



WASHINGTON, DC

MEREDITH S. SENTER, JR.
202.416.6740
MSENTER@LERMANSENTER.COM

May 1, 2018

VIA ECFS

Michelle M. Carey
Chief, Media Bureau
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

**Re: Spanish Broadcasting System, Inc.
Petition for Declaratory Ruling Pursuant to 47 C.F.R. § 1.5004(f)(3)**

Dear Ms. Carey:

This letter is filed on behalf of Spanish Broadcasting System, Inc. (“SBS” or “the Company”) to apprise the Commission that on April 27, 2018, SBS notified West Face Long Term Opportunities Global Master L.P. (“West Face”), Stornoway Recovery Fund LP (“Stornoway”), Stonehill Master Fund Ltd. (“Stonehill”) and Ravensource Fund (“Ravensource”) that their claimed ownership of the Company’s 10¾% Series B Cumulative Exchangeable Redeemable Preferred Stock (“Series B Preferred”) shall be treated as void and non-existent because these investors attempted to acquire these shares in transactions that, if given effect, would violate the Company’s Third Amended and Restated Certificate of Incorporation (the “Charter”), or that were otherwise ineffective, pursuant to the terms of Article X of the Charter, unless and until these investors can demonstrate facts to the contrary supported by relevant documentation. Transmitted herewith as Exhibit A is a report concerning these notices, among other things, that the Company filed yesterday on Form 8-K with the Securities and Exchange Commission.

As set forth in the notices, and as SBS has previously advised the Commission, SBS notified the Series B Preferred investors of this issue on November 28, 2017, January 9, 2018, and March 26, 2018. In addition, the Company has previously requested information from the affected investors or their counsel about their purported acquisitions of Series B Preferred, but the Company has not received information from them that is fully responsive to these requests.



Ms. Michelle M. Carey
May 1, 2018
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Independently, however, the Company has determined that West Face, Stornoway and Ravensource—all Canadian companies—acquired the Series B Preferred that they claim to own from Lehman Brothers Holding Inc. in August 2017. This transaction, standing alone, violated the Charter and Section 310(b) of the Communications Act of 1934, as amended (the “Act”), as it represented 38.5% of the Series B Preferred and by such investors’ own claims in excess of 25% of the equity of the Company. On information and belief, West Face, Stornoway and Ravensource entered into this transaction for the purpose of attempting to effectuate a restructuring and change in control of SBS, when they knew or should have known that it would result in foreign companies owning more than 25% of the Series B Preferred and more than 25% of the equity of the Company. In the case of Stonehill, a Cayman Islands entity, the shares subject to the notice were apparently acquired in May 2017. On information and belief, this acquisition, if valid, would have resulted in Series B Preferred being more than 25% foreign owned as of the claimed acquisition date.

The Series B Preferred that is the subject of the notices remains outstanding. It is owned by the prior U.S. owners, who SBS is in the process of definitively identifying.

SBS, having notified West Face, Stornoway, Ravensource and Stonehill that it is treating the acquisitions that are the subject of the notices as void and non-existent, is in compliance with Section 310(b) of the Act. Attached hereto as Exhibit B is a chart showing the estimated extent of foreign ownership after giving effect to the actions set forth in the notices. As shown on the chart, SBS estimates that its current foreign ownership is 22.9%, which is below the 25% cap applicable to holding companies like SBS.

In light of these developments, SBS questions whether the Commission needs to continue to process SBS’s petition for declaratory ruling. Counsel for West Face, Stornoway, Ravensource and Stonehill, however, notified SBS yesterday that these parties intend to challenge SBS’s interpretation of its Charter. SBS will advise the Commission of any additional developments.

Respectfully submitted,

/s/

Meredith S. Senter, Jr.
Counsel to Spanish Broadcasting System, Inc.

cc: David Brown
Jamila Bess Johnson
David Roberts
Christine Goepp
Mark D. Schneider

EXHIBIT A

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 3, 2018



SPANISH BROADCASTING SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-27823
(Commission
File Number)

13-3827791
(IRS Employer
Identification No.)

