the Trust did have some Trust meetings in Henderson, Nevada near Las Vegas and some *de minimis* mileage reimbursement and a business dinner around the Brayton wedding. The Trustees evaluated the challenged expenditures and concluded that they were *de minimis* or reasonable in amount, prudent under the then existing circumstances and appropriate for the proper management and administration of the Trust. The Trust reported the allegations regarding expenditures of Trust funds to the Trust's auditors. The auditors did not note any improper expenditure of Trust funds. The Trust reached the same conclusion that had been reached in past years with similar allegations—that the allegations are without merit. The results of the investigations were reported to the Trustees and they in turn reported the allegations, investigation and conclusions to the TAC and the Futures Representative, who are satisfied that the Trust's investigation was appropriate and concur in the conclusions.

These investigations laid to rest claims Mr. Mandelbrot made in defense of the Trust's adversary proceedings.

21. Amendments to the Trust Documents: The Trust Documents were not amended during the Accounting Period.

22. Notifications to Beneficiaries: During the Accounting Period and, additionally, from January 1, 2017 to and including April 19, 2017, the following notifications were placed on the Trust's Web site:

a. Notice of timing of requests for consideration at Trustees' meetings (posted March 4, 2016); and

b. Notice of hearing on the Trust's Tenth Annual Report and Accounting (posted April 28, 2016).

23. Scenario Planning: In the spring of 2016, the Trustees instructed the Trust's Executive Director to conduct preliminary research and present information to them concerning scenario planning. The Trustees reviewed the research and asked the Executive Director to do further research on scenario planning and find candidates to manage the process, and advise the Trustees. The Trust staff created an RFP and subsequently interviewed three candidates. The Trustees interviewed two of those and the expert was retained. The first working meeting was held in October of 2016. The expert also made presentations at the Trustees' meeting in November. A subsequent meeting was held in January 2017. Further work was presented and discussed at the March 17, 2017 meeting. The purpose of scenario planning is to prepare for the eventual reduction in the Trust's corpus while managing those resources pursuant to Section 524(g) of the Bankruptcy Code and also to be prepared for an unforeseen event that cripples the Trust's ability to comply with its objectives.

24. Filing Fee: Pursuant to Section 6.5 of the TDP, the filing fee was reviewed at the September 23, 2016 meeting and there were no recommended changes to the existing $250 fee during the Accounting Period or as of the date hereof.

25. Trustee's Compensation: Section 4.5(c) of the Trust Agreement requires the Trust to report the amounts paid to the Trustees for compensation and expenses. During the Accounting Period, the Trustees each received per annum compensation in the amount of $20,160 paid in quarterly installments. The total paid to all Trustees for hourly compensation and for reimbursement of expenses was $90,875 and $2,589, respectively.

26. Significant Vendors: Although the Trust has many vendors, those who were paid more than $100,000 during the Accounting Period are listed alphabetically below:

a. Fergus, a Law Office: Counsel to the Honorable Charles Renfrew, Futures Representative;

b. Western Asbestos Settlement Trust for shared services pursuant to the Trust Facilities Services Sharing Agreement, as described in paragraph 16, *supra*; and

c. Westwood Management Corporation: One of six investment managers for the Trust described in paragraph 27, *infra*.

27. Trust Investment Management: Article 3 of the Trust Agreement authorizes the Trust to administer the investment of funds in the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs, subject to certain limitations. The Trust closely monitors any market volatility with its investment advisors and continues to be in compliance with its Investment Policy Statement. Callan Associates, Inc. continued to assist the Trust during the Accounting Period as its manager of investment managers. Eagle Capital Management, Harding Loevner, LP, Segall Bryant & Hamill, Standish Mellon Asset Management, State Street Global Advisors, and Westwood Management Corporation have continued to act as the Trust's investment managers.

Additionally, the Trust's Investment Policy Statement was amended on February 18, 2016 and is included in the Appendix. The Trust's Investment Policy Statement was also amended on November 17, 2016 and a copy of which is attached hereto as Exhibit "C".

***

The Trustees submit that the Annual Report and attached exhibits demonstrate the Trust acted prudently and expeditiously in executing its legal obligations during the Accounting Period and up to and including the date hereof. The Trust conscientiously worked to execute equitable claims procedures and process Trust Claims with due diligence during the Accounting Period and up to and including the date hereof. Moreover, the Trust worked with its accountants and financial advisors to preserve and grow Trust assets in order to fulfill the purpose of the Trust – paying valid asbestos claims. In doing so, the Trust carefully complied with all Plan documents and the mandates of this Court.

EXHIBIT “A”

Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

J. T. Thorpe Settlement Trust

December 31, 2016 and 2015

Contents

GrantThornton

Grant Thornton LLP
100 W Liberty Street, Suite 770
Reno, NV 89501-1965

T 775.786.1520
F 775.786.7091
www.GrantThornton.com

Report of Independent Certified Public Accountants

Trustees
J.T. Thorpe Settlement Trust

We have audited the accompanying financial statements of J.T. Thorpe Settlement Trust, ("the Trust"), which comprise the statements of net claimants' equity as of December 31, 2016 and 2015, and the related statements of changes in net claimants' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Trust's other basis of accounting. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net claimants' equity of J.T. Thorpe Settlement Trust as of December 31, 2016 and 2015, and the changes in net claimants' equity and cash flows for the years then ended in accordance with the Trust's other basis of accounting.

