

FREQUENTLY ASKED QUESTIONS

OCTOBER 22, 2021

THIS FAQ SHOULD BE READ IN CONJUNCTION WITH AND IN ADDITION TO ALL
PREVIOUSLY ISSUED/POSTED FAQ

1. Do I as an investor need a lawyer to understand what your report actually means?

Neither the Corporate Monitor nor his counsel are able to give legal advice to any individuals affected by the Monitorship. The Initial Report explains the status of the Consenting Corporate Defendants and satisfies the Court's mandate to the Corporate Monitor to provide an initial report. The Initial Report does not make conclusions, as further investigation remains required and remains ongoing and will continue.

2. Is there now or will there be money in the future to repay investors?

As noted in the Court's Order "Plaintiff has requested a corporate monitor to, among other things, confirm what assets the Consenting Corporate Defendants previously had and currently have; confirm what the Consenting Corporate Defendants' investors are currently owed; take and maintain care, possession and control over whatever rights, title, or interest the Consenting Corporate Defendants have in said assets to ensure the Consenting Corporate Defendants' investors are repaid; marshal, safeguard, and liquidate assets; ensure that preferential payments to investors do not occur at the expense of other investors; ensure that the Consenting Corporate Defendants' investors are repaid in a fair and equitable manner; and evaluate and file ancillary actions to recover monies or assets for the benefit of the Corporate Defendants' investors." Order at 3-4, ¶3.

The Court therefore instructed Mr. Stermer to, among other things:

"To determine the nature, location and value of all property interests of the Consenting Corporate Defendants, including, but not limited to, life settlement insurance policies, monies, funds, securities, cryptocurrencies, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Consenting Corporate Defendants own, possess, have a beneficial interest in, or control directly or indirectly;"

"To propose to this Court a claims process for the determination of amounts owed to investors and other creditors, the determination of priorities among such claims, and a distribution plan for the return of funds;"

"To disburse funds to investors only upon further Order of this Court."

With these mandates in mind, the Corporate Monitor's Initial Report explains the challenges he has encountered in determining the value of the assets he now controls, as many are subject to liabilities, claims, and ongoing expenses to maintain and preserve their value.

Because the value of the assets of the Consenting Corporate Defendants is not determined, the Corporate Monitor is not currently able to present a claims process or distribution plan to repay investors any amounts.

Currently, cash on hand for any of the Consenting Corporate Defendants is very limited. The Corporate Monitor is actively working to determine a plan to create liquidity from the Consenting Corporate Defendants' assets to achieve a distribution plan that is fair and equitable, subject to Court approval. The Corporate Monitor cannot project when any such potential plan to create liquidity will occur nor can the Corporate Monitor project the extend of such potential plan.

- 3. I'm also hearing that the asset values exceed the liabilities however in your original report this doesn't seem to be the case. Can you confirm the estimated worth of the assets vs the liabilities?**

The value of the assets and liabilities of each of the Consenting Corporate Defendants is under investigation.

- 4. I am concerned by the competing, duplicative efforts to recover monies. There are class action law suits, the Florida OFR, and the Monitorship working separately towards the same goal.**

The purpose of the Monitorship is distinct from the litigation matters against the Consenting Corporate Defendants and the other defendants named in the case. The Corporate Monitor continues to work collaboratively with all constituents, including counsel for the class action plaintiffs and counsel for the OFR. Recently, in a cooperation with the Corporate Monitor, counsel for the class action plaintiffs dismissed without prejudice the Consenting Corporate Defendants from the class action pending in the Southern District of Florida. Similarly, the Corporate Monitor serves the Court and remains neutral with respect to the OFR's claims against the Consenting Corporate Defendants and the other parties in the OFR Action.

- 5. Will members of the class action suits jump to the front of the line?**

The Corporate Monitor has no control over the administration of the proposed class action or any funds that may be made available to investors who are members of the proposed class. At this time, the claims made by the class action plaintiffs have not been adjudicated nor has a judgment been entered in the case. As stated in response to Question 4 above, recently, in a cooperation with the Corporate Monitor, counsel for the class action plaintiffs dismissed without prejudice the Consenting Corporate Defendants from the class action pending in the Southern District of Florida so that all claims against the Consenting Corporate Defendants will be administer in the OFR Action. Pursuant to the Court's Order, the Corporate Monitor may implement a claims process, but it is still too early to determine what the process will look like and how claims will be treated, but the Corporate Monitor anticipates that if/when a claims process is approved by the Court that such a process would contemplate treating all similarly situated claims in the same manner.

