

Applicants
Alison Campbell Grant
Second Witness Statement
Exhibit ACG-2
4 March 2025

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF
ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)

CR-2008-000028

**IN THE MATTER OF MABLE COMMERCIAL FUNDING LIMITED (IN ADMINISTRATION)
AND IN THE MATTER OF THE INSOLVENCY ACT 1986**

SECOND WITNESS

STATEMENT OF

ALISON CAMPBELL GRANT

I, **ALISON CAMPBELL GRANT** of PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL, state as follows:

A. INTRODUCTION

- 1** I am a licensed insolvency practitioner and a director at PricewaterhouseCoopers LLP ("**PwC**"), a professional services firm of the above address.
- 2** David James Kelly (a partner at PwC), Gillian Eleanor Bruce (a director at PwC), Dan Yoram Schwarzmann (a partner at PwC), Edward John Macnamara (a partner at PwC) and I (the "**Administrators**") are the joint administrators of Mable Commercial Funding Limited (in administration) ("**Mable**").
- 3** I am duly authorised to make this witness statement on behalf of the Administrators.
- 4** There is now shown to me a paginated bundle of copy documents, marked "**[ACG-2]**", to which I refer in this witness statement. References to exhibit [ACG-2] are in the format **[ACG-2]/tab/page number**.
- 5** Where no cross reference to the paginated bundle is provided and where there is no other indication of the source of my information or belief, the contents of this witness statement

are derived from facts and matters which are within my own knowledge and belief. These facts and matters have been learned either as a result of the work undertaken by me as one of the Administrators, or they have been provided to me either by my colleagues at PwC involved with the administration of Mable, or by the employees or former employees of the Lehman group of companies in the UK (the “**Lehman Group**”) who are still available to the Administrators, or by the Administrators’ legal advisers.

- 6** This witness statement has been prepared through the exchange of emails and telephone meetings between me, my colleagues at PwC and Linklaters LLP (legal advisers to the Administrators). Whilst I have been assisted in preparing this witness statement by Linklaters LLP, nothing in this witness statement is intended to waive, or is to be read as waiving, any privilege in any legal advice received by me.
- 7** I make this statement in support of the Administrators’ application for an order, pursuant to paragraph 98(2)(c) of Schedule B1 to the Insolvency Act 1986 (the “**Act**”), that David James Kelly, Gillian Eleanor Bruce, Dan Yoram Schwarzmann, Edward John Macnamara and I be discharged from liability under paragraph 98(1) of Schedule B1 to the Act in respect of any act or omission in our individual capacities as Administrators of Mable, such discharge to take effect from the date falling twenty-eight days from the date on which the final Mable progress report is notified to creditors, save in respect of claims notified to us before that date (the “**Mable Discharge Application**”).
- 8** The remainder of this witness statement is structured as follows:
 - (i) **Section B** records the background to the Mable Discharge Application;
 - (ii) **Section C** describes the realisations from Mable’s estate and distributions to its creditors;
 - (iii) **Section D** describes the sale of Mable’s shares in SPML and PML and the LBHI Claim (defined below);
 - (iv) **Section E** describes the notice of the Mable Discharge Application that has been given; and
 - (v) **Section F** updates the Court on final matters in the administration.

B. BACKGROUND TO THE DISCHARGE APPLICATION

- 9** Mable was the holding company for many subsidiaries within the Lehman Group, including Storm Funding Limited (“**Storm**”) (before it was dissolved on 23 March 2023).
- 10** Mable was a funding vehicle for mortgage assets and asset-backed debt financing, via its shareholdings in Southern Pacific Mortgage Limited (“**SPML**”) and Preferred Mortgages Limited (“**PML**”). SPML and PML were Mable’s solvent trading subsidiaries.

