

UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF FLORIDA
Miami Division

Case Number: 04-60573-CIV-MORENO

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

MUTUAL BENEFITS CORP., *et al.*,

Defendants,

VIATICAL BENEFACTORS, LLC, *et al.*,

Relief Defendants.

ORDER TO SHOW CAUSE

THIS CAUSE came before the Court upon a *sua sponte* review of the record.

THE COURT notes that several investors have complained about the administrative fees assessed to them for maintaining their viatical policies. The Court has directed the Receiver to respond to letters recently sent to the Court by some of these investors, and the Receiver has confirmed that the prices of different policy premiums have shown a dramatic increase since the Receivership was initiated. Now the Court is concerned that the administrative fees assigned to individual policies may even exceed the acknowledged high costs of premiums on those policies. Therefore, it is

ADJUDGED that the Receiver shall file a Response with the Court elucidating the manner by which administrative fees are assessed to investors and documenting the amount of administrative fees collected. The Receiver shall explain how these fees are utilized in the administration of the

viatical policies. Further, the Receiver shall address the concerns set forth by Ronald Meyers in the letters and documentation he has sent to the Court (attached as Exhibit "A"). The Receiver shall show cause why the Court should not reduce the amount of administrative fees charged to investors in this case.

The Receiver shall file his Show Cause Response with the Court no later than **Tuesday, June 17, 2008.**

A copy of this Order and the Receiver's Response shall be posted on the Receiver's web page (www.mbreceiver.com) for this case.

DONE AND ORDERED in Chambers at Miami, Florida, this 28th day of May, 2008.



FEDERICO A. MORENO
UNITED STATES DISTRICT JUDGE

Copies provided:

Counsel of Record

Ronald Meyers
505 Kinzie Island
Sanibel, Florida 33957

MAY 9, 2008

US DISTRICT COURT
HON: FEDERICO MORENO
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION, FL

DEAR JUDGE MORENO -

MY LETTER OF MARCH 27 WAS EXPLAINING THE COST OF ADMINISTRATION FEES BEING CHARGED TO INVESTORS. I WILL ENCLOSE COPIES OF A FEW CASES I PERSONALLY AM INVOLVED IN - CASE # 99-0008574 HAS 308 INVESTORS AT A CHARGE OF \$240,000 EACH WHICH EQUATES TO \$73,920.00 FOR ADMINISTRATION FEES FOR ONE POLICY. I WILL ENCLOSE MANY EXAMPLES OF POLICIES WITH 84, 92, 96, INVESTORS ON ONE POLICY. I PERSONALLY FEEL THIS IS OUTRAGEOUS. THESE FEES CAN BE GREATER THAN THE PREMIUM FOR THE POLICY FOR ONE YEAR.

IT IS EXTREMELY HARD FOR THE INVESTOR TO CONTINUE PAYING PREMIUMS, IF NOT, LOSING HIS INVESTMENT IN THE POLICY. I BORROW MONEY FROM THE BANK TO CONTINUE MAKING THE PAYMENTS.

AS INVESTORS, WE KNOW VERY LITTLE ABOUT THE TYPES OF POLICIES WE ARE INVESTING IN - FOR EXAMPLE A "TERM" POLICY COULD EXPIRE IF THE POLICYHOLDER LIVES BEYOND THE TERM PERIOD. WITH "PERMANENT" WHOLE LIFE WITH CASH VALUES, A POLICY HAS OPTIONS WITH REDUCED PAID-UP ADDITIONS. WITHOUT ANY CONTACT FROM YOUR ADMINISTRATORS, WE ARE LEFT IN THE DARK AS TO WHAT IS GOING ON.

I KNOW YOUR RECEIVER HAS A BIG JOB TRACKING ALL OF THE POLICIES, HOWEVER, WE SHOULD BE KEPT INFORMED AT LEAST QUARTERLY ON WHAT IS HAPPENING - WE HAVE NEVER HEARD WHY MBC WAS CLOSED DOWN - WHAT HAS HAPPENED TO ALL THE OWNERS INVOLVED? I KNOW YOU FROLE THEIR ASSETS? - ARE THEY CRIMINALLY BEING CHARGED? I KNOW WARREN BUFFET HAS A COMPANY THAT INVESTS IN VIATICALS - AS OTHER COMPANIES DO, WHY WERE THESE PEOPLE SHUT DOWN?

