

January 14, 2013

10726 Marbury Avenue,
San Diego, CA-92126

The Honourable Judge Sean H. Lane
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, NY 10004-1408



**Case Reference: TerreStar Corporation case# 11-10612(SHL)
And TerreStar Networks case# 10-15446 (SHL)**

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Dear Honourable Judge Lane,

This is to report –

- 1. Bankruptcy Fraud, Crimes and Violations,**
- 2. Concealing and undervaluation of assets,**
- 3. Self-Dealing, Fraudulent Transfer or violation of Section 548,**
- 4. Violation of Fiduciary Exception and Fiduciary Duty**

happening in **TerreStar Corporation bankruptcy (TSC)** case. Please see case summary and also the referenced documents and common shareholder petitions. Please also refer the dockets referenced in the case summary below.

(A) - Case Details and Summary

This is to report TerreStar Bankruptcy fraud (**Case Numbers: 11-10612(SHL) and 10-15446 (SHL)**). On 24th October 2012, Your Honor Judge Sean H. Lane approved the POR approving the bankruptcy plan filed by the TerreStar Debtors. The plan approval docket is at -

http://terrestarcorporprestructuring.com/pdflib/668_10612.pdf

This is the second time the debtors undervalued the TerreStar assets significantly for their own vested interests. First, the TerreStar Debtors undervalued highly valued 2.0 GHz spectrum, then they concealed 1.6 GHz spectrum, and now finally they played the same game to undervalue the 1.4 GHz spectrum. The debtors were in clear violation of bankruptcy laws multiple times.

The valuable assets of both TerreStar Networks Inc., and TerreStar Corporation is the primary reason majority of the investors invested. Your Honor, we respectfully disagree with your decision to approve the sale for only \$391 Million Dollars when the realistic valuation of the 2.0 GHz spectrum license was worth over **\$4.8 Billion Dollars and not \$391 Million Dollars**. We question the integrity and transparency of the members of the management, the in-house lawyer, members of the Board of Directors especially the member that was in charge of TerreStar Audit committee, the Chairman of the

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Board and lastly the EchoStar Corporation and his majority shareholder which is Charles Ergen and his involvement in causing the deliberate financial downfall of two separate entities.

The common equity holder's request for appointment of an independent examiner and equity committee to evaluate all the TerreStar assets was denied multiple times. An official shareholders' committee can often extract additional value for the otherwise junior interests of equity. Shareholders were totally overlooked in this bankruptcy proceeding. It overlooked that committee representation can provide shareholders with a vehicle to challenge valuation of the bankrupt debtor, in order to show value for equity at the debtor's expense. Without an equity committee and the independent examiner, the fair and maximum valuation and transparency cannot be determined. The appointment of Equity committee and independent examiner was denied multiple times by the bankruptcy judge and the US trustee.

For Mr. Posner (Counsel to the Liquidating Trustee of the TerreStar Networks, Inc. and Attorney for TerreStar's Unsecured Creditor's) to claim that no request for the appointment of an examiner were made for both TerreStar Corporation and for their largest division TerreStar Networks Inc., is not being sincere and honest to Your honor and to the minority common equity holders.

Therefore, Your honor we are seeking integrity and transparency in these bankruptcy proceedings. We are questioning in what court has Mr. Posner been presiding? We have and are demanding the Office of the United States Trustee and the Department of Justice to appoint an Equity Committee and an Independent Examiner but to no avail. Unfortunately, the appointed United States Trustee Susan D. Golden has not been an advocate for the best interest of the common equity holders.

The function of the Office of the United States Trustee is to be the watchdogs against abuses and prevent dishonesty in the bankruptcy court. Well Your Honor we have question the United States Trustee from her direct duty in which Mrs. Golden authorized the appointment of an equity committee to protect the unsecured creditor but she turns her back on the common equity shareholders with regards to this request. The case has been confirmed and approved by unethical and corrupted means. The US trustee Susan D. Golden appointed supported the debtors in their wrong doing and corruption throughout this bankruptcy case and denied the common shareholders with appointment of an independent examiner and an equity committee multiple times.