- 11 Mable entered into administration on 23 September 2008, by a resolution of its board of directors dated 22 September 2008 pursuant to paragraph 22 of Schedule B1 to the Act. Lehman Brothers International (Europe) (in administration) (“**LBIE**”) is now Mable’s sole unsubordinated creditor.
- 12 Mable’s administration has been extended on a number of occasions pursuant to paragraph 76(2)(a) of Schedule B1 to the Act. Most recently, Mable’s administration was extended by Justice Hildyard on 25 November 2022 so as to run till 30 November 2025.
- 13 During the administration, as is clear from the Administrators’ thirty-second progress report dated 22 October 2024 (the “**Thirty-Second Progress Report**”), the Administrators have been seeking to achieve the purpose of the administration by seeking to achieve a better result for its creditors than would have been achieved had it been wound up without first being in administration. A copy of the Thirty-Second Progress Report is exhibited at **[ACG-2/1/1]**.
- 14 The Administrators have been seeking to achieve that purpose by realising and making arrangements for the protection, realisation and maximisation of Mable’s assets, which included significant affiliate claims against Lehman Group entities. For the reasons set out below, the Administrators consider that they have now achieved that purpose to the extent possible.
- 15 The Administrators intend to leave office on 21 March 2025, by sending a notice to the Registrar of Companies pursuant to paragraph 84(1) of Schedule B1 to the Act, thus bringing the administration to an end and setting Mable on the path to be dissolved three months later pursuant to paragraph 84(6) of Schedule B1 to the Act.
- 16 The Administrators intend to file their final progress report at Companies House once they are ready to give notice pursuant to paragraph 84(1) of Schedule B1 to the Act.
- 17 The Administrators’ proposals for achieving the purpose of Mable’s administration (dated 12 November 2008) included a resolution, subsequently approved by creditors, to the effect that “*The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Schedule B1 IA86 in respect of any action of theirs as Administrators at a time determined by the court*”. A copy of the “joint administrators’ proposals” dated 12 November 2008 for achieving the purpose of the administrations of Mable and Storm is exhibited at **[ACG-2/2/12]**.
- 18 In the circumstances, the Administrators seek an order fixing the time of their discharge from liability in accordance with paragraph 98(1) of Schedule B1 to the Act.

C. REALISATIONS AND DISTRIBUTIONS

Realisations

- 19** Mable's total assets as at the date of administration had a book value of c.\$2.7 billion. During the course of the administration, the Administrators have been able to secure very significant realisations in the amount of approximately £651 million, \$10 million and €8 million by: (i) holding assets and collecting receivables in Mable's estate; and (ii) liquidation of the relevant assets over the course of Mable's administration. The key realisations comprise receipts in respect of, among other things:
- (i) dividends totalling c.£153.7 million from Storm;
 - (ii) dividends totalling c.£345 million from SPML and PML;
 - (iii) dividends totalling c.£3.4 million from Eldon Street Holdings Limited (in administration);
 - (iv) dividends totalling c.£14.4 million from its investment in Resetfan Limited, a Lehman Group company; and
 - (v) receipts totalling c.£7.2 million from Mable's claim against Lehman Brothers Holdings Inc. ("**LBHI**") (assigned claim number 200035 by LBHI's claim agent and allowed as a class 4B claim in the voluntary cases commenced by LBHI and certain of its affiliates under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York on 15 September 2008 and periodically thereafter, which cases are currently being jointly administered under Case Number 08-13555 (SCC)) in the amount of \$19,727,757 (the "**LBHI Claim**").
- 20** The key realisations discussed above do not include any receipts from Mable's assets that passed directly to LBIE after 13 April 2021 pursuant to the Compromise Arrangement (defined below).
- 21** The receipts and payments account prepared by the Administrators to 22 September 2021 is contained in the twenty-sixth progress report dated 21 October 2021 at **[ACG-2/3/31]**. Mable's bank accounts were closed on 8 September 2021 and since then, by the terms of the Compromise Arrangement (defined below), the amounts payable in respect of Mable's only remaining receivable (the LBHI Claim) were paid by LBHI's agents directly to LBIE.

