

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 04-60573-CIV-MORENO/SIMONTON

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

MUTUAL BENEFITS CORP.,
JOEL STEINGER a/k/a JOEL
STEINER, LESLIE STEINGER
a/k/a LESLIE STEINER,
PETER LOMBARDI,
And STEVEN K. STEINER,

Defendants,

VIATICAL BENEFACTORS, LLC,
VIATICAL SERVICES, INC.,
KENSINGTON MANAGEMENT, INC.
RAINY CONSULTING CORP.,
TWIN GROVES INVESTMENTS, INC.,
P.J.L. CONSULTING, INC.,
CAMDEN CONSULTING, INC.
and SKS CONSULTING, INC.

Relief Defendants.

EIGHTH REPORT OF THE RECEIVER (Sworn Declaration)

Roberto Martínez, court-appointed receiver (the "Receiver") of Mutual Benefits Corp. ("MBC"), Viatical Benefactors, LLC ("VBLLC"), Viatical Services, Inc. ("VSI"), and Anthony Livoti, Jr., P.A. and Anthony Livoti, Jr., solely in their

Colson Hicks Eidson

255 Aragon Avenue, 2nd Floor, Coral Gables, Florida 33134-5008 Telephone: (305) 476-7400 Fax: (305) 476-7444

capacity as trustee, all of which collectively are referred to as the "Receivership Entities," hereby submits the Eighth Report of the Receiver (Sworn Declaration).

This report endeavors to provide the Court with the information requested in the Order Setting Evidentiary Hearing Regarding Financial Information ("Court's Order"). The information set forth herein, unless otherwise indicated, was provided to the Receiver by his staff at MBC and VSI, and by the professionals working on the receivership, derived from the data in the books and records of the Receivership Entities.

The information is provided to correspond to the items set forth in the Court's Order.

- 1. As of the hearing, the amount of funds remaining for Receivership operations.**

See Tab 1

- 2. Monthly expenses for receivership operations**

See Tab 2

- 3. Amount of money owed to the Receiver and professionals for Receivership operations.**

See Tab 3

- 4. Amount of money in each of the premium escrow Accounts.**

See Tab 4

- 5. The rate of consumption of the premium accounts and the expected date of exhaustion.**

See Tab 5

- 6. The financial feasibility of using interest from the premium escrow accounts to pay for Receivership operations.**

See Tab 6

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7. **The total number of policies for which the Receiver is no longer responsible for paying premiums, i.e., the number of policies for which the Receiver is paying premiums past life expectancy.**

See Tab 7

8. **The amount of money that would remain in the premium escrow account if premiums were paid through life expectancy on all policies.**

See Tab 8

9. **The market for the various types of policies and the expected proceeds from liquidation of the policies.**

See Tab 9

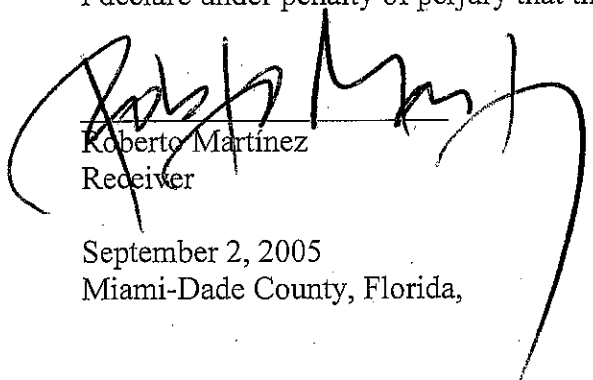
10. **The estimated costs of liquidating policies proposed by the Receiver.**

See Tab 10

11. **The estimated costs of administering a plan providing all investors with the choice of whether to liquidate the policy, take over the payment of premiums, or allow the policy to lapse.**

See Tab 11

I declare under penalty of perjury that the foregoing is true and correct.



Roberto Martinez
Receiver


September 2, 2005
Miami-Dade County, Florida,

Colson Hicks Eidson

255 Aragon Avenue, 2nd Floor, Coral Gables, Florida 33134-5008 Telephone: (305) 476-7400 Fax: (305) 476-7444

CERTIFICATE OF SERVICE

WE HEREBY CERTIFY that a true and correct copy of the foregoing was sent via electronic mail as set forth on the attached Receiver's Service List, on this 1st day of September 2005.



