

You may have recently received K-1 forms from the Court-appointed receiver of the estate of Northridge Holdings, Ltd. (the "Receiver"). The receivership is in the process of liquidating assets held by Northridge Holdings and various of its affiliates. Most of the affiliated entities were established as partnership entities for federal income tax purposes. Generally, partnership entities do not pay taxes directly and the income and losses generated by the partnership are passed through to the partners. The yearly income and losses are reported to the partners on K-1 forms. Historically, the Northridge Holdings affiliated partnerships have generally reported losses; this year due to the 2019 sale of the real estate held by one of the entities, 610 Lincoln Limited Partnership, some of the partnership K-1's are reporting income.

Once all the assets of the receivership have been liquidated, the receivership will make a distribution to investors based on a method that is subject to court approval. As part of that method, the Receiver has asked that the base claims of investors (on which distributions would be made pursuant to an as yet court-approved formula) be calculated on a straight "cash in, cash out" basis, where the investor claim would equal the original cash amount invested less any and all cash received by the investor prior to the receivership on account of such investment. The Court recently approved this "cash in/cash out" approach to calculating the amount of an investor's claim.

You should refer to the IRS website "Help for Victims of Ponzi Investment Schemes", and otherwise consult with a tax professional, for additional information on treatment of any potential loss on your investment.

We strongly suggest that you consult with your personal tax advisor regarding the treatment of any income /loss reported on the 2019 K-1's and any potential loss on your investment. The Receiver is not offering any tax advice to any investor and nothing herein shall be construed as such. Furthermore, no information on any K-1 shall be deemed any determination by the Receiver as to the amount of any claim of any investor for distribution purposes in this receivership, which amounts will be determined solely by receivership law and court order.