

Receiver's Update Re Life Settlements Portfolio and Other Matters - August 27, 2012

The Receiver has determined that after allowing for carrying costs of the condo in Nassau and other essential costs, the estate can no longer afford, with a few exceptions, to continue paying premiums on the portfolio. Accordingly, in the absence of a dramatic and immediate change in the Receiver's financial position, most of the policies in the portfolio will lapse by early October, 2012.

The Receiver has instructed its consultant, Proverian Capital, to obtain updated medical information and life expectancy reports on most of the insureds. The Receiver expects that this process will be completed by early September and at that time the Receiver will be better able to assess its options. There has been interest expressed by potential purchasers/brokers in a few policies but based on current information, the potential realizations from successfully pursuing those leads will not likely change the overall situation significantly. The Receiver will provide a more detailed update on this situation once it has received and analyzed the new information to come from Proverian.

The policies associated with the Advantage Program remain in good standing; however, available funds to pay premiums are extremely limited. The Receiver will correspond with the Advantage investors directly in the near future with respect to their situation.

The Receiver does not yet have any substantive developments to report on in connection with the Bahamian legal proceedings.