7007 N.W. 77th Avenue, Miami, Florida
(Address of principal executive offices)

33166
(Zip Code)

(305) 441-6901
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement .

On April 10, 2018, Spanish Broadcasting System, Inc. (the “Company”) entered into an employment agreement (the “Employment Agreement”) with Albert Rodriguez, its Chief Operating Officer.

Under the Employment Agreement, Mr. Rodriguez shall continue to serve as Chief Operating Officer. The Employment Agreement is deemed to be effective as of February 21, 2018 and continues through February 20, 2023.

Under the Employment Agreement, Mr. Rodriguez is entitled to receive an annual base salary of \$425,000. Mr. Rodriguez can also earn an annual performance bonus of up to \$350,000 based on the Company’s achieving a certain level of EBITDA (as defined in the Employment Agreement). The Employment Agreement also provides for a signing bonus equal to \$25,000 payable upon execution of the Employment Agreement, which occurred approximately on April 10, 2018. Mr. Rodriguez is entitled to participate in all employee benefit plans and policies of the Company, including if eligible, health care coverage, vacation, sick leave and other benefits extended to executives of the Company. Mr. Rodriguez is entitled to an automobile allowance of \$1,300 per month. Mr. Rodriguez is entitled to a Company issued cellphone to be utilized for business purposes or reimbursement from the Company for monthly usage charges of the cellphone utilized for business purposes.

Mr. Rodriguez’s employment under the Employment Agreement shall terminate: (a) for Cause (as defined in the Employment Agreement), (b) by reason of Mr. Rodriguez’s death, (c) for failure to render service and (d) without Cause. If Mr. Rodriguez’s employment is terminated by the Company without Cause or terminates following a Change of Control (as defined in the Employment Agreement), the Company will pay a severance allowance equal to one year of his base salary and all other benefits accrued through the date of termination. If Mr. Rodriguez’s employment is terminated by the Company other than without Cause, the Company will pay his accrued base salary and all other benefits accrued through the date of termination.

Under the terms of the Employment Agreement, Mr. Rodriguez has agreed not to disclose any confidential information concerning the Company’s business. In addition, Mr. Rodriguez has agreed not to solicit or to interfere with the Company’s relationship with any of the Company’s employees or independent contractors or to interfere with the Company’s relationship with any person or entity with which the Company had any contractual or business relationship until one year following termination of his employment.

Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On April 3, 2018, the Company received a written notice (the “OTC Notice”) from OTC Markets Group Inc. (“OTC”) advising it that the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 (the “Annual Report”) and the OTCQB Certification for the year ended December 31, 2017 (the “OTCQB Certification”) were due on April 2, 2018 but had not yet been provided to the OTC. On April 27, 2018, the Company received a second OTC Notice reiterating the same. Under Section 2.2 of the OTCQB Standards, the Company has received a 45 day cure period, or until May 17, 2018 (the “Cure Date”), to file the Annual Report on EDGAR and post the OTCQB Certification through the OTC website. If the Company does not take such steps by the Cure Date the Company’s Class A Common Stock that is currently listed on the OTCQB Venture Market will be downgraded to the OTC Pink market.

The Company currently intends to file its Annual Report and post the OTCQB Certification as soon as reasonably practicable and, in any case, prior to the Cure Date, to maintain its listing on the OTCQB Venture Market.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information contained in Item 1.01 above regarding the Employment Agreement is hereby incorporated by reference into this Item 5.02.

Item 8.01 Other Events.