Emphasis of matter

We draw attention to Note A.2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the Trust's other basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenses for the years ended December 31, 2016 and 2015, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Restriction on use

Our report is intended solely for the information and use of the management of the Trust and Trustees, the beneficiaries of the Trust, the Future Representative, the Future Counsel, the members of the Trust Advisory Committee, and the United States Bankruptcy Court for the Central District of California, Los Angles Division and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Reno, Nevada
April 20, 2017

J. T. Thorpe Settlement Trust

STATEMENTS OF NET CLAIMANTS' EQUITY

December 31,

	2016	2015
ASSETS		
Cash, cash equivalents and investments		
Available-for-sale		
Restricted	$ 5,000,000	$ 5,000,000
Unrestricted	135,113,560	139,073,224
Total cash, cash equivalents and investments	140,113,560	144,073,224
Accrued interest and dividend receivables	915,169	961,575
Prepaid federal income tax	326,625	1,687,302
Total assets	$ 141,355,354	$ 146,722,101
LIABILITIES		
Accrued expenses	$ 157,160	$ 184,447
Claim processing deposits	253,500	223,000
Unpaid claims (Note D)		
Outstanding offers	1,316,198	1,133,661
Pre-confirmation liquidated claims	76,960	76,068
Deferred tax liability	5,855,000	5,625,000
Facility and staff sharing agreement payable	456,000	444,000
Total liabilities	$ 8,114,818	$ 7,686,176
NET CLAIMANTS' EQUITY	$ 133,240,536	$ 139,035,925

The accompanying notes are an integral part of these statements.

J. T. Thorpe Settlement Trust

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

For the years ended December 31,

	2016	2015
Net claimants' equity, beginning of year	$ 139,035,925	$ 142,227,212
Additions to net claimants' equity		
Investment income	2,940,524	3,282,814
Filing fee income	11,250	74,250
Net decrease in outstanding claim offers	-	812,269
Net realized and unrealized gains on available-for-sale securities	1,754,702	-
Benefit for income taxes, deferred	-	3,622,000
Total additions	4,706,476	7,791,333
Deductions from net claimants' equity		
Operating expenses	1,734,469	1,828,177
Provision for income taxes, current	360,677	3,530,128
Provision for income taxes, deferred	230,000	-
Net increase in facility sharing	12,000	48,000
Claims settled	7,981,290	5,368,081
Net increase in outstanding claim offers	183,429	-
Net realized and unrealized losses on available-for-sale securities	-	208,234
Total deductions	10,501,865	10,982,620
Net claimants' equity, end of year	$ 133,240,536	$ 139,035,925

The accompanying notes are an integral part of these statements.

J. T. Thorpe Settlement Trust

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2016	2015
Cash inflows:		
Investment income receipts	$ 2,998,180	$ 3,438,700
Net realized gain on available-for-sale securities	1,245,909	8,829,577
Increase in claim processing deposits	30,500	-
Federal tax refunds	1,000,000	-
Total cash inflows	5,274,589	12,268,277
Cash outflows:		
Claim payments made	7,981,290	5,368,081
Decrease in claim processing deposits	-	42,000
Disbursements for Trust operating expenses	1,761,756	1,802,980
Disbursements for Trust income taxes	-	4,900,000
Total cash outflows	9,743,046	12,113,061
Net cash inflows (outflows)	(4,468,457)	155,216
Non-cash changes:		
Net unrealized gains (losses) on available-for-sale securities	508,793	(9,037,811)
NET DECREASE IN CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE	(3,959,664)	(8,882,595)
Cash, cash equivalents and investments available-for-sale, beginning of year	144,073,224	152,955,819
Cash, cash equivalents and investments available-for-sale, end of year	$ 140,113,560	$ 144,073,224

The accompanying notes are an integral part of these statements.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Description of Trust

The J. T. Thorpe Settlement Trust (the Trust), organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada, was established pursuant to the J. T. Thorpe, Inc. (J. T. Thorpe), Dissolved J. T. Thorpe, Inc. (Dissolved Thorpe), Thorpe Technologies, Inc., and Thorpe Holding Company, Inc., (collectively the Debtors), First Amended Joint Plan of Reorganization (the Plan), dated August 5, 2005. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions for which the Debtors' are legally responsible; liquidate, resolve, pay and satisfy all valid asbestos-related claims in accordance with the Plan; preserve, hold, manage and maximize the Trust assets for use in paying and satisfying allowed asbestos-related claims; prosecute, settle and manage the disposition of the asbestos in-place insurance coverage; and prosecute, settle and manage asbestos insurance coverage actions. Upon approval of the Plan, the Trust assumed liability for existing and future asbestos health claims against the Debtors. The Trust was created effective June 29, 2006.

The Trust was initially funded with insurance settlement proceeds, Dissolved Thorpe securities, cash and a note receivable. Since the Trust's creation, the note receivable has been collected. The Trust's funding is dedicated solely to the settlement of asbestos health claims and the related costs thereto, as defined in the Plan.

The Trust processes and pays all asbestos-related claims in accordance with the J. T. Thorpe Settlement Trust Agreement, as amended and restated, the Case Valuation Matrix, as amended and restated, (Matrix) and Trust Distribution Procedures, as amended and restated, (TDP) (collectively, the Trust Documents).

2. Special-Purpose Accounting Methods

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States. The special-purpose accounting methods were adopted in order to present the amount of equity available for payment of current and future claims. These special-purpose accounting methods are as follows:

- The financial statements are prepared using the accrual basis of accounting, as modified below.
- The funding received from J. T. Thorpe, Dissolved Thorpe, Thorpe Technologies, Inc., Thorpe Holding Company, Inc. and their insurers is recorded directly to net claimants' equity. These funds do not represent income of the Trust. Offers for asbestos health claims are reported as deductions from net claimants' equity and do not represent expenses of the Trust.
- Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed when incurred. These costs include acquisition costs of computer hardware, software and software development.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. Special-Purpose Accounting Methods - Continued

- Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net claimants' equity. Accordingly, the future minimum commitments outstanding at period end for non-cancelable obligations have been recorded as deductions from net claimants' equity.
- The liability for unpaid claims reflected in the statement of net claimants' equity represents settled but unpaid claims and outstanding offers. A claims liability is recorded once an offer is made to the claimant at the amount equal to the expected pro rata payment. No liability is recorded for future claim filings and filed claims on which no offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.
- Available-for-sale securities are recorded at fair value. All interest and dividend income on available-for-sale securities is included in investment income on the statement of changes in net claimants' equity. Net realized and unrealized gains and losses on available-for-sale securities are recorded as a separate component on the statement of changes in net claimants' equity.
- Realized gains and losses on available-for-sale securities are recorded based on the security's amortized cost. At the time a security is sold, all previously recorded unrealized gains and losses are reversed and recorded net, as a component of other unrealized gains and losses in the accompanying statement of changes in net claimants' equity.

3. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts and cash invested in money market funds.

4. Investments

Fair value measurements are determined through the use of an independent, nationally recognized pricing service. For securities that have quoted prices in active markets, market quotations are provided. For securities that do not trade on a daily basis, the pricing service provides fair value estimates using a variety of inputs including, but not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, bids, offers, reference data, prepayment spreads and measures of volatility. The Trust reviews on an ongoing basis the reasonableness of the methodologies used by the pricing service, as well as determines the aggregate portfolio price performance and reviews it against applicable indices.

5. Deposits

Claims processing deposits represent filing fees collected for each unliquidated claim, which fees are refunded by the Trust if the claim is paid.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Use of Estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates.

7. Concentration of Risk

Financial instruments that potentially subject the Trust to concentrations of risk consist of cash, cash equivalents and investments. Cash equivalents consist of money market accounts. Cash equivalents and demand deposits are in excess of Federal Deposit Insurance Corporation limits.

The Trust utilizes risk controls to meet investment objectives authorized by its Trustees. Such risk controls include the use of outside investment advisors meeting predetermined criteria, and third-party quantitative and qualitative risk measurement evaluation tools. The Trust believes its risk control practices are appropriate to meet investment objectives.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

8. Income Taxes

The Trust's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2016, the Trust did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor did it incur any interest and penalties expense with any unrecognized tax benefits for the year then ended. The Trust is unaware of information concerning any tax positions for which a material change in the unrecognized tax benefit or liability is reasonably possible within the next twelve months. The Trust files income tax returns in the United States. Although the Trust owes no tax to the State of California, it files an annual tax return in California reporting no taxable income or tax owed. The Trust is no longer subject to United States federal tax examinations for years before 2013 and state examinations before 2012.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Trust has classified its investments as available-for-sale, and recorded the securities at estimated fair value, as follows:

	December 31, 2016	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 165,400	$ 165,400
U.S. Government obligations	2,088,740	2,068,017
Municipal bonds	176,794	168,335
Asset backed securities	231,557	229,593
Corporate debt	2,393,075	2,368,655
Total restricted	5,055,566	5,000,000
Unrestricted		
Cash demand deposits	1,007,224	1,007,224
Cash equivalents	9,561,596	9,561,596
Equity securities	28,569,139	43,129,388
U.S. Government obligations	15,932,494	15,912,377
Municipal bonds	56,711,922	57,153,320
Asset-backed securities	470,463	473,319
Corporate debt	7,925,314	7,876,336
Total unrestricted	120,178,152	135,113,560
Total funds	$ 125,233,718	$ 140,113,560

	December 31, 2015	
	Cost	Fair Value
Restricted		
Cash equivalents	$ 21,362	$ 21,362
U.S. Government obligations	2,347,248	2,339,248
Municipal bonds	158,615	149,146
Asset backed securities	256,170	251,878
Corporate debt	2,281,327	2,238,366
Total restricted	5,064,722	5,000,000
Unrestricted		
Cash demand deposits	363,608	363,608
Cash equivalents	24,436,995	24,436,984
Equity securities	27,952,992	40,266,457
U.S. Government obligations	6,259,624	6,239,602
Municipal bonds	58,115,618	60,356,084
Asset-backed securities	689,750	687,904
Corporate debt	6,803,080	6,722,585
Total unrestricted	124,621,667	139,073,224
Total funds	$ 129,686,389	$ 144,073,224

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The Trust accounts for investments according to a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Trust's assumptions (unobservable inputs). The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where significant inputs are observable or can be corroborated by observable market data.

Level 3 - Valuations based on models where significant inputs are not observable, and for which the determination of fair value requires significant management judgment or estimation. The Trust does not hold any Level 3 investments as of December 31, 2016 and 2015.

Assets and liabilities measured at fair value on a recurring basis, including financial instruments for which the Trust accounts, were as follows at:

	December 31, 2016	
	Level 1	Level 2
Assets		
Cash demand deposits	$ 1,007,224	$ -
Cash equivalents	9,726,996	-
Equity securities	43,129,388	-
U.S. Government obligations	11,808,329	6,172,065
Municipal bonds	-	57,321,655
Asset-backed securities	-	702,912
Corporate debt	10,244,991	-
	$ 75,916,928	$ 64,196,632

	December 31, 2015	
	Level 1	Level 2
Assets		
Cash demand deposits	$ 363,608	$ -
Cash equivalents	24,458,346	-
Equity securities	40,266,457	-
U.S. Government obligations	1,815,928	6,762,922
Municipal bonds	-	60,505,230
Asset-backed securities	-	939,782
Corporate debt	8,960,951	-
	$ 75,865,290	$ 68,207,934

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The Trust experiences transfers in and out of levels within the fair value hierarchy primarily due to the market activity of the underlying security. The Trust's policy is to recognize transfers in and out at the actual date the event or change in circumstance caused the transfer. During December 31, 2016 and December 31, 2015, no securities were transferred between Level 1 to Level 2.

The maturities of the Trust's available-for-sale securities at market value (excluding cash equivalents) are as follows as of December 31, 2016:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years
U.S. Government obligations	$ 10,568,025	$ 772,493	$ 1,293,071	$ 5,346,805
Municipal bonds	3,084,598	28,959,970	21,707,601	3,569,486
Asset-backed securities	-	423,563	126,137	153,212
Corporate debt	985,252	5,399,261	3,060,202	800,276
	$ 14,637,875	$ 35,555,287	$ 26,187,011	$ 9,869,779

NOTE C - FIXED ASSETS

The cost of non-income producing assets that will be exhausted during the life of the Trust and are not available for satisfying claims are expensed as incurred. Since inception, the cost of fixed assets expensed, net of disposals, includes:

Acquisition of computer hardware and software	$ 112,654

These items have not been recorded as assets, but rather as operating expenses and direct deductions from net claimants' equity in the accompanying financial statements. The cost of fixed assets that were expensed during the years ended December 31, 2016 and 2015 were $0 and $117,802, respectively.

Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $8,500 and $7,500 for the years ended December 31, 2016 and 2015, respectively.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE D - CLAIM LIABILITIES

The Trust distinguishes between claims that were resolved prior to the establishment of the Trust (Pre-Confirmation Liquidated Claims) and claims received and processed using the Trust Procedures after the creation of the Trust (Trust Claims).

The cases underlying the Pre-Confirmation Liquidated Claims were stayed by the court until the Plan was approved. The Trust approved procedures and immediately arranged to pay, subject to receiving a claimant release, the approved Payment Percentage of the liquidated value of each Pre-Confirmation Liquidated Claim.

For all claims, a liability for unpaid claims is recorded at the time the offer is extended and the release authorization is mailed. Funds are mailed after the approved release is signed, received, and approved by the Trust. Unpaid claims liabilities remain on the Trust's books until the offer is accepted, rejected, withdrawn or expires after six months. Offers may be extended an additional six months upon written request and good cause. The expiration policy is currently suspended until completion of the claim system development. During the years ended December 31, 2016 and 2015, there were no expired offers.

All claimants are entitled to the full liquidated value of their claim. Under the TDP, claimants receive an initial pro rata payment equal to the approved Payment Percentage of the claim's liquidated value. The remaining obligation for the unpaid portion of the liquidated amount is not recorded, and is not a liability of the Trust, unless the Payment Percentage is increased. In that instance, the Trust would be obligated to retroactively pay the increased percentage to all previously paid claimants (see Note F).

In the interest of treating all claimants equitably in accordance with the Plan, the Trustees have recommended that all payments made during each calendar year ended December 31, 2008 through December 31, 2015 include a cost of Living Adjustment for inflation based on the Federal Bureau of Labor Statistics' *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W). Claims liabilities at year end are adjusted for any approved Inflation Adjustment. Inflation Adjustments are cumulative. Cumulative Inflation Adjustments of 19.41% and 17.07% are included in outstanding claims liabilities as of December 31, 2016 and 2015, respectively.

The Trust processed and approved approximately $8,163,211 and $4,555,507 of Trust Claims during the years ended December 31, 2016 and 2015, respectively.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE E - FACILITY AND STAFF SHARING AGREEMENT

The Trust has entered into a facilities and staff sharing agreement with the Western Asbestos Settlement Trust, (the Western Trust). The two trusts are related through common trustees. Under the agreement, and in exchange for advance monthly payments, the Western Trust provides use of its facilities and services relating to administration and claims processing. The monthly payment in 2016 was between $35,000 and $37,000. The monthly payment in 2015 was $35,000. Provisions allow for automatic renewals for additional one-year periods unless either party provides written notice. The amounts of advance monthly payments are agreed upon between the trusts from time to time. The equitable amount agreed upon is based on the required written calendar year reconciliation of annual services that is performed by the Western Trust. Any excess of costs over payments or payments over cost is required to be repaid by the benefited party with interest. The reconciliation for 2016 was performed and recorded in the current period. The reconciliation for 2015 was performed and recorded in the period subsequent to the reconciliation period. The reconciliation performed for the years ended December 31, 2016 and 2015 resulted in a reimbursement from the Western Trust of approximately $9,000 and an additional payment to the Western Trust of approximately $3,000, respectively. The monthly payment for 2017 was increased to $38,000. The future payments under this agreement have been recorded as a liability on the accompanying statement of net claimants' equity.

NOTE F - NET CLAIMANTS' EQUITY

The Trust was created pursuant to the Plan approved by the United States Bankruptcy Court for the Central District of California, Los Angeles Division. The TDP was adopted pursuant to the Plan and concurrently with the Trust Agreement. It is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's limited assets, including pro rata payments and initial determination of claim value based on compensable diseases, and individual factual information concerning each claimant as set forth in the Trust Documents.

Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata Payment Percentage is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Based on research and testimony presented during the bankruptcy, the court approved an initial Payment Percentage to claimants to be applied to the liquidated value of then current and estimated future claims. The TDP provided that the committee and the Futures Representative may agree on a different Initial Payment Percentage prior to the Effective Date if another party became a Settling Asbestos Insurance Company. Pursuant to an agreement between the Committee and the Futures Representative dated June 29, 2006, the Initial Payment Percentage to be used was 50% of the total liquidated value. The TDP gives the Trustees, with the consent of the Trust Advisory Committee ("TAC") and the Futures Representative, the power to periodically update its estimate of the Payment Percentage based on updated assumptions regarding its future assets and liabilities and, if appropriate, propose additional changes in the Payment Percentage. In December 2008, the Payment Percentage was temporarily decreased from 50% to 40%. The decrease had no impact on previously paid claims. In November 2010, after evaluating assumptions regarding the Trust's future assets and liabilities, the Trustees approved an increase in the Payment Percentage from 40% to 45%. The increase was retroactive for all claims previously paid at the 40% Payment Percentage. These changes were made with the consent of the TAC and Futures Representative.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE G - RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

To avoid the high costs of director and officer liability insurance, and pursuant to the Trust Agreement, the Trust has elected to be self-insured and has established a segregated security fund of $5 million. These funds are devoted exclusively to securing the obligations of the Trust to indemnify the former and current Trustees and officers, employees, agents and representatives of the Trust. The funds are held in a separate Trust bank account; and interest income accrues to the benefit of the Trust. As of December 31, 2016 and 2015, cash, cash equivalents and investments of $5,000,000 were restricted for these purposes.

NOTE H - INCOME TAXES

For federal income tax purposes, the Trust is taxed as a Qualified Settlement Fund (QSF). Income and expenses associated with the Trust are taxed in accordance with Section 468B of the Internal Revenue Code. The statutory income tax rate for the Trust is 39.6% for the years ended December 31, 2016 and 2015.

The Trust records deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities.

