

All but one of these companies were based in the United States. With the exception of Integrated Biodiesel Industries Ltd. (“Integrated Biodiesel”) and Pharma Holdings Inc. (“Pharma”), the stock for each of the Issuers was quoted through the OTC Bulletin Board or “Pink Sheets.” At the time of filing the Complaint, the stocks of Integrated Biodiesel and Pharma were not yet listed on any stock exchange or quoted through a service like the OTC Bulletin Board.¹ The stock of most if not all of the Issuers traded at prices under \$5 per share and otherwise met the definition of a “penny stock” under the federal securities laws.

CTA Worldwide Services, SA (“CTA”) and Stephen von Hase (“von Hase”) each received a significant sum of investor proceeds through payment made by the Escrow Agent Defendants. These investor proceeds represented undisclosed sales commissions from the boiler room scheme. Neither CTA or von Hase had any legitimate claim to the funds that they received, nor did they provide any services to justify the receipt of such funds.

On April 1, 2010, a final judgment was entered against Defendant Handler, Thayer & Duggan LLC (“Handler”) finding that it was liable for disgorgement in the amount of \$196,912.45, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$16,447.18 and a civil penalty in the amount of \$25,000.00 pursuant to section 21(d)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”).

Also on April 1, 2010, the SEC filed an Amended Complaint (the “Amended Complaint”) against all remaining Distribution Agent Defendants and Escrow Agent Defendants, and CTA and von Hase, consolidating them into one defendant group.

On December 20, 2011, the SEC filed its Second Amended Complaint.

On January 15, 2013, a corrected final judgment was entered against Stefan H. Bengner (“Bengner”) and SHB Capital, Inc. (“SHB”) permanently restraining them from further engaging in the fraudulent actions alleged in the Second Amended Complaint. It also found them liable for disgorgement in the amount of \$422,004.10, representing profits gained as a result of the conduct alleged in the Second Amended Complaint, together with prejudgment interest thereon in the amount of \$26,869.79, and a civil penalty in the amount of \$250,000.00 pursuant to section 20(d) of the Securities Act of 1933 (the “Securities Act”) and section 21(d)(3) of the Exchange Act.

On January 23, 2014, the SEC moved for default judgments, based upon its Second Amended Complaint, against Defendants von Hase, CTA, and International Capital Financial Resources, LLC (“ICFR”), and moved to dismiss all claims against defendant Jason B. Meyers, who died subsequent to the filing of this lawsuit.

On January 28, 2014, the Court entered a final judgment against ICFR ordering Bank of America, options Xpress, and Apex Clearing to liquidate and transfer ICFR’s holdings in certain of their accounts.

On January 29, 2014, the SEC filed a Third Amended Complaint to supersede the Second Amended Complaint with respect to Philip T. Powers (“Powers”), Frank I. Reinschreiber (“Reinschreiber”), and Global Financial Management (“Global Financial”).

On April 9, 2014, an amended final judgment was entered against Powers permanently restraining him from further engaging in actions alleged in the Third Amended Complaint, and also finding him liable for disgorgement in the amount of \$77,560.13, representing profits gained as a result of the conduct alleged in the Third Amended Complaint, prejudgment interest thereon in the amount of \$4,698.52, and ordering a civil penalty in the amount of \$25,000.00 pursuant to section 21(d)(3) of the Exchange Act.

Also on April 9, 2014, the Court entered an Amended Final Judgment as to Reinschreiber and Global Financial permanently restraining them from further engaging in actions alleged in the Third Amended Complaint, and also finding them jointly and severally liable for disgorgement in the amount of \$78,348.00, representing profits gained as a result of the conduct alleged in the Third Amended Complaint, prejudgment interest thereon in the amount of \$1,623.00, and ordering a civil penalty in the amount of \$25,000.00 pursuant to section 21(d)(3) of the Exchange Act.

By Order dated September 3, 2015, the Court created a Fair Fund pursuant to Section 308(a) of Sarbanes-Oxley, as amended, to return funds to injured investors. The Court appointed Kurtzman Carson Consultants, LLC (“KCC”) to serve as the distribution agent (“Distribution Agent”) to oversee all aspects of the administration and distribution of the Fair Fund in accordance with the terms of the Distribution Plan, and in coordination with the Commission staff.