Curtis B. Miner

SERVICE LIST OF RECEIVER

Case No.: 04-60573 CIV-Moreno

VIA ELECTRONIC MAIL		
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TAB 1

**Funds Remaining for Receivership Operations
As of August 31, 2005**

Account	Balance
<u>Mutual Benefits Corporation</u>	
Bank of America Operating Account	\$183,433.04
Bank of America Money Market Account	161,240.34
Scheduled Reimbursement for Retainer Recoveries	119,419.02
Scheduled Reimbursement for Premiums Paid from Operating Account	92,722.78
Due to VSI	(90,810.54)
Total MBC Availability	<u>\$466,004.64</u>
<u>Viatical Services Inc.</u>	
Citibank Operating Account	\$62,324.00
Citibank Money Market Account	1,298,956.80
Due from MBC	90,810.54
Total VSI Availability	<u>\$1,452,091.34</u>
<u>Viatical Benefactors LLC</u>	
SunTrust Operating Account	\$151,450.78
SunTrust Money Market Account	4,066.10
Total VBLLC Availability	<u>\$155,516.88</u>
Total Funds	<u>\$2,073,612.86</u>

TAB 2

Mutual Benefits Corporation
Monthly Expense Budget
For the Period of August - December 2005

<u>Account</u>	<u>Amount</u>
Payroll & Payroll Taxes	\$45,000
Rent	7,000
Group Insurance	6,200
Security	5,000
Postage & Delivery	4,000
Commercial Insurance	3,000
Equipment Rental	2,500
Information Technology	3,500
Licenses & Fees	2,000
Miscellaneous	2,000
Office Expense	2,000
Telephone	2,000
Worker's Compensation	1,000
Utilities	1,000
Medical Records	1,000
Copy Expense	1,000
Other	7,000
	<u>\$95,200</u>

Viatical Services, Inc.
Monthly Expense Budget
For the Period of August - December 2005

<u>Account</u>	<u>Amount</u>
Payroll & Payroll Taxes	\$51,300
Rent	7,000
Group Insurance	5,500
Security	5,000
Commercial Insurance	3,000
Information Technology	3,500
Office Expense	2,000
Miscellaneous	2,000
Telephone	2,000
Workers Compensation	1,000
Equipment Rental	1,000
Utilities	1,000
Contract Labor	1,000
Postage & Delivery	1,000
Premium Tracking	1,000
Other	7,000
	<u>\$94,300</u>

TAB 3

**Fees Awarded But Not Paid
to the Receiver and Other Professionals**

<u>Professional Firm</u>	<u>Approved Applications Thru</u>	<u>Application Period</u>	<u>Amount Owed</u>
Colson Hicks Eidson	5/31/2005	6/19/04 - 5/31/05	\$1,016,001.35
Kozyak Tropin & Throckmorton	6/30/2005	6/19/04 - 6/30/05	411,383.00
Berkowitz Dick Pollack & Brant	5/31/2005	10/1/04 - 5/31/05	446,830.10
Allen Norton Blue	9/30/2004	6/19/04 - 9/30/04	2,024.89
Garden City Group	1/31/2005	6/19/04 - 1/31/05	120,058.49
Integrity Plus	2/4/2005	10/1/04 - 2/4/05	55,557.73
Rachlin Cohen	9/30/2004	6/26/04 - 9/30/04	7,762.50
			<hr/>
			<u><u>\$2,059,618.06</u></u>

TAB 4

**Premium Escrow Account Balances
As of August 31, 2005**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Union Planters Bank - MBC Premium Escrow Account	\$50,271,885.83	\$2,201,345.69 ¹	\$52,473,231.52
Union Planters Bank - VBLLC Premium Escrow Account	9,618,951.19	454,310.49 ¹	10,073,261.68
	<u>\$59,890,837.02</u>	<u>\$2,655,656.18</u>	<u>\$62,546,493.20</u>

¹ Interest income for 2004 and 2005 (to date) totaling \$2,257,771.53 was derived from UPB statements. Interest income for 2003, totaling \$397,884.65, was obtained from internal MBC documents and has not been confirmed by UPB. UPB is working to confirm this figure.

