

April 15, 2016

Bruce W. Greer, Esq.  
Bruce W. Greer, P.A.  
5900 S.W. 97th Street  
Suite 1000  
Miami, FL 33156

*Re: Statement of Mediator Bruce W. Greer, mediator for resolution of all civil matters against the current and former directors and officers of Digital Domain Media Group Inc.*

To Whom It May Concern:

I graduated with honors from the University of Florida in 1970 and received my JD from Columbia University School of Law in 1973. I have practiced commercial litigation since 1973 and have served as chief counsel in many high profile cases in federal and state court. I represented many national accounting firms throughout my career and regularly handled cases involving allegations of financial misstatements or fraud. Since 1993, I have also been appointed by a number of U.S. District Court judges to mediate complex commercial cases in the federal courts. In addition to my legal work, I have served on the boards of directors of various public and private companies. I currently serve as the President of the Board of Trustees of Fairchild Tropical Botanic Garden, a premier conservation and education-based garden located in Coral Gables, Florida.

After Digital Domain Media Group Inc. ("DDMG") filed for voluntary bankruptcy in September 2012, certain investors, governmental entities, and creditors filed or threatened to file lawsuits seeking to recover their investments, grants, and loans. DDMG's current and former directors and officers ("DDMG Directors and Officers"), who were frequently targeted in those suits, disputed any wrongdoing and vigorously defended the lawsuits. Approximately two years later I was retained to serve as a mediator for a global mediation. In my capacity as mediator, I presided over multiple mediation sessions with certain parties in an attempt to reach a global compromise and settlement that would be mutually acceptable to all of the constituencies. After extensive meetings and negotiations spanning nearly a year, I assisted the parties in reaching a global settlement that resolved all pending and threatened litigation against the DDMG Directors and Officers.

As a result of the global settlement and related negotiations, the following parties will receive consideration, including the following:

- Florida Entities: The State of Florida, Department of Economic Opportunity, City of Port St. Lucie, and Palm Beach Capital, Inc. and related entities will receive the total sum of \$14 million. The State of Florida, Department of Economic Opportunity will also receive an assignment of a \$2 million tax credit.
- Securities Class Action: The class members in a class action filed on behalf of DDMG's shareholders will receive the total sum of \$5.5 million.

- John C. Textor: DDMG's former Chairman and Chief Executive Officer, John C. Textor, will receive: (1) the name "Tradition Studios, Inc.," including any trademark registrations; (2) all the academic curricula and teaching work plans of Digital Domain Institute; (3) certain DDMG back-up tapes containing data; (4) the script, screenplay, treatment and story concept for *A Thousand Cranes*; and (5) a reduction of \$8.5 million in a mortgage securing a debt used to purchase DDMG stock.
- Foreign Investors: Certain foreign investors who filed suits will receive the total sum of \$3.25 million.
- Bounty Gain: Investor Bounty Gain Enterprises, Inc. will receive the total sum of \$550,000.
- Creditors Committee and Senior Lenders: DDMG's Official Committee of Unsecured Creditors and a group of DDMG's senior lenders will receive the total sum of \$15 million.

The cash payments outlined above are being funded primarily through DDMG's D&O insurance proceeds. The DDMG Directors and Officers are not contributing any personal funds to the settlement payments.

As the global mediator, I heard from the parties present or their counsel, sometimes in joint sessions but often in individual sessions. The parties who participated in mediation sessions with me submitted extensive mediation statements setting forth their respective positions on the various claims and defenses and counterclaims, and I also read pertinent court filings and other documents relating to DDMG. Based on those communications and activities, and my review of the facts and circumstances surrounding DDMG's bankruptcy, I can confirm that there has been no finding of fact that the DDMG Directors and Officers, or any other party, violated the law or otherwise misled investors, creditors, or governmental agencies and entities. This is consistent with the report by Florida's Chief Inspector General who conducted a six-month investigation to review the process that led to the DDMG grants and business incentives. At the end of the investigation, the Inspector General issued a report in which she declared that her office "found no apparent violations of law, rule or regulation in the award of \$20 million economic incentive funds to Digital Domain in 2009." Florida's Office of the Chief Inspector General's Report, at pg. 16 (Mar. 26, 2013).

I also note that of the various lawsuits that have been filed after DDMG's bankruptcy, only one of them proceeded far enough for the court to rule on the adequacy of the claims and allegations; the remaining lawsuits were stayed while the parties engaged in settlement negotiations. That case was filed in New York State Court by two investors who alleged they had been misled and were seeking to recover their investments. *See Iroquois Master Fund Ltd. et al. v. John C. Textor et al.*, Case No. 651788-2013 (N.Y. Sup. Ct.). The defendants, which included Mr. Textor and the DDMG Directors and Officers, moved to dismiss all of the claims asserted by the two investors. In a lengthy order signed on January 9, 2015, the court granted their motion and dismissed the claims against the DDMG Directors and Officers. The court explained that the investors had not asserted a viable claim because they "concede[d] the accuracy of DDMG's financial reporting." The court also remarked that "[n]o

misrepresentations of material facts may here be attributed to the Inside Directors. Therefore, plaintiffs have failed to state a cause of action for fraud against them.”

Throughout the process where I mediated this multifaceted dispute, all parties have conducted themselves in good faith and as professionals dealing with an unfortunate set of business circumstances. I believe this case has been settled equitably for all parties involved.

Sincerely,



Bruce W. Greer