The provision (benefit) for income taxes consists of the following for the years ended December 31, 2016 and 2015:

	2016	2015
Income tax – current	$ 360,677	$ 3,530,128
Deferred income tax (benefit) expense	230,000	(3,622,000)
	$ 590,677	$ (91,872)

The components of the deferred income tax asset (liability), as presented in the statement of net claimants' equity consisted of the following at December 31:

	2016	2015
Deferred tax asset (liability)		
Other	$ 37,000	$ 67,000
Unrealized appreciation	(5,892,000)	(5,692,000)
	$ (5,855,000)	$ (5,625,000)

NOTE I - SUBSEQUENT EVENTS

The Trust evaluated subsequent events through April 20, 2017, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure.

SUPPLEMENTAL INFORMATION

J. T. Thorpe Settlement Trust

SCHEDULE OF OPERATING EXPENSES

For the years ended December 31,

	2016	2015
Accounting	$ 38,685	$ 33,215
Claims processing/claims system development	90,355	169,246
Futures representative	135,635	116,780
Information technology support	22,270	20,509
Insurance expense	7,737	5,766
Investment expense	528,913	576,859
Legal fees	206,423	192,320
Trust advisory committee	33,451	27,167
Trust facility and staff sharing expense	426,116	444,714
Trustee fees	177,111	178,486
Trustees professional	67,773	63,115
	$ 1,734,469	$ 1,828,177

EXHIBIT "B"

EXHIBIT "B"

J.T. Thorpe Settlement Trust
Claim Report
As of December 31, 2016

This report is submitted pursuant to Section 2.2 (c)(ii) of the Eighth Amendment to and Complete Restatement of J.T. Thorpe Settlement Trust Agreement, which requires the Trust to file with the Bankruptcy Court a summary of the number and type of claims disposed of during the period covered by the financial statements ("Accounting Period"). This report summarizes the Trust's processing of claims liquidated under supervision of the Bankruptcy Court ("Pre-Confirmation Liquidated Claims") and claims received since June 29, 2006, the Effective Date of the Trust ("Trust Claims").

Pre-Confirmation Liquidated Claims

In 2006, the Trust implemented a procedure to pay the Pre-Confirmation Liquidated Claims ("PCLP Claims") in accordance with the Plan, the Trust Distribution Procedures, the Confirmation Order, the January 27, 2006, Order Liquidating Asbestos Related Claims, and the Agreement Regarding Initial Payment Percentage entered into on June 29, 2006, by the Trust Advisory Committee and the Futures Representative. The Agreement Regarding Initial Payment Percentage provided that the Initial Payment Percentage was to be 50% of the total liquidated claim value. This remained in effect until December 1, 2008, when the Trustees, with the agreement of the Futures Representative and the TAC, adjusted the Payment Percentage to 40%. The Payment Percentage was reviewed and adjusted to 45% on November 18, 2010.

One (1) PCLP Claim was paid during the Accounting Period in the total amount of $616. The Trust has not yet received proper release documents for twenty-one (21) remaining unpaid PCLP Claims in the total amount of $76,960. That amount is based upon the current Payment Percentage of 45% of the total liquidated value, and includes the cumulative inflation adjustment of 19.41% utilized for claims payments made in 2017 and is based upon the Federal Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W").

As of April 1, 2017, the total amount paid for PCLP Claims is $34,112,691.

Trust Claims

Claims received and disposed of from January 1, 2016, through December 31, 2016, in accordance with the Second Amendment to and Complete Restatement of J.T. Thorpe Case Valuation Matrix ("Matrix") and the J.T. Thorpe, Inc., a California corporation/J.T. Thorpe, Inc., a dissolved California corporation/Thorpe Holding Company, Inc., a California corporation/Thorpe Technologies, Inc., a California corporation Asbestos Personal Injury Settlement Second Amendment to and Complete Restatement of Trust Distribution Procedures ("TDP") are as set forth below.

The value of each compensable disease is determined by the Matrix and TDP. Claim compensation is adjusted for individual claimants based upon tort related individual characteristics, including, but not limited to: age, marital status, dependents, medical specials, economic loss, exposure location, and whether living at the time of commencement of litigation or filing the claim with the Trust. Each valid claim is awarded a total liquidated value. As of December 31, 2016, Trust Claims were paid at the approved Payment Percentage of 45%. Payments made on Trust Claims in 2016 included an additional 17.07% to account for inflation based upon the CPI-W.

During the Accounting Period, 562 claims were received. In addition, offers were issued to 268 claimants. Further, 239 claims were paid.

Below is a summary of the number and type of claims disposed of (paid) in 2016.

Compensable Disease	Number of Claims
Grade II Non-Malignant	61
Grade I Non-Malignant	43
Grade I Non-Malignant Enhanced Asbestosis	18
Grade I Non-Malignant Serious Asbestosis	9
Other Cancer	11
Lung Cancer	40
Mesothelioma	57
Totals	**239**

As of April 1, 2017, the total amount paid for Trust Claims is $102,507,651.

EXHIBIT "C"

EXHIBIT "C"

Investment Policy Statement

J.T. Thorpe Settlement Trust

November, 2016

Prepared by Callan Associates, Inc.

Table of Contents

Executive Summary

Type of Plan	Taxable Trust
Investment Planning Time Horizon	5 years
Expected Annualized After-Tax Return and Risk[1]	Return = 3.9 Risk = 6.3

Primary Goal

The J.T. Thorpe Settlement Trust (the Trust) is organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada. It was established pursuant to the J.T. Thorpe, Inc., J.T. Thorpe, Inc., a dissolved California corporation; Thorpe Technologies, Inc.; Thorpe Holding Company, Inc.; (collectively the "Debtors") First Amended Joint Plan of Reorganization, dated August 5, 2005, as amended, modified or supplemented from time to time. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions; liquidate, resolve, pay and satisfy all asbestos-related claims in accordance with the Plan. As well the Trust must preserve, hold, manage and maximize the Trust assets for use in paying and satisfying current and future allowed asbestos-related claims.

