

MMAC Class Action – FAQ for Potential Participants

1. How is recovery divided among participants in a successful class action?

If the class action is successful, the total amount recovered—either through a court award or settlement—will be distributed among eligible class members according to a court-approved distribution plan. In the MMAC case, the plan will be based on each participant's net loss, which is the amount they invested minus any amounts they received back.

This follows the approach used in major Ponzi litigation, such as the Madoff case. People who received more than they invested ("Net Winners") are excluded or may be subject to clawback proceedings. The focus is on compensating those who suffered actual net financial losses.

2. What if the recovery is less than the total losses of the Class?

If the recovery is less than the total losses, which is common in Ponzi cases, a pro-rata distribution model is used. This means that each eligible class member receives a proportionate share of the recovery based on the size of their net loss compared to the total net losses of all class members.

For example:

- Your net loss: \$100,000
 - Total net losses of the Class: \$200 million
 - Total recovery: \$100 million (i.e., 50% of total losses)
- You would receive: \$50,000 (i.e., 50% of your loss)

This approach ensures fairness by compensating all participants in proportion to their actual losses, regardless of when they invested or how much.