TO SUM UP MY FRUSTRATIONS - BETTER COMMUNICATIONS WITH THE INVESTORS WOULD BE HELPFUL. LOWERING AD FEES ON POLICIES WITH LARGE INVESTOR PARTICIPATION SHOULD BE A MUST, AND HAVING YOUR PEOPLE ANSWER THE PHONE WHEN WE CALL, INSTEAD OF GETTING A RUN-AROUND ALL THE TIME - AFTER 3 YEARS YOU ARE ASKING FOR MORE CLAIM FORMS TO BE SUBMITTED - WE HAVE ALREADY DONE THAT - IN PREVIOUS YEARS - I SENT IN COPIES OF CHECKS THAT WERE MADE OUT TO PLANTERS BANK FOR \$60000.00, I HAVE EVERY CANCELLED CHECK. AS WE CONTINUE PAYING ON THESE POLICIES UNTIL THE INSURED EXPIRES EACH YEAR, YOU ASK US TO PAY MORE BECAUSE OF SHORT-FALL ON THE PREMIUM - AS INVESTORS CONTINUE TO DROP OUT THE ADDITIONAL BURDEN FALLS ON THOSE INVESTORS WHO ARE LEFT IN - YOUR HONOR - I AM NOT PETITIONING THE COURT - I JUST WANT TO LET YOU KNOW WHAT IS HAPPENING WITH THE AD. FEES AND OTHER PROBLEMS - HOPEFULLY, YOU WILL GET A CHANCE TO READ THIS LETTER.

Respectfully,
Ronald Gene Meyer

VSI

Invoice Number: 6280077

General Policy Information

Viatical Services, Inc.
43 South Pompano Parkway, PMB #101
Pompano Beach, FL 33069

MBC CF / AP Number: 99-0008574
Investor Number: 31-0034332
Insurance Company: Lincoln National Life
Policy Number: 7141365
Plan of Insurance: Universal Life
Current Death Benefit: \$ 14,500,000.00
Current Number of Investors: 308
Current Percentage of Interest: 0.2609 *u 27,830*

Billing Information Enclosed
RONALD GENE MEYERS
505 KINZIE ISLAND CT.
SANIBEL, FL 33957

Billing Detail (See Additional Information Section Below)
Annual Administration Fee (For policy year 2007 to 2008) 240.00
Non-US Mail Expedite Surcharge 0.00
Pro-Rata Premium Share (for period 5/11/2008 - 5/10/2009) 2,657.82
TOTAL PAYMENT DUE \$2,897.82 *

*PAID
5-9-08*

In the future, the total estimated annual premium for this policy will be \$1,018,797.00. Your Share of the annual premium will be calculated based on your "Current Percentage of Interest". Your Pro-Rata Premium Share may reflect the total of premium paid on your behalf by the Receiver and/or premium due to the insurance company to establish an annual billing cycle concurrent with the policy anniversary date. It may also reflect an adjustment for any dividend or other credit(s).

Additional Information (Please read below and the General Information section on the reverse side of the Notice)
PAYMENT DUE DATE: Payment is due by the Payment Due Date on the payment stub below. If your payment is not received by the Payment Due Date, your check will be returned and your interest will be forfeited.

SPECIAL NOTE: The Annual Administration Fee and Pro-Rata Premium Share due have now been combined on one invoice. Also, the Annual Administration Fee has been adjusted and the Pro-Rata Annual Policy Fee that appeared on previous invoices has been eliminated. The Annual Administration Fee is non-refundable

CURRENT PERCENTAGE OF INTEREST: Your Pro-Rata Premium Share above is based on your Current Percentage of Interest in the Current Death Benefit indicated in the General Policy Information section above. Your Current Percentage of Interest may have changed if (1) you acquired additional interest as a result of the last Premium Shortfall Period (discussed below), or (2) the policy death benefit was reduced in order to protect the interests of Investors who made premium payments when some Investor(s) forfeited their interest.