After the close of business on April 27, 2018, the Company issued Notices of Ineffective Purported Purchase of Series B Preferred Stock (the “Notices”) to each of West Face Long Term Opportunities Global Master L.P., Stornaway Recovery Fund LP, Stonehill Master Fund Ltd. and Ravensource Fund, at their respective addresses in Canada, notifying these investors that their claimed ownership of the Company’s outstanding 10 ¾% Series B Cumulative Exchangeable Redeemable Preferred Stock (the “Series B Preferred Stock”) shall, after the date of these notices, be treated as void and non-existent since these investors attempted to acquire these shares in transactions that, if given effect, would violate the Company’s Third Amended and Restated Certificate of Incorporation (the “Charter”), or that were otherwise ineffective, pursuant to the terms of Article X of the Charter, unless and until

these investors can demonstrate facts to the contrary supported by relevant documentation. The Notices stated that requests for information have previously been sent to these investors and their counsel and the Company has not received information from them that is fully responsive to these requests. The Notices stated that, instead, it has come to the Company's attention that there is evidence that their attempted purchase of shares of the Series B Preferred Stock were ineffective and, therefore, void as mentioned above.

The Notices also stated that the Charter has been publicly available, and notice of this issue has been publicly disclosed many times, including as set forth in the Notice to Holders of the Company's Series B Preferred Stock dated November 28, 2017, the Company's Current Report on Form 8-K of the same date, a second Notice to Holders of the Company's Series B Preferred Stock dated January 9, 2018, the Company's press release dated March 26, 2018 and the Company's Current Report on Form 8-K dated March 26, 2018. The Notices concluded by stating that, absent hearing from these investors, or their counsel, demonstrating to the Company facts to support a contrary position, these investors will not be recognized as valid holders of the Series B Preferred Stock and it urged these investors to refrain from representing otherwise or attempting to trade these shares.

The Company plans to distribute these Notices to Broadridge Financial Solutions, Inc., its transfer agent, for distribution to brokers to send it to their customers who are beneficial owners of the Series B Preferred Stock and to The Depository Trust Company for distribution to its participants to send it to beneficial owners of the Series B Preferred Stock.

The Notices are attached as Exhibits 99.1, 99.2, 99.3 and 99.4 to this Current Report on Form 8-K and are incorporated herein by reference.

Item 9.01 - Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit are filed with this Current Report on Form 8-K:

Exhibit No.	Description
99.1	Notice of Ineffective Purported Purchase of Series B Preferred Stock to Stonehill Master Fund Ltd., dated April 27, 2018
99.2	Notice of Ineffective Purported Purchase of Series B Preferred Stock to Stornaway Recovery Fund LP, dated April 27, 2018
99.3	Notice of Ineffective Purported Purchase of Series B Preferred Stock to West Face Long Term Opportunities Global Master L.P., dated April 27, 2018.
99.4	Notice of Ineffective Purported Purchase of Series B Preferred Stock to Ravensource Fund, dated April 27, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SPANISH BROADCASTING SYSTEM, INC.
(Registrant)

April 30, 2018

By: /s/ Joseph A. García
Joseph A. García
Chief Financial Officer, Chief Administrative
Officer, Senior Executive Vice President and
Secretary



Richard D. Lara

Executive Vice President & General Counsel

Phone: 305-644-4824

rlara@sbscorporate.com

April 27, 2018

Stonehill Master Fund Ltd.
c/o Stonehill Capital Management LLC
885 Third Avenue
30th Floor
New York, NY 10022

Re: Notice of Ineffective Purported Purchase of Series B Preferred Stock

To whom it may concern:

We are writing to notify you that Spanish Broadcasting System, Inc. (the “Company”) shall hereafter treat your claimed ownership of 7,118 shares of the Company’s 10 3/4% Series B Cumulative Exchangeable Redeemable Preferred Stock (the “Series B Preferred Stock”) that you purportedly purchased in May 2017 as void and non-existent since you attempted to acquire these shares in transactions that, if given effect, would violate the Company’s Third Amended and Restated Certificate of Incorporation (the “Charter”), or that were otherwise ineffective, pursuant to the terms of Article X of the Charter, unless and until you can demonstrate facts to the contrary supported by relevant documentation. Requests for information have previously been sent to you and your counsel, and yet, the Company has not received information from you or your counsel that is fully responsive to these requests. Instead, it has come to the Company’s attention that there is evidence that your attempted purchase of these shares of the Series B Preferred Stock were ineffective and, therefore, void, as mentioned above.

