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TO THE STAKEHOLDERS OF NEW LIFE CAPITAL CORP. ET AL (“New Life”)

Receiver’s Update – June 1, 2010

Further to the Receiver’s Update dated February 22, 2010 (the “February 22nd Notice”), we are writing to update the stakeholders of New Life on certain developments.

All of the information contained in this notice is based on the information available to the Receiver as of the date of this notice. All capitalized terms used herein and not otherwise defined are as defined in the Receiver’s Fourth Report to the Court dated September 2, 2009 (the “Fourth Report”). The Fourth Report and the Receiver’s other Reports to the Court (collectively, the “Court Reports”) are available on the Receiver’s website at www.kpmg.ca/en/ms/cl/newlifecapital/.

The Receiver has relied upon information and records available from New Life and from third parties. The Receiver’s review of this information does not constitute an audit of the Property or the financial position or operating results of New Life. In addition, any financial information presented by the Receiver is preliminary and the Receiver is not yet in a position to project the outcome of the administration of the receivership.

The Transfer of New Life Funds Offshore

In the February 22nd Notice, the Receiver advised that the Receiver’s investigation of New Life’s banking activity had revealed that, between October 2007 and July 2008, the Principals transferred approximately USD 7.1 million from New Life’s accounts at TD to an account (the “Lexington Account”) in the name of Lexington Consulting Inc. at FirstCaribbean International Bank (Bahamas) Limited (“FCB”) in Nassau, The Bahamas (the “Offshore Funds”). Except for approximately USD 250,000 withdrawn in cash from the Lexington account, the Offshore Funds were transferred during between November 2007 and September 2008 from the Lexington Account to an account at FCB (the “Amarcord Account”) in the name of Amarcord International Inc. It appears to the Receiver that, commencing in November 2007, the Principals spent substantially all of the Offshore Funds on personal expenses or transferred the Offshore Funds from the Amarcord Account to other financial institutions or third parties, including law firms in Canada and The Bahamas.

Analysis of Traced Funds

Since the February 22nd Notice, the Receiver has obtained further information regarding the use of the Offshore Funds and certain other expenditures (“Other Expenditures”) paid for with New Life funds. Such Other Expenditures include the payment of \$10,000 with a New Life Visa card to an exotic automobile dealer in Toronto and a transfer on May 30, 2007 of \$200,000 from a New Life account to the personal joint bank account of the Principals (the “May 30, 2007 Transfer”). The May 30, 2007 Transfer was used in May 2007 to purchase a draft payable to the same automobile dealer. Disclosure by the dealer confirmed that the funds were used for the purchase of a 2007 Maserati automobile which was registered in Ontario to Jeffery Pogachar.



Based on the information currently available to the Receiver, the Receiver presents below an analysis of the use of the Other Expenditures of \$10,000 and \$200,000 discussed above (equivalent in aggregate to USD195,300) and the Offshore Funds amount of approximately USD 7.1 million, collectively referred to as the “Traced Funds”.

SUMMARY ANALYSIS OF TRACED FUNDS

Payee/Purpose	Date	Amount	
		(USD)	
Purchase of Condo at Ocean Club, Paradise Island	November 2008	2,799,130	(1)
Purchase of House on 15 acres in Fort Erie, Ontario	August 2008	605,155	(2)
Purchase of two luxury watches	May 2008	181,633	
Bahamian legal fees	January/March 2009	37,100	
Canadian legal fees	Various	171,967	
Purchase of two Ferrari automobiles plus accessories/service	November 2007 and July 2008	824,826	
Purchase of Maserati automobile	May 2007	184,067	
Purchase of Bahamian Government Bond	August 2008	1,029,956	
Cash or equivalent	Various	575,404	
Visa credit card bills	Various	361,941	
Transfer to New Life accounts in Canada	April 2008	300,100	
Other (net)	Various	310,575	
Total		7,381,854	

(1) Includes purchase price, related fees, stamp duty, and social, recreational and condo fees and property taxes, including for post acquisition periods. Payments occurred over the period October 2008 to December 2009.

(2) Includes purchase price, related legal fees, land transfer tax and incidental closing costs.

The Receiver observes that the movement and use of the Traced Funds is not consistent with the business objectives of New Life, as described in its Offering Memoranda.

Recovery of Traced Funds

The Receiver is not yet in a position to determine the total amount of the Traced Funds that will be secured and recovered by the Receiver. The Receiver cautions that it is unlikely to be able to secure and/or recover the full amount of the Traced Funds.

The Receiver has been able to secure certain of the assets (the “Secured Assets”) acquired with the Traced Funds and is continuing its efforts to secure other assets. The Receiver has undertaken steps to realize on the Secured Assets. These steps are summarized below. The Receiver cautions that its disclosure herein may be limited so that the Receiver does not negatively affect the realization or securing of the assets. The Receiver also cautions that the purchase price of an asset does not reflect the expected realization value.

Condo at Ocean Club

The Receiver has possession of the condo and is currently considering listing proposals received from selected local realtors. The Receiver expects that the condo will be listed for sale in the next few weeks.