There are many wrong doing occurring in the bankruptcy process of this company, to benefit the preferred shareholders, note holders, lawyers, insiders and its executives. Instead of looking for buyers, it chose to file bankruptcy, and break up the company's assets into two separate bankruptcy proceedings, in favor of Hedge Fund of EchoStar Corporation, Phillip Falcone, Harbinger Capital Partner's LLC, and HedgeFund Solus Alternative Management. Additionally, they have significantly undervalued the spectrum assets to benefit only a few and deliberately wiping out the common share holders. Many bankruptcy crimes have occurred in this case. By cooking the books, tax evasion and tax fraud has more than likely also occurred.

TerreStar Corporation and TerreStar Networks Inc., headquarter is located in Reston, Virginia. This bankruptcy case should have been tried in the United States Bankruptcy Court of the Northern District of Virginia instead of this Southern District Court of New York. We are still questioning why this case was taken to that jurisdiction.

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Below are some violations that have happened in this bankruptcy case.

1. Violation of Fiduciary Responsibility
2. Securities Fraud and multiple violations of the Sarbanes-Oxley Act and in real need to maximize the value of the estate, such as finding "new value"
3. Constructive Fraud - Violations of Title 18 Section 152, Section 154, Section 157 and Section 158 in Bankruptcy Crimes
4. Undervaluation of FCC licensed 1.4 GHz spectrum
5. Questionable management and insiders dealing
6. Questionable favorable lease agreement to the insider, Harbinger
7. Clearly questionable asset valuations - Asset valuations were inflated and deflated at varies time to favor their circumstances
8. Two separated bankruptcies
9. Why file bankruptcy at Southern District Court of New York? Even when they are a Delaware, Corporations and jurisdiction.
10. THE COURT DID NOT APPOINT AN EQUITY COMMITTEE OR AN INDEPENDENT EXAMINER TO EVALUATE THE ASSET VALUE
11. Violation of Section 548 in which "FRAUDULENT TRANSFER" have occurred in which a valuable asset was was sold prior the two years of filing the Bankruptcy Chapter 11 Petition.

The United States Code TITLE 18 sections are also violated. The violations are –

- a). Violation of Section 152 - Concealment of assets, false oaths and claims,
- b). Violation of Section 154 - Adverse interest and conduct of officers,
- c). Violation of Section 156 - Knowing disregard of bankruptcy law or rule,
- d). Violation of Section 157 - Bankruptcy fraud,
- e). Violation of Section 158 - Designation of United States attorneys and agents of the Federal Bureau of Investigation to address abusive reaffirmations of debt and materially fraudulent statements in bankruptcy schedules.

Please also refer to following dockets filed by common shareholders Mr. Jeffrey Swarts, Mr. Aldo Ismael Perez and Mr. Ray Coburn.

- a). Docket #670 - The confidential information (documents received via discovery of request) revealed how the bussiness of satellite orders worth \$1.0-\$1.1 Billion Dollars were concealed by the debtors.
- b). Docket #658 (section II) highlights all the objections made by various common shareholders.
- c). Please also refer Docket #331, Docket #553, Docket #556, Docket #579, Docket #607, Docket #638, Docket #639, Docket #651
- d). All other dockets filed by Mr. Jeffrey Swarts, Mr. Aldo Ismael Perez and Mr. Ray Coburn. See section II of Docket #658 for list.

All the above dockets are at -

<http://www.terrestarcorporprestructuring.com/maincase.php>

I have also referenced the common shareholder petitions and the objection document that gives an idea on how the bankruptcy crimes were executed by TerreStar Corporation executives, insiders and lawyers.