The Company’s Charter has been publicly available, and notice of this issue has been publicly disclosed numerous times, including as set forth in the Notice to Holders of the Company’s Series B Preferred Stock dated November 28, 2017, the Company’s Current Report on Form 8-K of the same date, a second Notice to Holders of the Company’s Series B Preferred Stock dated January 9, 2018, the Company’s press release dated March 26, 2018 and the Company’s Current Report on Form 8-K as of the same date. Absent hearing from you, or your counsel, demonstrating to the Company facts to support a contrary position, you will not be recognized as a valid holder of the Series B Preferred Stock. We urge you to refrain from representing otherwise or attempting to trade these shares.

Any response, with supporting documentation, should be sent to Spanish Broadcasting System, Inc., 7007 NW 77th Avenue, Miami, Florida 33166, Attn: Richard D. Lara, Esq., General Counsel.

Spanish Broadcasting System, Inc.

PABLO RAÚL ALARCÓN MEDIA CENTER 7007 NW 77TH AVENUE, MIAMI, FL 33166

Very truly yours,

/s/ Richard D.Lara

Richard D.Lara
Executive Vice President and
General Counsel

cc: Patrick J. Nash, Jr., Esq., Kirkland & Ellis LLP
Mark D. Schneider, Esq., Sidley Austin LLP
Meredith S. Senter, Jr., Esq., Lerman Senter PLLC
Pedro A. Jimenez, Esq., Jones Day
Robert S. Saunders, Esq., Skadden

Spanish Broadcasting System, Inc.

PABLO RAÚL ALARCÓN MEDIA CENTER 7007 NW 77TH AVENUE, MIAMI, FL 33166



Richard D. Lara

Executive Vice President & General Counsel

Phone: 305-644-4824

rlara@sbscorporate.com

April 27, 2018

Stornaway Recovery Fund LP
30 St. Clair Avenue West
Suite 901
Toronto, Ontario
Canada
M4V 3A1

Re: Notice of Ineffective Purported Purchase of Series B Preferred Stock

To whom it may concern:

We are writing to notify you that Spanish Broadcasting System, Inc. (the “Company”) shall hereafter treat your claimed ownership of the Company’s 10 3/4% Series B Cumulative Exchangeable Redeemable Preferred Stock (the “Series B Preferred Stock”) as void and non-existent since you attempted to acquire these shares in transactions that, if given effect, would violate the Company’s Third Amended and Restated Certificate of Incorporation (the “Charter”), or that were otherwise ineffective, pursuant to the terms of Article X of the Charter, unless and until you can demonstrate facts to the contrary supported by relevant documentation. Requests for information have previously been sent to you and your counsel, and yet, the Company has not received information from you or your counsel that is fully responsive to these requests. Instead, it has come to the Company’s attention that there is evidence that your attempted purchase of shares of the Series B Preferred Stock were ineffective and, therefore, void, as mentioned above.

The Company’s Charter has been publicly available, and notice of this issue has been publicly disclosed numerous times, including as set forth in the Notice to Holders of the Company’s Series B Preferred Stock dated November 28, 2017, the Company’s Current Report on Form 8-K of the same date, a second Notice to Holders of the Company’s Series B Preferred Stock dated January 9, 2018, the Company’s press release dated March 26, 2018 and the Company’s Current Report on Form 8-K as of the same date. Absent hearing from you, or your counsel, demonstrating to the Company facts to support a contrary position, you will not be recognized as a valid holder of the Series B Preferred Stock. We urge you to refrain from representing otherwise or attempting to trade these shares.

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Spanish Broadcasting System, Inc.

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Very truly yours,

/s/ Richard D. Lara

Richard D. Lara
Executive Vice President and
General Counsel

cc: Patrick J. Nash, Jr., Esq., Kirkland & Ellis LLP
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Richard D. Lara

Executive Vice President & General Counsel

Phone: 305-644-4824

rlara@sbscorporate.com

April 27, 2018

West Face Long Term Opportunities Global Master L.P.

c/o West Face Inc.