IF THERE IS A PREMIUM SHORTEALL: If any Investor's payment is not received by the Payment Due Date, the Investor will receive a Notice of Forfeiture advising them that their interest in the policy has been forfeited. The Receiver will then take steps during a 45-day Premium Shortfall Period to try to preserve the Policy for the remaining investors. Depending on the amount of forfeited interests and other factors, the Receiver in his judgment may decide to (1) auction the forfeited interests to third parties, (2) try to reduce the face amount of the policy to be consistent with the interests of the Investors who made premium payments, or (3) send the Investors who made premium payments a Notice of Premium Shortfall. If a Notice of Premium Shortfall is sent out, the Investors will have the opportunity to offer to pay part or all of the premium shortfall in exchange for receiving additional interest in the Policy. Any additional interest acquired by the Investors will become effective beginning with the next billing cycle. Investors receiving a Notice of Premium Shortfall may also elect not to pay any additional premium and keep their Current Percentage of Interest, though this may result in the Receiver having to take other steps to preserve the policy.

IF THE PREMIUM SHORTEALL REMAINS: If the total premium required to maintain the Policy is not collected from Investors by the end of the Premium Shortfall Period, the Receiver will determine the best disposition of the Policy, which may include (1) attempting to sell the Policy, (2) surrendering the Policy, or (3) allowing the Policy to lapse. Any unearned premium funds collected by the Receiver will be returned to the Investors.

JUDGE MORENO,

KEEP THIS PORTION FOR YOUR RECORDS

Prepared on: 04/22/2008

PLEASE HAVE JUDGE MORENO REVIEW THESE TWO CASES I SUBMIT AS AN EXAMPLE OF INVESTOR COUNT - ONE CASE WITH 322 INVESTORS, THE OTHER WITH 308 INVESTORS. YOU PROBABLY HAVE HUNDREDS OF CASES LIKE THIS. THE ADMINISTRATION FEE ALONE EXCEEDS 70,000 IN EACH CASE - MORE THAN ANY PREMIUM REQUIRED - THAT IS WHAT I AM TALKING ABOUT. LAST YEAR YOU CHARGED ABOUT \$170.00 PER INVESTOR PER CASE -

Sincerely,
R.G. Meyers

Viatical Services, Inc.
43 South Pompano Parkway, PMB #101
Pompano Beach, FL 33069

General Policy Information

MBC CF / AP Number: 99-0007844
Investor Number: 31-0034332
Insurance Company: MONY
Policy Number: B60168844
Plan of Insurance: Universal Life
Current Death Benefit: \$ 10,550,000.00
Current Number of Investors: 322
Current Percentage of Interest: 0.7043

Billing Information Enclosed

RONALD GENE MEYERS
505 KINZIE ISLAND CT.
SANIBEL, FL 33957

Billing Detail (See Additional Information Section Below)
Annual Administration Fee (For policy year 2007 to 2008)
Non-US Mail Expedite Surcharge
Pro-Rata Premium Share (for period 6/30/2006 - 5/14/2009)
TOTAL PAYMENT DUE

240.00
0.00
0.00
\$240.00 *

*Paid
5-9-08*

In the future, the total estimated annual premium for this policy will be ~~\$0.00~~. Your Share of the annual premium will be calculated based on your "Current Percentage of Interest". Your Pro-Rata Premium Share may reflect the total of premium paid on your behalf by the Receiver and/or premium due to the insurance company to establish an annual billing cycle concurrent with the policy anniversary date. It may also reflect an adjustment for any dividend or other credit(s).

Additional Information (Please read below and the General Information section on the reverse side of the Notice)

PAYMENT DUE DATE: Payment is due by the *Payment Due Date* on the payment stub below. If your payment is not received by the *Payment Due Date*, your check will be returned and your interest will be forfeited.

