



August 23, 2013

RE: Pokorny, et al. v. Quixtar, Inc., No. C 07-00201 SC

Dear Judge Conti,

Your order appointing me as Special Master (DE 252), as amended (DE 258), directed me to prepare, *inter alia*, “a report with recommendations on how to effect the final distribution of cash and products, consistent with the terms of the ASA [Amended Settlement Agreement] and the Court’s own powers.” DE 258 ¶ 8. *See* DE 246 at 2-3; DE 248 at 1. I am writing to make a recommendation with respect to the cash distribution to class members who made Business Support Materials (“BSM”) claims. This issue was discussed with counsel at a status conference on August 15, 2013, and the parties agree with this recommendation.

I recommend that the Court approve a cash distribution at this time to class members who filed BSM Claims by the initial August 2012 deadline. Under the ASA and the Court’s orders, DE 162-2, 241, 246, class members who filed Business Support Materials (“BSM”) claims by that deadline are entitled to a payment of 20% of their BSM losses up to \$10,000, to the extent they have filed valid claims. There is no need for further delay in proceeding with those payments. Approximately \$6.356 million will be required for this purpose.

Further I propose that payments of BSM Claims to claimants who filed claims in response to the second notice (the January 2013 notice) await further progress on determining the Special Hardship claims. While such claims may also wind up being paid at the 20% level, that cannot be determined with certainty until it is known how much of the potential \$5 million Special Hardship fund will be left over.

Accordingly, in accordance with the Court’s prior orders and the parties’ settlement agreement (DE 162-2), I recommend that the Escrow Agent be directed to transfer to the Claims Administrator a portion of the Cash Fund sufficient to pay the valid claims of all Original BSM Claimants at 20%, and that the Claims Administrator be directed to effect such payments as soon as possible.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "J. Larson".

James Larson
Special Master

SO ORDERED.

A handwritten signature in blue ink, appearing to read "S. Conti".

United States Senior District Judge
8/26/14