2 Bloor Street East

Suite 3000

Toronto, Ontario

Canada

M4W 1A8

Re: Notice of Ineffective Purported Purchase of Series B Preferred Stock

To whom it may concern:

We are writing to notify you that Spanish Broadcasting System, Inc. (the “Company”) shall hereafter treat your claimed ownership of the Company’s 10 3/4% Series B Cumulative Exchangeable Redeemable Preferred Stock (the “Series B Preferred Stock”) as void and non-existent since you attempted to acquire these shares in transactions that, if given effect, would violate the Company’s Third Amended and Restated Certificate of Incorporation (the “Charter”), or that were otherwise ineffective, pursuant to the terms of Article X of the Charter, unless and until you can demonstrate facts to the contrary supported by relevant documentation. Requests for information have previously been sent to you and your counsel, and yet, the Company has not received information from you or your counsel that is fully responsive to these requests. Instead, it has come to the Company’s attention that there is evidence that your attempted purchase of shares of the Series B Preferred Stock were ineffective and, therefore, void, as mentioned above.

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Spanish Broadcasting System, Inc.

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Very truly yours,

/s/ Richard D. Lara

Richard D. Lara
Executive Vice President and
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cc: Patrick J. Nash, Jr., Esq., Kirkland & Ellis LLP
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Richard D. Lara

Executive Vice President & General Counsel

Phone: 305-644-4824

rlara@sbscorporate.com

April 27, 2018

Ravensource Fund
30 St. Clair Avenue West
Suite 901
Toronto, Ontario
Canada
M4V 3A1

Re: Notice of Ineffective Purported Purchase of Series B Preferred Stock

To whom it may concern:

We are writing to notify you that Spanish Broadcasting System, Inc. (the “Company”) shall hereafter treat your claimed ownership of the Company’s 10 3/4% Series B Cumulative Exchangeable Redeemable Preferred Stock (the “Series B Preferred Stock”) as void and non-existent since you attempted to acquire these shares in transactions that, if given effect, would violate the Company’s Third Amended and Restated Certificate of Incorporation (the “Charter”), or that were otherwise ineffective, pursuant to the terms of Article X of the Charter, unless and until you can demonstrate facts to the contrary supported by relevant documentation. Requests for information have previously been sent to you and your counsel, and yet, the Company has not received information from you or your counsel that is fully responsive to these requests. Instead, it has come to the Company’s attention that there is evidence that your attempted purchase of shares of the Series B Preferred Stock were ineffective and, therefore, void, as mentioned above.

The Company’s Charter has been publicly available, and notice of this issue has been publicly disclosed numerous times, including as set forth in the Notice to Holders of the Company’s Series B Preferred Stock dated November 28, 2017, the Company’s Current Report on Form 8-K of the same date, a second Notice to Holders of the Company’s Series B Preferred Stock dated January 9, 2018, the Company’s press release dated March 26, 2018 and the Company’s Current Report on Form 8-K as of the same date. Absent hearing from you, or your counsel, demonstrating to the Company facts to support a contrary position, you will not be recognized as a valid holder of the Series B Preferred Stock. We urge you to refrain from representing otherwise or attempting to trade these shares.

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Very truly yours,

/s/ Richard D. Lara

Richard D. Lara
Executive Vice President and
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Meredith S. Senter, Jr., Esq., Lerman Senter PLLC
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Robert S. Saunders, Esq., Skadden

Spanish Broadcasting System, Inc.

PABLO RAÚL ALARCÓN MEDIA CENTER 7007 NW 77TH AVENUE, MIAMI, FL 33166

EXHIBIT B

Aggregate Estimated Foreign Investor Interests in SBS

The chart below shows the aggregate foreign ownership of SBS after giving effect to the invalidation of certain Series B Preferred share transfers that otherwise would have violated the Company's Charter and Section 310(b)(4) of the Communications Act. Affected interests are set off in the **bold-outlined box** below, shaded in dark gray where the invalidity of the transfer eliminates the stake entirely, and shown in **bold/underline** (light gray shading) where a holding has been reduced due to partial invalidity.