SPECIAL NOTE: The *Annual Administration Fee* and *Pro-Rata Premium Share* due have now been combined on one invoice. Also, the *Annual Administration Fee* has been adjusted and the *Pro-Rata Annual Policy Fee* that appeared on previous invoices has been eliminated. The *Annual Administration Fee* is non-refundable.

CURRENT PERCENTAGE OF INTEREST: Your *Pro-Rata Premium Share* above is based on your *Current Percentage of Interest* in the *Current Death Benefit* indicated in the *General Policy Information* section above. Your *Current Percentage of Interest* may have changed if (1) you acquired additional interest as a result of the last *Premium Shortfall Period* (discussed below), or (2) the policy death benefit was reduced in order to protect the interests of investors who made premium payments when some investor(s) forfeited their interest.

IF THERE IS A PREMIUM SHORTFALL: If any investor's payment is not received by the *Payment Due Date*, the investor will receive a *Notice of Forfeiture* advising them that their interest in the policy has been forfeited. The Receiver will then take steps during a 45-day *Premium Shortfall Period* to try to preserve the Policy for the remaining investors. Depending on the amount of forfeited interests and other factors, the Receiver in his judgment may decide to (1) auction the forfeited interests to third parties, (2) try to reduce the face amount of the policy to be consistent with the interests of the investors who made premium payments, or (3) send the investors who made premium payments a *Notice of Premium Shortfall*. If a *Notice of Premium Shortfall* is sent out, the investors will have the opportunity to offer to pay part or all of the premium shortfall in exchange for receiving additional interest in the Policy. Any additional interest acquired by the investors will become effective beginning with the next billing cycle. Investors receiving a *Notice of Premium Shortfall* may also elect not to pay any additional premium and keep their *Current Percentage of Interest*, though this may result in the Receiver having to take other steps to preserve the policy.

IF THE PREMIUM SHORTFALL REMAINS: If the total premium required to maintain the Policy is not collected from investors by the end of the *Premium Shortfall Period*, the Receiver will determine the best disposition of the Policy, which may include (1) attempting to sell the Policy, (2) surrendering the Policy, or (3) allowing the Policy to lapse. Any unearned premium funds collected by the Receiver will be returned to the investors.

KEEP THIS PORTION FOR YOUR RECORDS

Prepared on: 04/28/2008

MARCH 27, 2008

U.S. DISTRICT COURT
HON. FEDERICO A. MORENO
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION, FL

RONALD MEYERS
505 RINZIE ISLAND
SANibel, FL
33957
INVESTOR # 31-0034332

DEAR JUDGE MORENO -

I AM COMPELLED TO WRITE TO YOU ABOUT THE EXORBITANT ADMINISTRATION FEES BEING CHARGED TO EACH INVESTOR ON EVERY INSURANCE POLICY - THE PRESENT RATE IS \$2400 ANNUAL CHARGE - WHEN YOU HAVE 224 INVESTORS INVOLVED IN ONE POLICY TIMES \$2400 EACH EQUALS \$53,760. THIS CHARGE IS GREATER THAN NEXT YEARS ESTIMATED ANNUAL PREMIUM FOR THIS POLICY - (\$52,767.00) INVOICE # 6265004 - THE RECEIVER IS COLLECTING MORE MONEY FOR ADMINISTRATION FEES \$53,760. - THIS IS DEPLORABLE FOR ONE POLICY - I HAVE MANY MORE EXAMPLES OF THIS TYPE OF CHARGES WITH OTHER POLICIES - IT IS EXTREMELY DIFFICULT FOR INVESTORS TO COME UP WITH MONEY TO PROTECT THEIR INVESTMENTS IN THEIR POLICIES -