As set forth in the Trust Distribution Procedures, Section 2.4, the Trust shall estimate or model the amount of cash flow anticipated as necessary over its entire life to ensure that funds will be available to treat all present and futures claimants as similarly as possible. In order to pay the anticipated claims, the Trust relied upon an expert report filed with the U.S. Bankruptcy Court which calculated a reasonable real after tax discount rate to use in calculating the present value of the future claims to be assumed by the Trust. These estimates provided the Trust with an assumption that the assets should earn an after-tax real rate of return of approximately 1% per annum. While additional assets may be made available, the Trust will operate on the assumption that there will be no additional contributions. As such, protection of principal will be a primary goal.

[1] Represents expected after-tax (25%) geometric return and risk using Callan' 2016 Capital Market assumptions applied to the Portfolio Evaluation Benchmark described below.

Long-range Asset Allocation Target

The Trust will have the following long-term asset allocation target.

Fixed Income	60%
Equity Oriented Securities[2]	40%

The long-range asset allocation target will be applicable to the long-term investable assets net of any set-asides and liquidity reserves. This asset allocation was established through quantitative and qualitative assessments of the returns and risks available in the capital markets over long-term periods as well as the diversification available from using multiple asset classes. While an investment program consisting entirely of fixed income would demonstrate the least volatility of any asset allocation considered, a quantitative study performed by the Trust's investment consultant demonstrated that the probability of exhausting Trust assets in advance of paying claims as planned was minimized by introducing an equity allocation into the portfolio. Allocations to each of the asset classes will be further diversified and tailored to reflect the tax-status of the Trust as described in the "Investment Practices" section of this policy.

Maintenance of the Strategic Asset Allocation

Target Mix With Ranges

	Low	**Target**	**High**
Fixed Income	**50%**	**60%**	**80%**
Equity Oriented Securities	**20%**	**40%**	**50%**

The Trust will from time to time adjust the asset allocation within the designated range based upon the changing cash flow needs of the Trust, claims submitted and projections of future claims. The Trust will deviate from targets over short and intermediate periods in response to liquidity needs, market performance, and the cost of asset allocation adjustments including transactions costs and the taxation of transactions. Deviations from the target allocation beyond the low or high allocations defined in the table above represent significant deviations from the return and risk characteristics of the target allocations and will prompt to the Trustees to consider moving the allocations back to toward the target allocation.

[2] *Equity Oriented Securities will predominantly consist of common stock but may include other investment categories including REITs and bonds as described in the Investment Practices and Portfolio Evaluation Benchmark - Target Index sections of this document.*

The Strategic Allocation and Target Index are to be reviewed at least annually for presentation to the Trustees and Executive Director, for reasonableness relative to significant economic and market changes, or to changes in the Trust's long-term goals and objectives. A formal asset allocation study should be conducted at least every three years to verify or amend the targets.

Portfolio Evaluation Benchmark – Target Index

A special target index was constructed to monitor the performance of the total fund. This target index serves as a minimum performance objective for the Trust. It is expected that in most market environments the Trust's actual asset allocation will approximately resemble the allocation expressed in the target index. The Trust will deviate from the target index over short and intermediate periods in response to liquidity needs, market performance, market outlook, and the cost of asset allocation adjustments including transactions costs and the taxation of transactions.

Target Index:

- ♦ **40% consisting of the following sub-components**
  - **25% Standard & Poor's 500 Stock Index**
  - **25% Russell 3000 Index**
  - **25% MSCI ACWI ex-US Index**
  - **25% Custom Blended Benchmark consisting of 25% 3 -Month Treasury Bills, 25% 10-Year Treasury Bonds, 25% S&P 500 Index, 25% NAREIT Index.**
- ♦ **60% consisting of the following sub-components**
  - **70% Bloomberg Barclays Capital 1-10 Year Municipal Bond Index**
  - **20% Custom Blended Benchmark consisting of 30% Bloomberg Barclays Capital Intermediate Government Index, 40% Bloomberg Barclays Capital Intermediate Credit Index, 30% Bloomberg Barclays Mortgage Index.**
  - **10% 3-Month Treasury Bills**

With the possible exception of the short duration enhanced cash portfolio, individual investment managers will be retained to manage the sub-components of the Target Index. Individual investment managers will be measured against each sub-component index and not against this total fund objective. However, it is expected that the sum of their efforts will exceed the trust objective over time.

Manager Evaluation

Investment managers will be measured relative to an appropriate market index. A market index is assigned to each Manager and is intended as a guide for the investment manager to understand the risk/reward posture of their portfolio. Managers have full discretion to manage the risk posture of their portfolios relative to their designated market index and may, with conviction and appropriate expertise, execute security strategies not reflected by their market index as long as they conform to the investment guidelines.

Trustees or Executive Director may, at either's discretion, also evaluate the investment managers relative to peer groups of managers with similar investment styles. These evaluations will take into account the exceptional nature of the Trust investment manager mandates including but not limited to custom benchmarks and the unique tax situation of the Trust.

Review of Investments

There shall be a continual review of the investments under management by Callan Associates (Consultant). The Trustees, consultant and/or the Executive Director shall confer with the investment managers regarding investment performance, market environment and other issues as required. Each investment manager shall report pertinent data to Trust and custodian at least monthly. All legal, organizational and personnel related developments will be reported to the client and consultant as soon as practicable.

Consultant will meet with the Trustees, Executive Director, and other Trust representatives as requested by the Trustees, to review performance of the Trust and individual managers quarterly. These reviews will be conducted in the context of these guidelines.

Investment Practices

Investments will be prudent and consistent with the best investment practices, and in compliance with Trust documents including but not limited to Article 3 of the J.T. Thorpe Settlement Trust Agreement as amended.

- No more than 45% at cost or 50% at market value of total Trust assets may be invested in equities with the balance invested in Fixed Income securities or cash equivalents.
- 10% of the Trust's assets may be invested in debt securities that are non-rated or below investment grade as long as those securities are in a diversified and managed portfolio of bonds and/or stock.
- The percentage of the Trust assets (debt and equity) invested in any one company is limited to 5% at market with the exception of debt securities or other instruments issued or fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof. The Trust does not include cash equivalents in the calculation of maximums allowed for certain types of securities.
- Cash flow, other than an automatic withdrawal of the income on a monthly basis, may be required to maintain the long-range asset allocation target and to satisfy claim liabilities.