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We are requesting you to re-look into this bankruptcy case and see how numerous crimes and frauds that have taken place and help provide justice to all the common shareholders. We are asking Your Honor to stop these proceedings and refer these matters to the Department of Justice especially to the Office of the United States Trustee for a thorough investigation. TerreStar Corporation and TerreStar Networks Inc., are a one company and the Debtor and their lawyers have cleverly convinced Your Honor to split them into two separate bankruptcies violating S.E.C., ruling and compliance. TerreStar Networks Inc., is not even a publicly traded company. TerreStar Networks Inc., bankruptcy proceedings must not be released from the ownership under TerreStar Corporation.

These TerreStar Corporation and TerreStar Networks Inc. bankruptcy cases deserve a vigorous investigation from **Enforcement Unit of the Securities Exchange Commission and the Federal Bureau of Investigation (FBI)** because of countless violations of securities laws but importantly because of criminal acts have occurred in them.

Your Honor we the common equity holders have incriminating documents in which TerreStar Corporation management broke securities laws and their lawyers are doing everything they can to defend and cover-up their criminal acts. Your Honor you and you only have the power to put a stop to this and make the guilty parties answerable for their actions and to pay for their injustice to all victimized common equity holders. Please help us!

The common shareholder petitions can be found at-

Petition #1 -

Title - WE THE COMMON SHARE HOLDER'S OF TERRESTAR CORPORATION ARE BEING VICTIMIZED
Website - <http://www.ipetitions.com/petition/we-the-common-share-holders-of-TerreStar/>

Petition #2 -

Title - WE THE TERRESTAR CORPORATION COMMON SHAREHOLDERS OBJECT TO THE CONFIRMATION HEARING OF THE 3RD AMENDED PLAN OF REORGANIZATION
Website - <http://www.ipetitions.com/petition/we-the-common-shareholders-object-against-the/>

Petition #3 -

Title - WE TERRESTAR SHARE HOLDERS OBJECT TO THE MEMORANDUM OF LAW IN SUPPORT OF CONFIRMATION OF 3RD AMENDED JOINT CHAPTER 11 PLAN OF TERRESTAR CORPORATION
Website - <http://www.ipetitions.com/petition/we-TerreStar-share-holders-object-to-the-memorandu/>

Petition #4 -

Title - WE THE TERRESTAR EQUITY SHAREHOLDERS JOINTLY OBJECT TO AND APPEAL THE CONFIRMATION OF TSC DEBTORS' THIRD PLAN OF REORGANIZATION
Website - <http://www.ipetitions.com/petition/we-the-common-shareholders-all-request-the/>

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(B) - Identifying information regarding the individual or the business.

Refer to the above objection and petition documents. These petition documents were signed by more than 80 plus common share holders of TerreStar Corporation (TSTRQ). Please see Docket #658 (section II) highlighting all the objections made by various common shareholders at

<http://www.terrestarcorpstructuring.com/maincase.php>

(C) - Assets concealed, undervalued and their estimated dollar value.

1. TerreStar Assets Concealed-

• **1.6 GHz spectrum-**

The 1.6 GHz Spectrum, once owned under the entity of Skyterra by TerreStar Corporation, was sold to the Hedge Fund Harbinger Capital Partners Master Fund I, LTD., and their Hedge Fund Manager Phillip Falcone (In which he has been charged with violations of Securities laws) and taken private. Wherein the asset was worth \$2 Billion Dollars, in spite of that it was sold maliciously and deliberately by undervaluing the asset to a Hedge Fund by the name of Harbinger Group for only \$5.00 per share for over \$225,700,000.00 and privately pilfered by their Hedge Fund Manager Phillip Falcone.