WE STILL HAVE NO WORD ABOUT WHY, OR HOW
MUTUAL BENEFIT WAS INVESTIGATED -? AS YOU
KNOW, WARREN BUFFET HAS A COMPANY THAT
OWNS & SELLS VIATICALS - I HAVE RECEIVED
MAILINGS ABOUT COMPANIES INTERESTED IN BUYING
POLICIES UNDER THE SAME APPROACH - WE HAVE
BEEN KEPT IN THE DARK AS TO WHAT HAPPENED -
WHAT ABOUT THE ASSETS THAT WERE FROZEN, ARE
THEY GOING TO BE A PART OF THE ASSETS OF
MBC -

AS INVESTORS, WE KNOW VERY LITTLE ABOUT THE
TYPES OF POLICIES OUR INSURED INTERESTS
WERE - TERM - example, how LONG -
PERMANENT - HOW MUCH CASH TO CONTINUE TO
CARRY POLICY OR TAKE REDUCED PAID-UP ADDITIONS, etc,
WE SHOULD BE ABLE TO RECEIVE INFORMATION AS
TO STATUS - I ASSUME YOU ARE TRACKING EACH
POLICY AND DEATH NOTICES. PLEASE HAVE SOMEONE
FOLLOW-UP ON MY REQUEST FOR ANSWERS -

C. Roberto Martinez,
RECEIVER

Sincerely,
Ronald Meyers
505 Kinzie Island Ct.
Sarasota, FL 33951

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

WRCCF/AP # 10-0000659
CURRENT # OF INVESTORS

7 (224)

DATE:

4/15/08

CASE#: Your investor # is not a US investor of case#

Pursuant to the Local Rules of this court, the enclosed document(s) is/are being returned for the reason(s) indicated below:



You failed to provide the case number on the document and we are unable to determine the case number from our records.

- The case is assigned to another court. Send the documents to that court.
- The enclosed discovery items are not accepted by this Court. Local Rule 26.1.B.
- Your Motion is being returned for the lack of fee in the amount of _____ (\$75.00 per attorney per case). Local Rule 4.B. and Administrative Order 96-61.

We are having a difficult time telling from your submission exactly what you want the Court to do, if anything. If you feel that you have been legally wronged or injured in a way the Court can redress, please file a formal complaint with the Court (~~filing requirement booklet attached~~).

- Other: the ABOVE CASE HAS 224 INVESTORS @ 240.00 EACH EQUALS \$53,760 - SOME WHAT OVER KILL - CASE # 99-0007893 (96) INVESTORS
10-0000653 - 84 - INVESTORS
99-0007890 - 92 - INVESTORS
99-0007892 - 96 INVESTORS

99-0007685 - 113 - INVESTORS

99-0008574 - 308 - INVESTORS

240.00 EACH EQUALS \$73,920.00

CHARGE FOR ADMINISTRATIVE FEE FOR ONE POLICY

STEVEN M. LARIMORE
Court Administrative • Clerk of Court

By: [Signature]
Deputy Clerk

- | | | | | |
|---|--|---|---|---|
| <input type="checkbox"/> Key West
301 Simonton St.
Key West, FL 33040
305-296-8100 | <input checked="" type="checkbox"/> Miami
301 N. Miami Ave
Miami, FL 33128
305-523-5100 | <input type="checkbox"/> Fort Lauderdale
299 E. Broward Blvd
Ft. Lauderdale, FL 33301
954-769-5400 | <input type="checkbox"/> West Palm Beach
701 Clematis St.
W. P. Beach, FL 33401
561-803-3400 | <input type="checkbox"/> Fort Pierce
300 South. 6 th Street
Ft. Pierce, FL 34950
772-467-2300 |
|---|--|---|---|---|

YOUR HONOR: MY BIGGEST COMPLAINT IS WE HAVE ZERO COMMUNICATION WITH SERVING PEOPLE. I HAVE NO IDEA AS TO WHAT TYPE OF POLICY THESE PEOPLE HAVE. OR IF SOME DAY THEY COULD OUT LIVE THE TERM - INVESTORS HAVE BEEN KEPT IN THE DARK, BUT ASKED TO PAY THOUSANDS EVERY YEAR ON BLIND FAITH - REMIERS.