Distributions and payments to creditors

- 22** By an order dated 24 June 2013, the Court gave the Administrators permission to make distributions to Mable's unsecured creditors and Mable became a distributing administration on the same date.
- 23** In total, the Administrators paid approximately £616.2 million in dividends to unsecured creditors that amounts to an average of 85.53 Pence in the Pound since the start of the administration. The (i) distributions since the start of the administration; and (ii) c.£13.3 million payment pursuant to the Compromise Arrangement (defined below), to Mable's unsecured creditors, are listed in Appendix A of the Thirty-Second Progress Report [ACG-2/1/8].
- 24** To expedite recoveries from Mable's estate, certain creditors of Mable proposed the transfer of all its assets (save for as described in paragraph 25 below) to LBIE (its largest creditor), together with the payout of Mable's cash assets to all of Mable's creditors, in agreed proportions. Accordingly, on 13 April 2021, Mable and all its creditors¹ entered into a compromise arrangement (the "**Compromise Arrangement**"). The executed copy of the Compromise Arrangement has not been exhibited in light of the confidentiality restrictions in the agreement,² but a copy can of course be made available to the Court.
- 25** The Compromise Arrangement provides that all of Mable's remaining unrealised assets (including future receipts) were transferred to LBIE, except the: (i) legal title to shares in SPML/PML; (ii) LBHI Claim;³ and (iii) shares in Storm for which the aggregate nominal value was £310,000 (albeit LBIE was entitled to purchase these shares from Mable for a nominal consideration of £1 by sending Mable a notice pursuant to the Asset Transfer Deed (defined below))⁴.
- 26** Prior to the Compromise Arrangement, Mable's assets included: (i) cash held by or immediately realisable by Mable's administrators; and (ii) assets that could be realised in the future (e.g., claims against other Lehman group companies) (the "**Future Assets**").
- 27** In accordance with the Compromise Arrangement, the Administrators: (i) valued the Future Assets (including the LBHI Claim) and assigned them a fair value; (ii) divided the total value of Mable's assets by its creditors' claims in the relevant proportions; (iii) transferred all of Mable's assets (save for as described in paragraph 25 above) to LBIE;

¹ LBIE, Lehman Brothers Holdings plc (in administration), Lehman Brothers (PTG) Limited (in administration), Thayer Properties Limited (in liquidation), Lehman Brothers ODC3 Ltd (in liquidation) and LBHI.

² Clause 16, Compromise Arrangement

³ Albeit: (a) LBHI's payment agent had been instructed to make any payments in respect of the LBHI Claim to LBIE; and (b) as discussed in paragraph 41 below, pursuant the terms of an Asset Transfer Deed (defined below) LBIE was entitled to purchase the LBHI Claim from Mable for a nominal consideration of £1.

⁴ Clause 7.1, Asset Transfer Deed (defined below). LBIE did not send a notice to Mable for the purchase of Storm's shares before Storm's dissolution on 23 March 2023.

and (iv) paid the cash to Mable's creditors as a final payment (adjusting LBIE's share of the cash payment for the value of the (non-cash) Future Assets (including the LBHI Claim) transferred to it).

28 Accordingly, the Administrators paid c.£13.3 million in cash to Mable's creditors pursuant to the Compromise Arrangement (in addition to the dividends distributed to unsecured creditors referred to in paragraph 23 above).

29 As consideration for: (i) the final cash payment to Mable's creditors; and (ii) LBIE's agreement to accept transfer of the remaining non-cash assets, the Compromise Arrangement provided for:

- i. Each of Mable's creditors (other than LBIE) to subordinate their claims in favour of LBIE by way of agreeing separate subordination deeds with Mable; and
- ii. LBIE: (a) to accept a lower cash payment; and (b) to indemnify Mable against any necessary costs and expenses of Mable's administration (including taxes).⁵

30 As to points (i), (ii) and (iii) in paragraph 25 above, following Mable's sale of the SPML and PML shares (discussed in paragraph 38 below), the transfer of the LBHI Claim to LBIE (discussed in paragraph 42 below) and the dissolution of Storm on 23 March 2023, Mable does not retain any assets (as the LBHI Claim receipts were agreed to be paid directly to LBIE). There were no further distributions after the Compromise Arrangement.

D. SPML/PML SALE AND LBHI CLAIM

31 As at the date of my first witness statement, filed on 1 November 2022 in support of the Administrators' application for the most recent extension of their term of office ("**Grant 1**"), Mable's administration was significantly advanced and it held relatively few assets. In Grant 1, I explained that the key driver for the extension request was that there were further assets to be realised for the benefit of LBIE (Mable's sole unsubordinated creditor), namely: (i) further "*long tail recoveries*" from SPML and PML that were expected to continue until 2041; and (ii) future payments from the LBHI Claim (**[ACG-2/4/35]**).

32 As to paragraph 31(i) above: the recoveries were expected to continue over a long period because SPML and PML had interests in residential mortgages, bonds and securitisation structures. Those payments were expected to continue for some time because they were dependent on the performance of the underlying mortgages held by SPML and PML (**[ACG-2/4/41]**). Accordingly, the Administrators were exploring potential exit strategies, so as to enable recoveries to be crystallised prior to the maturity date of the last of the mortgage loans held by SPML and PML.

⁵ Clause 10, Asset Transfer Deed (defined below).