2. TerreStar Spectrum Assets are Undervalued-

• **2.0 GHz spectrum – Sold for \$391 million dollars. Estimated value is \$4-\$5 Billion Dollars.**

The sale of the Satellites TS-1 and TS-2 for a total of \$984 Million Dollars, yet Your Honor the true valuation from the respected telecommunication Spectrum expert The Brattle Group and from the telecommunication analyst back in June 30, 2005 from UBS AG Bank (**Docket # 179**) clearly states the valuation of the 2.0 GHz Spectrum valuation being worth \$4.8 Billion Dollars and **NOT** \$391 Million Dollars. 2.0 GHz spectrum was sold only for a fraction of the true market value especially in the times of spectrum crunch resulted as a result of massive demand occurring due to exponential increase in usage of tablets, smart phones and the internet. **Please also refer to the Marathon Asset Management evaluation of TerreStar's spectrum assets below.**

We respectfully disagree with the failure of not appointing an Equity Committee by the United States Trustee. One of the Debtor lawyers forward a letter to Tracy Hope Davis recommending against it because there will not be any proceeds for the common equity holders. Well Your Honor one must verify why this occurred in which the management along with the in-house lawyer and the members of the Board of Director including the Chairman of the Board

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completely disregarded the ownership of the common equity holders for their personal financial gain.

Therefore, Your Honor they are accountable for their deliberate mismanagement in taking TerreStar Corporation and TerreStar Network Inc., to the financial collapse. And they are also responsible for lying to the common equity holders and to Your Honor. They have acted in **Bad Faith** in these court proceedings.

(a). Marathon Asset Management valuation of TSC and TSN spectrum assets –

Marathon believes that TerreStar's spectrum (both its 1.4 GHz spectrum and its 2.0 GHz S-Band spectrum) are substantially undervalued by the Debtors, and that at a proper estimate, as high as in the range of \$0.50/MHZ-POPs, or \$4.3 Billion Dollars, would produce a valuation of TSC's common stock in the range of \$2.7 Billion. And such a common stock valuation does not even take into account the value of other assets such as the two satellites (TS-1 and TS-2) with TSC and its subsidiaries. EchoStar understands this "upside" potential, which is why it has been so quick to convert its major holdings in the Debtor's first -priority notes secured by the spectrum- over \$500 Million in face value. See Docket #129, Item #9, Page 6 at -

http://terrestarinfo.com/pdflib/129_15446.pdf

● **1.4 GHz spectrum –**

(a). PLUM Consulting valuation of 1.4 GHz Spectrum –

A study was done by the Plum Consulting, a highly respected telecommunication consultants based in London, England. According to Plum, the 1.4 GHz Spectrum is a very valuable asset for the European telecommunication market and perhaps Northern African region as well. The 1.4 GHz Spectrum is worth multiple Billion of Dollars in Europe. As quoted in below PLUM report *"Our estimates show that the harmonisation and use of 1.4 GHz for a supplemental downlink for enhanced mobile multimedia and broadband services could generate economic benefits worth as much as €54 billion for Europe"*

http://www.plumconsulting.co.uk/pdfs/Plum_June2011_Benefits_of_1.4GHz_spectrum_for_multimedia_services.pdf

(b). Jefferies & Company valuation of 1.4 GHz Spectrum –

On February 2008 TSC files PRE 14C, in which the 1.4 GHz spectrum is exercised for 30 million common shares going to Echostar. Investment Banker Jefferies & Company does the fairness opinion that valued the spectrum at \$533.4 million, \$640 million and \$856.2 million, or \$0.23, \$0.29 and \$0.37 MHz POP. See docket 402, page 8, 23 at-

http://terrestarcorprestructuring.com/pdflib/402_10612.pdf

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(c). RKF Engineering report on TerreStar's 1.4 GHz valuation –

RKF Engineering, one of the respected experts in Spectrum field stated that 1.4 GHz Band is a and very efficient spectrum can be used for LTE PICO CELL and mobile applications providing coverage to as high as 87% (or many millions of customers) of total US population (See Table 8 of the RKF market study report). The RKF market study on 1.4 GHz can be found at –

http://www.terrestarcorpstructuring.com/pdflib/TerreStar_1.4_GHz_Market_Study-Redacted_Version_9-21-12.pdf

Regards,



Sandeep J. Singh
TerreStar Corporation Common Shareholder
Trading Symbol - TSTRQ