On February 22, 2016, a final judgment and injunction was entered against Stephan von Hase and CTA that, among other things, restrained them from further engaging in actions alleged in the Third Amended Complaint, and held them jointly and severally liable for disgorgement in the amount of \$3,031,999.45, representing profits gained as a result of the conduct alleged in the Second Amended Complaint; prejudgment interest thereon in the amount of \$759,151.46; and ordering a civil penalty in the amount of \$400,000.00 pursuant to section 20(d) of the Securities Act and section 21(d)(3) of the Exchange Act. These amounts remain due and owing.

With the exception of von Hase and CTA, the disgorgements pursuant to the final judgments against the Defendants (collectively the “Final Judgments”) were paid to the Commission and are currently invested at the Bureau of the Fiscal Service (“BFS”) at the United States Department of the Treasury. Any investment fees of the BFS will be paid by the Fair Fund.

¹ Integrated Biodiesel was subsequently dismissed from the litigation and their stock is not included in the Eligible Securities (as defined below) for this matter.

Plan of Allocation

The objective of the Plan of Allocation is to equitably distribute the Fair Fund to those Eligible Claimants² who suffered economic losses as a result of the violations of the federal securities laws.

The Net Available Fair Fund for the Bengier distribution will be allocated to Eligible Claimants according to the Plan of Allocation relative to the total disgorgement. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of the amounts that investors might have been able to recover. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Eligible Claimants. Appendix I to the Distribution Plan details the Plan of Allocation methodology and calculation which is designed to equitably distribute the Fair Fund to those Eligible Claimants who suffered economic losses. Appendix I to the Distribution Plan is posted on the Fair Fund website at www.BengierFairFund.com.

Eligible Securities purchased on or between March 1, 2007 and February 28, 2009, inclusive, are eligible for damages. The following summarizes the method for determining Eligible Loss Amounts for damage claims:

The total purchase price paid for shares of each Eligible Security during the Relevant Period will be totaled (the "Purchase Total") and multiplied by an excessive fee multiplier of 60% (the "Excessive Fees and Commissions Percentage"). The Excessive Fees and Commissions Percentage will be deemed the "Eligible Loss Amount" for purposes of the Plan of Allocation.

An Eligible Claimant's Eligible Loss Amount shall be the amount used to calculate the Eligible Claimant's *pro rata* share of the Fair Fund. If the sum total of Eligible Loss Amounts of all Eligible Claimants who are entitled to receive payment out of the Fair Fund is greater than the Fair Fund, each Eligible Claimant shall receive his, her, or its *pro rata* share of the Fair Fund. The *pro rata* share shall be the Eligible Claimant's Eligible Loss Amount divided by the total of the Eligible Loss Amounts of all Eligible Claimants, multiplied by the total amount in the Fair Fund.

A payment to any Eligible Claimant that would amount to less than \$10.00 in total will not be included in the calculation of the Fair Fund and no payment to these Eligible Claimants will be distributed.

If the Fair Fund exceeds the sum total amount of the Eligible Loss Amounts of all Eligible Claimants entitled to receive payment out of the Fair Fund, the excess amount in the Fair Fund shall be distributed to the U.S. Treasury.

Fund Administration

On September 3, 2015, the Court appointed Kurtzman Carson Consultants, LLC ("KCC") to serve as the distribution agent ("Distribution Agent") to oversee all aspects of the administration and distribution of the Fair Fund in accordance with the terms of a distribution plan to be approved by the Court, and in coordination with the Commission staff.

Fair Fund

The Fair Fund is a "Qualified Settlement Fund" ("QSF") as defined in U.S. Treas. Reg. §1.468B-1, *et seq.* The distribution is intended to compensate Eligible Claimants who suffered economic losses as a result of the conduct described in the Complaint as amended. Distributions will also contain an allocable share of prejudgment interest that certain defendants were ordered to pay pursuant to final judgments entered by the Court. Each of these components (hereinafter, "Losses" and "Interest," respectively) has different tax consequences, discussed below.