- 33** As I also explained in Grant 1, for regulatory reasons, Mable retained legal title to its interests in SPML and PML but the beneficial ownership was transferred to LBIE ([**ACG-2/4/41**]). While the Administrators explored the possibility of transferring Mable’s interests in SPML and PML to LBIE, this was not possible because the Financial Conduct Authority (the “**FCA**”) was unwilling to approve a change of control of SPML and PML to a company in administration (i.e., LBIE).
- 34** Other alternative options were also considered, including: (i) the potential sale to other interested parties; (ii) the assignment of the income stream from SPML/PML due to LBIE to a third party; and (iii) the use of LBIE’s voting rights attached to the shares in SPML/PML to change the constitution of SPML/PML’s boards and/or amend the remuneration package of the management team to incentivise the distribution of cash to LBIE (as SPML and PML’s beneficial shareholder).
- 35** In the second half of 2023, as the beneficial holder of SPML/PML’s shares, LBIE entered into five non-disclosure agreements with parties interested in acquiring SPML/PML. SPML/PML’s existing management team (the “**SPML/PML Management Team**”) and another third party submitted offers to purchase the SPML/PML shares.
- 36** On 2 February 2024, the Administrators (and the joint administrators of LBIE) accepted the most competitive offer from the SPML/PML Management Team to purchase the SPML and PML shares from LBIE (as the beneficial owner of the shares) and Mable (as the legal owner of the shares).
- 37** In concluding that the SPML/PML Management Team’s offer was the most competitive, the Administrators and LBIE also judged that the FCA was likely to approve the change of control of SPML/PML to the SPML/PML Management Team because: (i) the business was being transferred to solvent individuals; and (ii) these individuals had already commenced engagement with the FCA to gauge the likelihood of obtaining the FCA’s approval prior to entering into the purchase agreement. Therefore, the FCA’s main objection in paragraph 33 above would be addressed.
- 38** Accordingly, on 21 June 2024, the Administrators (as Mable was the legal owner of the SPML/PML shares) and LBIE (as beneficial owner) entered into a Share Sale Agreement (“**SSA**”) with the SPML/PML Management Team, subject to certain conditions being met (including seeking FCA consent for change in ownership). The executed SSA has not been exhibited in light of the confidentiality restrictions in the agreement, but a copy can of course be made available to the Court.⁶

⁶ Clause 12, SSA.

- 39** The FCA granted approval on 7 August 2024 and the sale of the shares was completed on 9 August 2024. A copy of the FCA's approval dated 7 August 2024 is exhibited at **[ACG-2/5/48]**.
- 40** The Administrators and LBIE: (a) accepted the SPML/PML Management Team's offer for the acquisition of Mable's shareholding in PML and SPML; (b) were satisfied with this offer because it was the most appropriate offer received pursuant to the Administrators' market-testing exercise for the sale of SPML/PML (albeit, at the time of the sale, Mable had no beneficial interest in the SPML/PML shares or the proceeds of their sale as the beneficial interest in the shares was transferred to LBIE pursuant to the Compromise Arrangement). Pursuant to the Compromise Arrangement, the proceeds from the sale of SPML/PML were paid to LBIE.
- 41** As to paragraph 31(ii) above: LBIE was entitled to purchase the LBHI Claim from Mable for a nominal consideration of £1 pursuant to the asset transfer deed dated 13 April 2021 between LBIE and Mable (the "**Asset Transfer Deed**") and executed after the execution of the Compromise Arrangement.⁷ The consideration was agreed between the Administrators and LBIE when the Compromise Arrangement was negotiated. The Asset Transfer Deed has not been exhibited in light of the confidentiality restrictions in the Compromise Arrangement, but a copy can of course be made available to the Court.⁸
- 42** LBIE exercised its option to purchase the LBHI Claim by issuing a notice dated 28 February 2025 to Mable (the "**LBHI Transfer Notice**"). A copy of this notice dated 28 February 2025 is exhibited at **[ACG-2/6/49]**. Copies of the: (a) notice dated 4 March 2025 from the Administrators to the United States Bankruptcy Court (Southern District of New York); and (b) accompanying form B2100A of the same date are exhibited at **[ACG-2/7/51]**.
- 43** Following: (i) Mable's sale of the legal title to the SPML and PML shares; and (ii) LBIE's purchase of the LBHI Claim, both outstanding points that I explained in Grant 1 have now been resolved. Further, Mable's remaining subsidiary, Storm, was dissolved on 23 March 2023. Consequently, Mable's administration can be completed.

