

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 7
)
PEREGRINE FINANCIAL GROUP, INC.,) Case No. 12-27488
)
)
)
) Honorable Judge Carol A. Doyle
Debtor.)

TO: Forex and OTC Metals Claimants of Peregrine Financial Group, Inc.

This Notice is to inform you that on April 23, 2014 the Trustee presented his Motion for Entry of an Order Authorizing Proposed Settlement Terms Respecting Forex and OTC Metals Customer Claims and for Related Relief (the "Motion"),¹ and that the U.S. Bankruptcy Court for the Northern District of Illinois (the "Court") entered an Order Authorizing Trustee's Proposed Settlement Respecting Forex and OTC Metals Claims (the "Order"). Accordingly, based on the reasons set forth in the Motion², the Court authorized Ira Bodenstein, the chapter 7 trustee ("Trustee") for the bankruptcy estate of Peregrine Financial Group, Inc. ("PFG"), to settle the Forex and OTC Metals Claims pursuant to certain terms and conditions (the "Settlement").

Pursuant to the Order, the Trustee has standing authority to settle your Forex and/or OTC Metals Claims against PFG on the terms and conditions set forth in the Motion. The Settlement may be terminated by the Trustee at any time prior to your acceptance of the Settlement.

The terms of the Settlement are that any Forex or OTC Metals Claimant (collectively, "Forex Claimant") may choose to receive a onetime payment equal to **thirty percent (30%) of their Allowed Forex and/or OTC Metals Claim**³ (the "Settlement Payment") on account of such Forex and/or OTC Metals Account (collectively, the "Forex Account"), in full and complete satisfaction of such Claim, specifically including the waiver of any further claim respecting such Forex Account against the bankruptcy estate of PFG.

If any Forex or OTC Metals Customer has a debit balance in a class or capacity other than as a Forex or OTC Metals Customer, the amount of that debit balance will be subtracted from the amount of such Forex Claimant's Allowed Claim on a dollar-for-dollar basis before calculating the amount of the 30% distribution contemplated under the Settlement.

¹ A copy of the Motion [Docket No. 2459] is posted on the Trustee's PFG Website, www.pfgchapter7.com. Capitalized, undefined terms herein shall have the meanings set forth in the Motion.

² The Motion recites several Legal Theories that certain Forex and OTC Metals Claimants have advanced in support of their assertion that all identifiable funds associated with Forex Accounts are fully recoverable by the Forex Claimants. The Court announced in open court on April 23, 2014 that it was going to grant the Trustee's Motion for Summary Judgment in the *Secure Leverage* Adversary, denying the application of the Commodity Contract Theory to the PFG Forex Accounts as the basis that the Forex Claimants were not "customers" within the meaning of Section 761(9) of the Bankruptcy Code. The Court stated that it would be issuing a written opinion to that effect shortly.

³ The term "Allowed Claim" refers to a Claim: (a) scheduled by the Debtor as undisputed, not contingent and liquidated; (b) as to which no objection, adversary proceeding or request for estimation has been filed; (c) as to which any objection has been settled, waived, withdrawn or denied by a Final Order; or (d) that is Allowed (i) either by a Final Order or (ii) by an agreement between the Holder of such Claim and the Trustee.

If you would like to participate in the Settlement, please take the following steps: (i) provide your name, mailing address, email address, telephone number and signature as required below; (ii) review the enclosed Settlement Agreement; and (iii) if you wish to accept the Settlement, fill out and sign the Settlement Agreement and mail a copy of the executed Settlement Agreement and executed Notice back to the Trustee at the address below **by June 1, 2014**. You do not need to file a proof of claim to participate in the settlement. The Trustee will disburse the Settlement Payment within fourteen (14) days of the latter of (a) the Trustee's receipt of the executed Settlement Agreement and (b) the allowance of the Forex Claimant's Allowed Claim.

Nothing in this Notice shall be deemed an admission by the Trustee that any person or entity does, in fact, hold an Allowed Claim against the bankruptcy estate. The Trustee reserves full rights to verify the identity of any person receiving this Notice and such person's entitlement to receive a distribution on account of the identified Forex Account. The Trustee further reserves the right to object to any claim by any person or entity receiving this Notice on any basis.

Respectfully submitted,

Dated: April 23, 2014

Ira Bodenstein, not personally, but as chapter 7 trustee for the estate of Peregrine Financial Group, Inc.

Customer Information

Name: _____
Proof of Claim No. (if applicable): _____
Address 1: _____
Address 2: _____
City, State: _____
Zip Code: _____
Signature: _____

Mailing Address

Peregrine Financial Group, Inc. dba PFG Best
c/o Rust Consulting/Omni Bankruptcy
Attn: Forex Settlement
5955 DeSoto Ave., Suite 100
Woodland Hills, CA 91367