6. Same question for investors who signed onto the OFR civil complaint?

The Corporate Monitor is unaware of a claims administration process that is distinct from the prospective claims administration process that the Court instructed the Corporate Monitor to administer upon further order of the Court (as discussed above). At this time, the claims made by the OFR have not been adjudicated nor has a judgment been entered in the case. Noteholders may have completed a questionnaire and provided same to OFR but those are separate and distinct from the OFR Action.

7. Could awards to the class action suits diminish the available monies for the Monitorship Estate?

At this time, the Consenting Corporate Defendants under the Corporate Monitor's control are not parties to the class action lawsuit and, as stated in Questions 4 and 5 above, counsel for the class action plaintiffs, in cooperation with the Corporate Monitor, dismissed without prejudice the Consenting Corporate Defendants from the class action pending in the Southern District of Florida. Similarly, the Corporate Monitor has not initiated litigation against any of the defendants to the class action lawsuit at this time.

8. Who if anyone has priority in situations like this, which I assume is not unique?

The Corporate Monitor believes the Court will determine priority of rights in interest to any funds recovered by the Corporate Monitor and will instruct the Corporate Monitor on the distribution of such funds.

9. Will these competing efforts be synergistic or antagonistic?

The Corporate Monitor is not antagonistic to the defendants in the OFR action, the OFR, or the class plaintiffs. The Corporate Monitor is a neutral who serves the Court. The Corporate Monitor's role is distinct from that of a party in the lawsuits.

10. Is this a race to a limited pot of gold between these three entities?

No. The Corporate Monitor is tasked with recovering and preserving assets of the Consenting Corporate Defendants. Thus, his obligations are distinct from the litigants, who seek determinations of liability and damages from the alleged unlawful acts subject of the lawsuits.

11. What is taking so long to get money owed?

The process of identifying, valuing, and administering assets and liabilities is complex and time intensive. At this point, given that the life insurance policies owned by one or more of the Consenting Corporate Defendants have not matured, they are not liquid nor immediately convertible to cash to repay the promissory notes issued by the investors.

12. Why was unpaid interest due to the investors not mentioned in the report when interest and fees were mentioned in the monies owed to other parties, creditors?

The Corporate Monitor's Initial Report included the costs of capital used to fund the current and past operations of the Consenting Corporate Defendants, including the current line of credit from which the premiums of the life insurance policies owned or controlled by one or more of the Consenting Corporate Defendants are paid. At such time as the Court authorizes the Corporate Monitor to establish a claims process, investors may identify the amount of unpaid interest and remaining principal related to the respective notes and investor agreements to which they are a party. The Corporate Monitor and his professionals are analyzing each Noteholder account to determine capital contributions received from Noteholders, interest on each Note, and payments made to Noteholders, whether return of capital or interest, in order to arrive at each Noteholder's current balance on their respective Note(s).

13. I did not address you getting paid as I am well aware that you deserve to and should get paid.

The Corporate Monitor and his professionals will be paid first, as administrative expenses of the Monitorship, per the Court's Order. The Corporate Monitor will seek a further order from the Court authorizing him to pay himself and his professionals from funds recovered or otherwise brought under his control as Corporate Monitor. The Corporate Monitor and each of the professionals he has hired have agreed to provide a discount from their standard rates and fees.

14. I was interested in who will get paid and in what order, if in fact there are any assets to be liquidated, will the payments be made to the noteholders before the other entities? I am not part of a "class action" represented by an attorney so will they get any preferential treatment or priority?

At this time, the Consenting Corporate Defendants under the Corporate Monitor's control are not defendants in the class action lawsuit.

Further, as state in the Order appointing the Corporate Monitor, he was ordered "[t]o propose to this Court a claims process for the determination of amounts owed to investors and other creditors, the determination of priorities among such claims, and a distribution plan for the return of funds." At this time, no proposal has been made to the Court nor has the Court entered any order determining the priority of payments.

15. You did not answer my questions regarding criminal charges or my contacting the Attorney General's office regarding criminal charges in my state.

The Corporate Monitor cannot provide legal advice and, as a Court-appointed neutral, does not express any opinion matters outside the scope of the Order appointing him. While we will continue to answer questions about the Monitorship and do our best to be responsive, we urge you to obtain any individual legal or tax advice for questions related to your specific situation.