Fort Erie House

The Receiver has possession of this property and entered into a listing agreement with a local realtor on May 21, 2010.

Three Exotic Automobiles

The Receiver has been appointed over the two Ferraris and the Maserati automobiles however the automobiles are currently in the possession of an automobile dealership in Florida who is asserting a repairer's lien. The Receiver has commenced legal proceedings in Florida designed to obtain possession of the vehicles. Further, the Receiver has transferred the Ontario registrations for the vehicles from Pogachar's name to the Receiver's. The Florida dealer is cooperating with the Receiver and the Receiver is in the process of offering the vehicles for sale.

Bahamian Government Bond (the "Bond")

The Receiver took possession of the Bond, which had a face value of USD 1 million, by establishing a custody account at EFG Bank & Trust (Bahamas) Ltd. ("EFG Bank") in The Bahamas. With the assistance of EFG Bank's brokerage arm, the Receiver sold the Bond on April 27, 2010 and realized a net recovery of USD 957,458 after commission, and including accrued interest.

Luxury Watches

The Receiver's Bahamian legal counsel has been advised by the Principals' Bahamian legal counsel that the watches are in their possession. Further, despite various Court Orders, the Principals' Bahamian legal counsel has refused to turn the watches over to the Receiver pending the outcome of the Principals' challenge of the Bahamian Injunction Order (as defined below) obtained by the Receiver.

Ongoing Proceedings in the Bahamas

As noted in the February 22nd Notice, the Receiver has commenced proceedings in The Bahamas against the Principals, Lexington and Amarcord (collectively, the "Defendants") for the misappropriation of the Offshore Funds from New Life. On February 12, 2010, the Receiver obtained an injunction from the Bahamian Court prohibiting the Defendants from dealing with their assets in any manner up to the amount of the Offshore Funds (the "Bahamian Injunction Order"). A copy of the Bahamian Injunction Order is available at www.kpmg.ca/en/ms/cl/newlifecapital/. The Principals are challenging the Bahamian Injunction Order and are seeking to have it set aside. The Principals are also alleging that the Judge who made the Bahamian Injunction Order is in a position of conflict and are seeking to have the Judge recused from the case. The Receiver understands that a hearing of whether the Judge should be recused from the case is scheduled for July 2, 2010 in The Bahamas. To date, the Principals have not yet served any court materials on the Receiver with respect to their challenge.

RCMP

As noted in the February 22 Notice, the Receiver has advised the RCMP of the alleged misappropriation of funds described herein and has offered the RCMP the Receiver's full cooperation. The Receiver has had ongoing contact with the RCMP but the Receiver is still not aware of whether or not the RCMP will pursue an independent investigation of the Principals.



Settlements with Massachusetts Mutual Life Insurance Company (“MassMutual”)

MassMutual, an insurer which issued two of the policies in the Portfolio, commenced a lawsuit in New York in July 2009 against KPMG Inc. and various parties associated with one of policies, which had a face value of USD 2.5 million (“MassMutual Policy #1”). As described in the Receiver’s Fifth Report to the Court dated April 16, 2010 (the “Fifth Report”), the Receiver negotiated a settlement with MassMutual whereby MassMutual Policy #1 would be rescinded with the Receiver’s consent and MassMutual would pay the Receiver a lump sum of USD 103,163. That settlement was approved by the Court by an Order made on April 22, 2010 (the “April 22 Order”). The Receiver is now in receipt of the settlement funds and MassMutual has dismissed the lawsuit. A copy of each of the Fifth Report and the April 22 Order are available on the Receiver’s website.

In the Fifth Report, the Receiver stated that it expected to enter into a similar settlement with respect to the second policy, which has a face value of USD 3 million (MassMutual Policy #2”). The Receiver has agreed to a settlement with MassMutual for MassMutual Policy #2 and anticipates that it will make a motion to the Court by mid-June for approval of that settlement agreement.

Other Matters

Pursuant to its powers under the Appointment Order, the Receiver has recently conducted examinations under oath of the Principals’ parents in an effort to obtain further information on New Life’s operations and the whereabouts of Property.

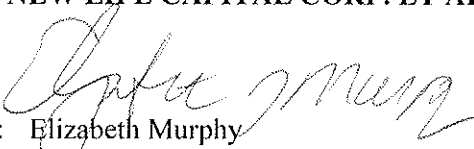
As previously advised, the Receiver continues to pay essential premiums to keep the Portfolio in force. As noted above, the two MassMutual policies no longer form part of the portfolio. As discussed in the Fourth Report and in a notice on the Receiver’s website posted in September 2009, one policy with a face value of USD 5 million was allowed to lapse as sufficient funds were not available to pay the premiums.


The Receiver intends to file its next general Report to the Court by the end of July 2010 to seek, among other things, approval of the Receiver’s activities and go-forward realization plan. The Report will also contain further details on the matters discussed herein.

Contact information for the Receiver is provided on the Receiver’s website.

Yours very truly,

**KPMG INC.
COURT APPOINTED RECEIVER AND MANAGER
OF NEW LIFE CAPITAL CORP. ET AL**


Per: Elizabeth Murphy
Vice President


Per: J. Bradley Butcher
Vice President