

## **Receiver's Update – November 2, 2011**

The Receiver issued its Eighth Report to the Court (the "Eighth Report") on October 31, 2011. A copy of the Eighth Report has been posted on this website under the section titled "Receiver's Reports". Unless otherwise indicated, capitalized terms used in this Update are as defined in the Eighth Report.

As previously advised, the Receiver has scheduled a motion returnable November 14, 2011, at which time the Receiver will seek certain relief, including approval of the following: (i) the sale of one Policy (the "Pacific Life Policy"); (ii) an increase in the Receiver's authorized borrowing limit from \$250,000 to \$2,000,000; and, (iii) the Receiver's recommendation that the funds advanced by one investor in the Capital Advantage Program be treated as trust funds (the "Advantage Trust Claim") and that the Receiver be authorized to repay to that investor the sum of \$180,000 in full satisfaction of the investor's claim in the New Life estate.

In connection with (iii) above, the Receiver has written a letter dated October 31, 2011 to all of the investors in the Capital Advantage Program advising, among other things, of the Receiver's recommended course of action with respect to the Advantage Trust Claim. A copy of the aforementioned letter has been posted on this website under the section titled "Notices to Stakeholders".

In the Eighth Report, the Receiver provides information on various matters, including: (i) the status of the Portfolio; (ii) the sales processes conducted by the Receiver in 2009 and 2011; (iii) the acceptance of an offer for the Pacific Life Policy; (iv) the Receiver's current cash position and projected cash requirements; and, (v) the status of the Receiver's efforts to recover and realize upon assets in the New Life estate, in particular the status of the going legal proceedings in the Bahamas and the Receiver's efforts to sell the Bahamian Condo.

As set out in recent Notices posted on this website with respect to the possible lapse of Policies, the Receiver continues to experience a critical shortage of cash and thus the Receiver's ongoing ability to continue the payment of premiums is in doubt. In the Receiver's view, the sale of the Pacific Life Policy is the only viable source of cash available in the near term. The proceeds from this transaction would enable the Receiver to make premium payments for several months, as explained in greater detail in the Eighth Report.