E. NOTICE OF THE MABLE DISCHARGE APPLICATION

- 44** On 6 February 2025, the Administrators published a notice on the Mable administration page of the PwC website. That notice advised creditors that the Administrators intended shortly to apply to Court to specify the time at which their discharge from liability, pursuant

⁷ Clause 7, Asset Transfer Deed; Clause 3.1.5, Compromise Deed.

⁸ Clause 10, Compromise Arrangement (also applies to the Asset Transfer Deed).

to paragraph 98 of Schedule B1 to the Act, shall take effect. A copy of this notice is exhibited at [ACG-2/8/53].

45 The same notice was provided to LBIE, SPML and PML. Copies of the email dated 7 February 2025 from the Administrators to LBIE and email dated 18 February 2025 from the Administrators to the management team of SPML and PML are exhibited at [ACG-2/9/56] and [ACG-2/10/57].

46 Posting information on the administration website is the method by which the Administrators have generally communicated with Mable's creditors, following a notice of general use of website to deliver documents which was posted to Mable's creditors dated 22 October 2021, during the course of the administration, save where some other statutorily stipulated method applied.

47 As of the date of this witness statement, no person has raised any objection or otherwise indicated an intention to oppose the present application. I confirm that neither I nor the other Administrators are aware of any potential claims arising out of our conduct as Administrators of Mable, nor are we aware of any facts or matters which we consider could give rise to such claims.

F. FINAL MATTERS IN THE ADMINISTRATION

48 In anticipation of resolving: (a) Mable's sale of the legal title to the SPML and PML shares; and (b) transfer of the LBHI Claim, the Administrators have been taking certain other steps to complete other minor matters and prepare to close the administration: (i) seeking HMRC's approval of the closure of the estate; and (ii) resolving an outstanding charge in favour of Starwood Hotels and Resorts Worldwide Inc. ("**Starwood**") dated 14 June 2004 (the "**Starwood Charge**") on the Companies House register.

49 As to (i): the Administrators consider that all tax liabilities of Mable that rank as expenses of the Administration have now been met in full and that no further such tax liabilities will arise. The Administrators believe (and have no reason to doubt) that HMRC agrees with that position.

50 As to (ii): the Starwood Charge relates to a security deed dated 14 June 2004 that secures the amounts owed by Mable to Starwood under a participation agreement of the same date that created fixed and floating charges over Mable's rights, title and interests in a senior mezzanine facility dated 25 May 2001 (the "**Secured Obligations**").

51 On 9 July 2014, Starwood stated in correspondence that there "*was no reason to think that [the Secured Obligations] were not completely discharged*" subject to confirmation from its accounts team. However, Starwood did not respond to correspondence thereafter [ACG-2/11/62].

- 52** On 23 September 2024, Mable’s administrators wrote to Marriott International Inc. (“**MII**”) about the Starwood Charge (as Starwood merged with MII in 2016), noting that if they did not hear from MII by 25 October 2024, the administrators would assume that MII did not have a claim against Mable and would bring Mable’s administration to an end [**ACG-2/12/71**].
- 53** Mable’s administrators noted that as at the date of their letter, they had not received: (i) any evidence that MII has taken an assignment of either the Secured Obligations and/or the benefit of the security deed or the charged assets thereunder; (ii) a proof of debt from either MII or Starwood in respect of any claim in relation to the Secured Obligations. Further, according to the information provided to Mable’s administrators at the time, the Secured Obligations had been fully settled and Mable no longer had the benefit of the charged assets.
- 54** The Administrators are satisfied that the Starwood Charge is no longer in effect because of the following factors:
- (i) The length of time that has passed since the charge was granted (over 20 years);
 - (ii) The length of time that has passed since the commencement of the administration and the high-profile nature of the collapse of the Lehman Group;
 - (iii) Prior to the Compromise Arrangement, dividends to unsecured creditors have been advertised;⁹ and
 - (iv) MII has been notified about the closure of Mable’s administration and has not responded to the Administrators’ notice (let alone submitted a proof of debt in the administration).

⁹ After the Compromise Arrangement, Mable made no distributions.

Conclusion

55 Accordingly, the Administrators respectfully request that the Court fix the time of their discharge on the terms sought.

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed: 

Alison Campbell Grant

4 March 2025

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