Investor	Country of Organization or Citizenship	Class of Stock & Shares Owned	Aggregate % Foreign Equity ⁱ
Cedarview Opportunities Master Fund, L.P.	Cayman Islands	4,080 shares (4.5%) of Series B Preferred	4.0%
Cetus Capital III, L.P.	U.S. (Delaware)	3,071 shares (3.4%) of Series B Preferred ⁱⁱ	1.3%
Littlejohn Opportunities Master Fund L.P.	Cayman Islands	1,079 shares (1.2%) of Series B Preferred	1.1%
Corrib Master Fund, Ltd.	Cayman Islands	3,000 shares (3.3%) of Series B Preferred	2.9%
PCH Manager Fund-SPC206	Cayman Islands	3,496 shares (3.9%) of Series B Preferred	3.4%
Stonehill Master Fund Ltd.	Cayman Islands	<u>4,414 shares (4.9%)ⁱⁱⁱ</u> of Series B Preferred	<u>4.3%</u>
Ravensource Fund	Canada	2,026 shares (2.2%) of Series B Preferred	0.0%
Stornoway Recovery Fund L.P.	Canada	5,000 shares (5.5%) of Series B Preferred	0.0%
West Face Long Term Opportunities Global Master L.P.	Cayman Islands	28,104 shares (31.0%) of Series B Preferred	0.0%
Wolverine Flagship Fund Trading Limited	Cayman Islands	5,000 shares (5.5%) of Series B Preferred	4.9%
Bluestone Financial LTD	British Virgin Islands	604,776 shares (14.5%) of Class A Common	1.0%
Series B Preferred Shares Subject to Reversion to Prior U.S. Owners Due to Invalid Stock Transfers	U.S.	42,248 shares (46.7%) of Series B Preferred	--
TOTAL	---	Series B Shares 24.8% Foreign-Owned	22.9%

END NOTES

ⁱ This chart contains estimates of SBS's equity ownership based on (i) the trading price of the Class A Common stock as of September 28, 2017 (\$0.85/share), which implies a total value of \$6.2 million for the Common stock and the Series C Preferred stock as of that date, and (ii) the estimated fair market value of the Series B Preferred stock as of September 30, 2017 as set forth in Note 6 to SBS's SEC Form 10-Q at 16 (filed November 14, 2017) (\$46.6 million), yielding a Series B Preferred shareholder aggregate equity stake in SBS of 88.26% ($6.2 + 46.6 = 52.8$; $46.6/52.8 = .8826$). Based on these numbers, the percentage of SBS's equity owned by each Series B Preferred shareholder is calculated based on multiplying the percentage of the Series B Preferred shares held each entity by .8826. In the interest of full disclosure, SBS notes that as of September 30, 2017, the Series B Preferred stock had a liquidation preference of \$163,148,000, which consists of a liquidation value of \$1000 per share plus accrued unpaid dividends.

ⁱⁱ The foreign-owned percentage of the Series B Preferred shares held by Cetus Capital III, L.P. (a U.S. fund) is 43%, as this is the percentage of the fund's assets owned by non-U.S. limited partners (57% is owned by limited partners that are U.S. citizens or entities organized under the laws of the United States). Accordingly, 1.5% of the Series B Preferred shares held by Cetus III are foreign-owned ($.035 \times .43 = 1.5\%$).

ⁱⁱⁱ A total of 7,118 shares of the Series B Preferred stock were purported to have been acquired by Stonehill Master Fund Ltd. ("SMF") as part of a transaction that occurred in May 2017, at which time SMF's acquisition of such a number of shares would have violated the SBS Charter. Prior to that date, SMF held the 4,414 shares of Series B Preferred stock reflected in the chart above.