A. Equity Oriented Securities

Excluding any securities issued by the Debtors, the Trust shall not acquire or hold, directly or indirectly, any common or preferred stock, convertible securities, REITS, or Royalty Trusts ("Stock") unless such stock is included in a diversified and managed portfolio or portfolios which include various industry sectors.

1. **S&P 500 Index Strategy**

   - The objective of the S&P 500 index strategy is to tax-efficiently track the **S&P 500 Index**, with a tracking error (defined as annualized standard deviation of the portfolio's monthly returns relative to the S&P 500) of 100 basis points or less. The percent ownership of any company is limited to 5% of market value, unless the company's representation in the S&P 500 Index is greater than 5%. If the company's representation in the S&P 500 Index is greater than 5%, then the portfolio can hold up to that percentage, subject to a 10% limit.

2. **Opportunistic Equity Strategy**

   - The objective of the opportunistic equity strategy is to provide for long-term growth and additional after-tax returns to the Trust and exceed the **Russell 3000 Index** over a market cycle.
   - The percent ownership of any company within this portfolio is limited to 10% of portfolio market value.
   - Capitalizations, sector weightings, and portfolio characteristics will be of secondary importance.
   - Dividends and capital gains are of similar importance. The primary objective for pursuing dividends will be to stabilize returns.
   - Portfolio turnover should be kept at a minimum to defer the recognition of capital gains and the payment of taxes.

3. **International Equity Strategy**

   - The objective of the international equity strategy is to provide an additional source of long-term growth and after-tax returns to the Trust and exceed the **MSCI ACWI ex-US Index** over a full market cycle.
   - The actively managed international equity portfolio must be diversified by country, region, industry and security. The percent ownership of any company within this portfolio is limited to 5% of the portfolio's market value. In addition exposure to Emerging Markets is limited to 35% of market value.

4. **Equity Income Strategy**

- The objective of the equity income strategy is to maximize income and/or growth in income by investing in securities which may include common stocks, convertible bonds, preferred stocks, REITS, royalty trusts, and bonds, including high yield debt securities. Limits include the equity limits of the Trust and the non investment grade bond limits of the Trust as well as the individual limits on ownership of any one company's equity or debt. The percent ownership of any company within this portfolio is limited to 10% of the portfolio's market value. No more than 50% of the portfolio can be invested in fixed income securities rated below investment grade. This actively managed portfolio is expected to exceed the returns of a **custom blended benchmark consisting of 25% 3-Month Treasury Bills, 25% 10-Year Treasury Bonds, 25% NAREIT Index, and 25% S&P 500**.

B. U.S. Fixed-Income

<u>Allowable securities are as follows:</u>

- U.S. Treasury and agency securities
- Agency and non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including but not limited to pass-throughs, CMOs, REMICs, CMBS, project loans, construction loans and adjustable rate mortgages
- Obligations of domestic and foreign corporations
- Asset backed securities
- Municipal bonds, both taxable and tax-exempt
- Municipal pre-refunded bonds backed by U.S. Treasury or Agency Securities
- Municipal inflation protected securities (MIPS)
- Preferred stock, including non-convertible preferred stock such as bank trust preferreds
- Money market instruments rated A-1 or P-1 or better at time of purchase
- Repurchase obligations as long as, in the opinion of the Trustees and asset manager, they are adequately collateralized
- Obligations of foreign governments and supra-national organizations
- Obligations of domestic and foreign commercial banks
- 144A securities including issues in the corporate, mortgage and asset-backed sectors
- CDs may be held as long as all of the publicly held long-term debt securities, if any, of the issuing entity are rated investment grade (see credit criteria below) or above.
- Non investment grade bonds subject to an overall limit of 10% of Trust's assets and within a managed and diversified portfolio.

<u>Credit Criteria</u>

- To be deemed investment grade, securities must be rated investment grade or better at the time of purchase by a nationally recognized rating agency (Moody's, Standard & Poors and Fitch). Split rated securities shall be assumed to have the higher credit grade.

- If a portfolio holding is downgraded to below investment grade and the holding is in a portfolio which is not permitted to purchase below investment grade securities, manager shall promptly notify the Trust and provide an evaluation and recommended plan of action.

1. **Municipal Bond Crossover Portfolio**
   - The portfolio's investment objective is to provide an after-tax total rate of return that exceeds the after-tax total return of the Bloomberg **Barclays Capital 1-10 Year Municipal Bond Index**.
   - The portfolio will have a targeted duration of approximately +/-40% around the benchmark (calculated using the Treasury risk basis).
   - With the exception of Treasury, Agency debentures, pass-throughs or REMICs, no more than 5% of the portfolio may be invested in securities of a single issuer.
   - 15% maximum in BBB rated securities.
   - Securities must be rated investment grade at time of purchase. Non-rated, pre-refunded bonds fully backed by U.S. Treasury and Agency Securities are exempt from this restriction.

2. **Taxable Fixed Income Portfolio**
   - The portfolio's objective is to invest in the short to intermediate portion of the yield curve and to outperform the target benchmark
   - The portfolio's **custom blended benchmark consists of 30% Bloomberg Barclays Capital Intermediate Government Index, 40% Bloomberg Barclays Capital Intermediate Credit Index, and 30% Bloomberg Barclays Capital Mortgage Index**.
   - The portfolio will have a targeted duration of approximately +/-25% around the benchmark.
   - No more than 5% of the portfolio may be invested in securities of a single issuer, with the exception of the U.S. Treasury, agency and agency mortgage issues.
   - The weighted average credit quality of the portfolio shall be maintained at a minimum of Aa3 by Moody's and/or AA- by Standard and Poor's or Fitch.
   - Securities must be rated investment grade at time of purchase.

3. **Short Duration Enhanced Cash Portfolio**
   - The portfolio's objective is to provide a high level of liquidity and preserve principal. Adding incremental yield is a secondary objective.
   - Benchmark is the **3-Month Treasury Bills.**

- No more than 5% of the portfolio may be invested in securities of a single issuer, with the exception of the U.S. Treasury and U.S. Agency debt.
- The portfolio's duration will not exceed 300% of the index's duration.
- Portfolio's weighted average credit quality must be at least Aa2 by Moody's and/or AA by Standard and Poor's or Fitch.
- All securities must be rated investment grade and have a final maturity less than or equal to 5 years from time of purchase. No more than 15% of the portfolio can be rated less than A-, or its equivalent.
- Portfolio level spread duration can not exceed 2 years.

