

- **Lawsuit Against Peter J. Lombardi.** The Receiver brought a lawsuit against Peter J. Lombardi, the former President of MBC, and his associated consulting company, PJL Consulting, Inc. The Receiver sought to recover amounts “paid” by MBC to Lombardi’s consulting companies. The Receiver entered into a joint settlement of these claims with claims brought by the Investors’ Class Action for the amount of \$1,500,000. Lombardi has fully paid this amount. This settlement is in addition to the amounts that Lombardi paid in connection with the settlement of the SEC’s claims against him. As part of his settlement of the SEC’s action, Lombardi has paid a total of \$6,000,000 (representing \$5,880,000 in disgorgement of profits and \$120,000 in civil fines).
- **Lawsuit Against Steven K. Steiner.** The Receiver brought a lawsuit against Steven K. Steiner, the former Vice President of MBC, and his associated consulting companies, Camden Consulting, Inc. and SKS Consulting, Inc. The Receiver sought to recover an unpaid “loan”, and sought to recover amounts “paid” by MBC to Steiner’s consulting companies. The Receiver entered into a joint settlement of these claims and the SEC’s claims with Steiner for the amount of \$3,925,000. Steiner was required to pay \$750,000 within 10 days of the entry of Final Judgment in the SEC action, which amount has been paid. The remaining \$3,175,000 is due to be paid by April 10, 2008.
- **Claims Against Joel Steinger and Leslie Steinger.** The SEC settled its lawsuit against Joel Steinger and Leslie Steinger and their associated consulting companies. As a result of this settlement, Joel Steinger agreed to pay a total of \$9,500,000 (representing \$8,838,000 in disgorgement of profits, \$162,000 in prejudgment interest and \$500,000 in civil fines). Leslie Steinger likewise agreed to pay a total of \$9,500,000 (representing \$8,838,000 in disgorgement of profits, \$162,000 in prejudgment interest and \$500,000 in civil fines). To date, Joel Steinger has paid only \$3,424,213 of this amount, and Leslie Steinger has paid only \$3,300,000 of this amount. The Receiver and the SEC are pursuing several collection actions to seek to recover the amounts due and owing on the judgments. These actions include interpleader actions in this District involving approximately \$7,200,000 that was on deposit with Stearns Bank, and an action in Las Cruces, New Mexico involving approximately \$685,000 that was on deposit with Bank of the Rio Grande; both actions involve claims asserted by Joel Steinger’s ex-wife, Diana Steinger, to the funds at issue. The SEC and the Receiver are also involved in a foreclosure action involving a horse farm property in Ocala, Florida owned by Joel and Leslie Steinger. The Receiver and the Investors Class Action both also have pending lawsuits against Joel and Leslie Steinger.
- **Lawsuit Against Spear Safer CPA’s & Advisors.** The Receiver brought a lawsuit against Spear Safer CPA’s & Advisors for accounting malpractice and alleging that Spear Safer had been negligent in rendering “clean” audit opinions on MBC’s financial statements. Spear Safer was the accounting firm that audited MBC’s financial statements from 1994 to 2003. On July 19, 2007, the District Court entered an Order authorizing the Receiver to enter into a Settlement Agreement in the amount of \$3,500,000 with Spear Safer. The settlement funds have been fully paid by Spear Safer and have been transferred to the Receiver for the benefit of the investors and for inclusion in a plan of distribution to be presented to the Court for approval.

- **Claims Against Brinkley McNerney Morgan Solomon & Tatum.** The Receiver asserted claims against the law firm of Brinkley McNerney Morgan Solomon & Tatum LLP, the former outside counsel to MBC, and entered into a joint settlement of these claims with the claims filed by the Investors Class Action for the amount for \$10,000,000. On December 2, 2005, the District Court gave final approval to the settlement and awarded the Investors Class Action counsel \$2,500,000 in attorney's fees and \$104,711 in costs from this settlement amount. The net amount of \$7,395,289 has been transferred to the Receiver for the benefit of the investors
- **Settlement with Mayer, Brown, Rowe & Maw, LLP.** The Receiver brought a motion seeking to force the law firm of Mayer, Brown, Rowe & Maw LLP, one of the law firms that did work for MBC prior to the Receivership, to return retainer funds that it had received from MBC. On October 19, 2006, the District Court authorized a settlement in which Mayer Brown returned \$241,000 to the Receiver.
- **Lawsuits Against Sales Agents.** The Receiver brought a lawsuit against a number of former sales agents of MBC to recover the commissions they had received on investor funds that were deposited in the "pre-closing escrow account," but were never invested, and have since been returned to the investors. The Receiver has recovered approximately \$225,000 from the former sales agents in connection with this lawsuit. The Receiver has also entered into a joint settlement with the Investors' Class Action of claims against Mark Pettyjohn, a former sales agent for MBC, for the amount of \$44,624.
- **Claims Against Anthony Livoti, Jr.** The Receiver entered into a joint settlement agreement with the Investors' Class Action in connection with a suit brought by the Investors' Class Action against Anthony Livoti, Jr., who served as "Trustee" for MBC on a large number of the insurance policies. The settlement amount was \$140,000.
- **Lawsuits Against Recipients of Funds from MBC.** The Receiver brought lawsuits under Florida's Fraudulent Transfer Act to recover funds transferred from MBC by its former principals to pay for their personal expenses at certain businesses. On August 22, 2007, the Court approved a settlement in the amount of \$52,000 with Ocala Breeders Sales Company to recover funds transferred from MBC to pay for horse-related purchases from this business for the benefit of Joel ad Leslie Steinger, the former principals of MBC. On August 13, 2007, the Court approved a settlement in the amount of \$60,000 with American Express Travel Related Services Company, Inc. to recover funds transferred from MBC to pay for personal charge card expenses of Steven K. Steiner, the former Vice President of MBC.
- **Resolution of Government Forfeiture Actions.** Prior to the ordering of the Receivership by the District Court on May 4, 2004, the U.S. Department of Justice had initiated a forfeiture action against \$695,424 in policy proceeds that were held by MBC. As a result of a settlement between the Receiver and the Department of Justice, the full amount, \$695,424, has been returned to the Receiver to be used for the benefit of MBC's investors. In a separate forfeiture action, the Department of Justice seized the proceeds of a \$4,000,000 policy on the grounds that the particular MBC investor had used the proceeds of drug trafficking to purchase the policy interest. The Receiver reached a settlement with the Department of Justice in which

**\$169,166** of the seized funds were returned to the Receiver, representing the amount of MBC funds that were used to pay premiums on the policy at issue until it matured.