Losses. Generally, the Losses component is not income to you to the extent of your basis in your investment. However, you must reduce your basis by the amount of your distribution. If your distribution exceeds your tax basis in your investment, then the excess is includable in your income as capital gain. Any such capital gain is long-term capital gain, unless you disposed of your investment before holding it for longer than one year. If you do not have reasonable access to records indicating the tax basis of your investment, then you may assume that your tax basis is zero and that the entire losses component of your distribution is includable in your income as capital gain. ***The QSF is not required to – and will not – issue a Form 1099 to you with respect to the Losses component of the distribution.***

Interest. The Interest component constituted taxable interest income to you; however, you will only receive a form 1099-INT if your distribution contains \$600 or more of such interest. The Interest component will be provided on the checkstub attached to your payment even if a Form 1099-INT is not sent to you.

Please note that the parties to the SEC, the Distribution Agent, and the Tax Administrator **cannot** provide tax advice to Eligible Claimants. The information contained herein is being provided for informational purposes only to assist you in determining the U.S. federal income tax consequences of the distribution payment if you are a citizen or resident of the U.S. The tax consequences of the distribution may vary depending on your individual circumstances. The information provided herein may not be applicable if you are a nonresident alien of the U.S. and it does not address the alternative minimum tax or Foreign Account Tax Compliance Act ("FATCA") provisions of federal tax law, nor state, local and non-U.S. tax rules, nor the effect of possible changes in laws.

THE INFORMATION CONTAINED HEREIN IS NOT AND SHOULD NOT BE RELIED UPON AS TAX ADVICE. CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE DISTRIBUTION TO YOU.

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Distribution Plan.

How to Participate

If you believe you are a Potential Claimant and would like to participate, you must follow the enclosed instructions and complete the Proof of Claim Form included in this packet. Fill out the Proof of Claim Form completely, sign it, include copies of all required supporting documentation, and return it to the Distribution Agent's address listed below.

Excluded Parties shall mean Defendants and all other entities or individuals who (a) are or have at any time been a parent, subsidiary, affiliate, partner, or member of Defendants; (b) exercised control of or were controlled by the Defendants; (c) during the Relevant Period to the present, were employed by, or served as officers or directors, or were members of the Defendants or other entity that is deemed to be an Excluded Party pursuant to parts (a) and (b) hereof.

The submission of the Proof of Claim Form and the receipt and acceptance of a distribution by an Eligible Claimant is not intended to be a release of an Eligible Claimant's rights and claims against any party.

Deadline to Submit a Claim April 13, 2018

More Information

Website www.BengerFairFund.com

Write
Benger Fair Fund
Distribution Agent
c/o KCC
P.O. Box 404041
Louisville, KY 40233-4041

Phone 1-866-763-9931

Investor Options for this Fair Fund

Submit a Claim The only way to get a payment from the Fair Fund.

Do Nothing Receive no payment.

Questions

This notice provides only summary information regarding the Fair Fund. We strongly recommend that you read the Distribution Plan, including the Plan of Allocation, and other relevant case documents in their entirety for more complete details. The documents can be found at www.BengerFairFund.com.

If you need assistance completing the Proof of Claim Form or if you have any questions about this Fair Fund, you may obtain more information by visiting the Fair Fund website at www.BengerFairFund.com, by calling the dedicated toll-free number at 1-866-763-9931 or by sending an email inquiry to info@BengerFairFund.com.

Special Notice to Brokers and Nominees

If you purchased or held Eligible Securities for the beneficial interest of a person or organization other than yourself, within fourteen (14) calendar days of receipt of this Fair Fund Notice you must either: (1) request additional copies of the Fair Fund Notice and Proof of Claim Form from the Distribution Agent, and, within fourteen (14) calendar days of receipt of such copies, send copies by first-class mail directly to beneficial owners; or (2) provide a list of the names and last known addresses of the beneficial owners (preferably in Excel format) to the Distribution Agent by email to info@BengerFairFund.com by mail to the following address:

Benger Fair Fund
Distribution Agent
c/o KCC
P.O. Box 404041
Louisville, KY 40233-4041

If you choose to mail the Fair Fund Notice and Proof of Claim Form yourself, you may obtain from the Distribution Agent (without cost to you) as many additional copies of these documents as you will need to complete the mailing. If you choose the second option, KCC will send a copy of the Fair Fund Notice and Proof of Claim Form to the persons and/or entities whose names and address you supply.

In either case, you may obtain reimbursement for reasonable administrative costs actually incurred in connection with forwarding the Fair Fund Notice that would not have been incurred but for the obligation to forward the Fair Fund Notice and Proof of Claim Form, upon submission of appropriate documentation to the Distribution Agent.

Regards,

KCC
Distribution Agent