

Message from the Court-Appointed Monitor over GPB Capital Holdings, LLC and Related Entities

Joseph T. Gardemal III

January 28, 2022

In February of 2021, the Securities and Exchange Commission (“SEC”) filed a complaint in the U.S. District Court for the Eastern District of New York against three individuals and affiliated entities. A copy of the SEC’s complaint can be found [here](#). In its press release announcing the filing of the Complaint, the SEC stated that it had “charged three individuals and their affiliated entities with running a Ponzi-like scheme that raised over \$1.7 billion from securities issued by a New York-based asset management firm and registered investment adviser, GPB Capital.” The three individuals were also charged in a criminal proceeding brought by the U.S. Department of Justice (“DOJ”) acting through the U.S. Attorney’s Office for the Eastern District of New York. Shortly thereafter, in connection with the SEC litigation, I was appointed as Monitor with respect to GPB Capital and its affiliates.

My mandate is set forth in an Amended Order Appointing Monitor which can be found [here](#). My priority since my appointment as Monitor has been to fully discharge the duties and responsibilities set forth in the Amended Order, with a key focus on seeking to assure that the value of GPB’s assets is maximized and ultimately returned to investors. GPB has recently communicated several important updates, and I want to take a moment to provide my own perspective. I plan to use this space, reserved on GPB’s publicly accessible website, to comment on key issues and achievements and may do so from time to time in the future.

Within this message, I’d like to address a few important topics:

I. The Monitorship

On February 11, 2021, I, Joseph T. Gardemal III, a Managing Director with Alvarez & Marsal in Washington, DC, was appointed as the independent Monitor over GPB Capital Holdings LLC by order (the “Order”) from the Honorable Chief Judge Margo K. Brodie, United States District Judge for the Eastern District of New York. The Order was amended on April 14, 2021. The Order states that the Monitor shall remain in place until terminated by further order of the Court.

II. Highlights Since My Appointment

To date, the focus of my team and the Board and management of GPB and Highline (GPB’s management services provider) has included first, alleviating the shortcomings in financial reporting and stabilizing the GPB investments, and second, realizing and recovering value for investors as efficiently as possible. While those efforts are still very much underway, I will point out below some very significant accomplishments over the past year.

As you may expect, these activities pave the way for a distribution process which is now our highest priority. While I cannot comment on specific timing or the amount of assets that will ultimately be available for distribution to investors in the different GPB funds, GPB is actively in the process of preparing a distribution plan for the investment proceeds realized to date as well as expected future proceeds. This distribution plan will be subject to my approval, and it will be a priority to ensure equitable distributions of the available value pursuant to the partnership agreements. More information will be made available over time by GPB.

The key events to date include:

A. Financial Reporting

1. On May 14, 2021, the Form 10¹ for Automotive Portfolio LP was initially filed for the 3-year period ended December 31, 2020. The filing was last amended on September 9, 2021, and the amendment covered the additional period ended March 31, 2021.
2. On August 26, 2021, the first 10-Q for Automotive Portfolio LP was filed for the quarter ended June 30, 2021.
3. The financial statement audit for Holdings II as of and for the 3 year period ended June 30, 2021, has been substantially completed and has been reviewed by me as Monitor. However, due to a technical requirement GPB has been unable to file the audit to date. GPB hopes to do so in the first quarter of 2022.
4. In November 2021, the audit for Cold Storage LP for the year ended December 31, 2020, was finalized and published to investors.
5. Additional audits are either ongoing or largely completed with further public filings expected in the first quarter of 2022.
6. GPB, with my approval, has engaged new valuation and tax service providers.
7. Fair Market Value statements as of September 30, 2021, have been sent to all investors in Holdings I LP, Holdings II LP, Automotive Portfolio LP, Waste Management LP, Cold Storage LP, and New York City Development LP.

B. GPB Investments

1. In November, 2021, GPB completed the sale of Prime Automotive Group and substantially all of its auto related assets to Group 1 Automotive.
2. In December, 2021, GPB completed the sale of Alliance Physical Therapy Group to Chicago-based healthcare investment firm BPOC.
3. The completed sale transactions to date have returned approximately \$1 billion in gross proceeds to GPB partnerships.
4. Under the supervision of the Monitor, GPB continues to market several of its assets for sale and will update investors upon any successful exit.

¹ Form 10 refers to the General Form for Registration of Securities. It is used to register a class of securities with the SEC and contains 3 years of audited financial statements.

5. Several Limited Partnerships are expected to enter wind-down following the exit of investments within the respective Limited Partnerships.
6. While not all investments are being marketed for sale at the same time, GPB has strengthened the governance around continued operation of the remaining portfolio investments

III. Communication between myself and Investors going forward

We have received inbound communications from a number of investors requesting updates and information. While I would like to reply individually, part of my duty is to ensure that all investors receive the same information at the same time. To that end I have encouraged GPB to prepare new website content, reviewed by the Monitor team, which provides answers to frequently asked questions as well as investment updates. The website is now available [here](#) and I encourage stakeholders in GPB to review the information periodically.

IV. Recent communication from the DOJ:

I am aware that investors in GPB recently received a communication from the U.S. Department of Justice. As the DOJ advised in its letter, the role of the Monitor is unrelated to the pending criminal proceeding but, rather, my appointment relates to the civil litigation filed by the SEC and my role and responsibilities as Monitor are set forth in the Amended Order referenced and linked above.

In closing, I believe that our work to date represents strong progress for the benefit of GPB's investors and that the recently-announced transactions reflect positive outcomes for investors, given the circumstances. However, more work remains in order to realize the highest possible value from the GPB portfolio. In addition, our top priority is to begin returning money to investors as soon as possible. My team and I will continue to focus on ensuring the maximum recovery for investors.

Please check this website from time to time, as we will keep it updated with news, developments, and helpful information.

Regards,



Joseph T. Gardemal III
Washington, D.C.