C. Derivatives Policy

Derivatives shall be held for the purposes of hedging, cost reduction and liquidity enhancement only. Derivatives shall not be used for speculative purposes.

- No leverage shall be introduced through the use of derivatives
- The Trust shall not acquire or hold any options

D. Other Investments

Pursuant to Section 3.2 (e) of the Trust Agreement as Amended, in order to achieve the over all after tax real rate of return Trust Investment objective and to meet other Trust objectives, the Trust may under conditions and terms satisfactory to the Trustees, acquire securities or other instruments issued by any person not otherwise defined in this Investment Policy ("Other Investments"), provided however that the aggregate market value of all such Other Investments after acquisition do not exceed two percent of the aggregate value of the Trust Estate.

Proxy Voting Guidelines

Investment managers employed by the Trust are required to vote proxies with the primary objective of maintaining and advancing the economic value of the Trust. Investment managers should work with the Trust custodian to ensure timely receipt of proxies. Investment managers should have specific guidelines and institute a regular review process for voting proxies.

Guidelines for Manager Selection

The Trustees and Executive Director, with the assistance of the Futures Representative and Chair of the TAC, if desired by the Trustees, will select appropriate investment managers to manage the Trust's assets. This selection process shall include the establishment of specific search criteria, and documentation of analysis and due diligence on potential candidates. All manager candidates must meet the following minimum criteria:

(1) Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.

(2) Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style.

(3) Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.

(4) Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel and demonstrate financial and professional staff stability.

(5) Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

(6) All investment manager candidates are expected to comply with all laws, regulations, and standards of ethical conduct.

Trustees

Fiduciary and Investment Responsibilities of the Trustees:

- Maintain overall responsibility for financial management of the Trust including the investment of Trust assets consistent with all Trust documents
- Determine the asset allocation of Trust assets through the Investment Policy Statement and investment manager guidelines
- Use “prudent experts” to assist in making investment decisions
- Control investment expenses
- In recognition of their fiduciary duties, the Trustees must act in good faith and not allow their personal interests to prevail over that of the Trust

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled **ELEVENTH ANNUAL REPORT AND ACCOUNTING, AUDITED FINANCIAL STATEMENTS, AND CLAIM REPORT** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **April 26, 2017**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Michael H Ahrens mahrens@sheppardmullin.com**
- **Daniel J Bussel dbussel@ktbslaw.com**
- **Christopher Celentino celentinoc@ballardspahr.com, burkec@ballardspahr.com**
- **David N Chandler , courtdocsdncpc@gmail.com**
- **Brian L Davidoff bdavidoff@greenbergglusker.com, calendar@greenbergglusker.com;jking@greenbergglusker.com**
- **Asheley G Dean asheley.dean@hoganlovells.com**
- **Richard W Esterkin richard.esterkin@morganlewis.com, gloria.moonesinghe@morganlewis.com**
- **Gary S Fergus gfergus@ferguslegal.com**
- **Gary S Fergus gfergus@ferguslegal.com**
- **Ellen A Friedman efriedman@friedmanspring.com, jquiambao@friedmanspring.com**
- **Gabriel I Glazer gglazer@pszjlaw.com**
- **Gail S Greenwood ggreenwood@pszjlaw.com, rrosales@pszjlaw.com**
- **Gregory K Jones gjones@afrct.com, CAcossano@dykema.com;DocketLA@dykema.com**
- **Eve H Karasik ehk@lnbyb.com**
- **Mette H Kurth kurth.mette@arentfox.com, pchlum@foxrothschild.com;mette-kurth-7580@ecf.pacerpro.com**
- **Michael Mandelbrot , mjmandelbrot@yahoo.com**
- **Ron Maroko ron.maroko@usdoj.gov**
- **Merle Meyers mmeyers@mlg-pc.com**
- **Keith C Owens kowens@venable.com, bclark@venable.com;khoang@venable.com;DGIge@venable.com**
- **Danielle A Pham dpham@gordonsilver.com**
- **Marcy Railsback marcy@bovinorailsback.com, marcyrailsback@hotmail.com**
- **John P Sande jps@jonesvargas.com**
- **Matthew J. Shier mshier@shierkatz.com, mterry@shierkatz.com**
- **United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov**
- **Jeanne C Wanlass jcwanlass@yahoo.com**
- **Jeanne C Wanlass jcwanlass@yahoo.com**
- **Hatty K Yip hatty.yip@usdoj.gov**

2. <u>SERVED BY UNITED STATES MAIL</u>: On **April 26, 2017**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge <u>will be completed</u> no later than 24 hours after the document is filed.

☒ Service information continued on attached page

3. <u>SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL</u> <u>(state method for each person or entity served)</u>: Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **April 26, 2017**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge <u>will be completed</u> no later than 24 hours after the document is filed.

<u>Served via Attorney Service</u>
The Honorable Sheri Bluebond, Chief Judge
United States Bankruptcy Court
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Suite 1534 / Courtroom 1539
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

April 26, 2017	Stephanie Reichert	*/s/ Stephanie Reichert*
Date	*Type Name*	*Signature*

Russel Clementson
Office of the United States Trustee
915 Wilshire Boulevard, Suite 1850
Los Angeles, CA 90017

John E. Allen, President
J.T. Thorpe, Inc.
449 West Allen Avenue
Suite 119
San Dimas, CA 91776

The Hon. Charles B. Renfrew
Law Offices of Charles B. Renfrew
633 Battery Street
San Francisco, CA 94111-1809

Alan Brayton
Brayton Purcell
222 Rush Landing Road
PO Box 1069
Novato, CA 94918

Michael Mandelbrot, Esq.
Mandelbrot Law Firm
1223 Grant Ave Ste C
Novato, CA 94945-3157