TAB 5

**Estimated Rate of Consumption of the Premium Accounts
and Expected Date of Exhaustion**

<u>Date</u>	<u>Beginning Balance</u>	<u>Accrued Interest</u>	<u>Premiums Paid</u>	<u>Ending Balance</u>
Sept '05	\$62,546,493	\$2,655,656	\$5,466,845	\$54,423,992
Oct '05	54,423,992	0	4,917,065	49,506,927
Nov '05	49,506,927	0	1,762,477	47,744,450
Dec '05	47,744,450	0	3,532,031	44,212,419
Jan '06	44,212,419	0	1,788,330	42,424,089
Feb '06	42,424,089	0	1,863,270	40,560,819
Mar '06	40,560,819	0	1,206,983	39,353,836
Apr '06	39,353,836	0	2,074,050	37,279,786
May '06	37,279,786	0	2,914,598	34,365,188
June '06	34,365,188	0	1,791,549	32,573,639
July '06	32,573,639	0	1,419,267	31,154,372
Aug '06	31,154,372	0	4,151,914	27,002,458
Sept '06	27,002,458	0	2,740,698	24,261,760
Oct '06	24,261,760	0	2,740,698	21,521,062
Nov '06	21,521,062	0	2,740,698	18,780,364
Dec '06	18,780,364	0	2,740,698	16,039,666
Jan '07	16,039,666	0	2,740,698	13,298,968
Feb '07	13,298,968	0	2,740,698	10,558,270
Mar '07	10,558,270	0	2,740,698	7,817,572
Apr '07	7,817,572	0	2,740,698	5,076,874
May '07	5,076,874	0	2,740,698	2,336,176
June '07	2,336,176	0	2,336,176	0
			\$59,890,837	

Assumptions

1. Accrued interest from the inception of the UPB premium accounts will be transferred to the operating account.
2. All future interest income will be transferred to the operating account.
3. The premium payments for the next twelve months are based on current projections.
4. Premium payments beyond the next twelve months are estimated at the average rate of the prior twelve months.
5. Premiums will continue to be paid on all policies - including those beyond life expectancy.
6. The premium payments reflected do not take into account reductions caused by policy maturities or additions caused by either premium increases or the depletion of cash value balances.
7. The Sept. '05 beginning balance includes \$2,655,656 of accrued interest.
8. Interest income relating to 2003 has been obtained from internal MBC records and has not been confirmed by UPB.
9. The account balances include funds maintained in the premium checking accounts - typically enough to satisfy the current month's premiums.

TAB 6

**Interest from the Premium Escrow Accounts
For the Period of September 1, 2005 - June 30, 2007**

<u>Date</u>	<u>Beginning Balance</u>	<u>Accrued Interest</u>	<u>Premiums Paid</u>	<u>Ending Balance</u>	<u>Midpoint</u>	<u>Interest Rate</u>	<u>Interest Income</u>
Sept '05	\$62,546,493	\$2,655,656	\$5,466,845	\$54,423,992	\$58,485,243	2.35%	\$114,534
Oct '05	54,423,992	0	4,917,065	49,506,927	51,965,460	2.35%	101,766
Nov '05	49,506,927	0	1,762,477	47,744,450	48,625,689	2.35%	95,225
Dec '05	47,744,450	0	3,532,031	44,212,419	45,978,435	2.35%	90,041
Jan '06	44,212,419	0	1,788,330	42,424,089	43,318,254	2.35%	84,832
Feb '06	42,424,089	0	1,863,270	40,560,819	41,492,454	2.35%	81,256
Mar '06	40,560,819	0	1,206,983	39,353,836	39,957,328	2.35%	78,250
Apr '06	39,353,836	0	2,074,050	37,279,786	38,316,811	2.35%	75,037
May '06	37,279,786	0	2,914,598	34,365,188	35,822,487	2.35%	70,152
June '06	34,365,188	0	1,791,549	32,573,639	33,469,414	2.35%	65,544
July '06	32,573,639	0	1,419,267	31,154,372	31,864,006	2.35%	62,400
Aug '06	31,154,372	0	4,151,914	27,002,458	29,078,415	2.35%	56,945
Sept '06	27,002,458	0	2,740,698	24,261,760	25,632,109	2.35%	50,196
Oct '06	24,261,760	0	2,740,698	21,521,062	22,891,411	2.35%	44,829
Nov '06	21,521,062	0	2,740,698	18,780,364	20,150,713	2.35%	39,462
Dec '06	18,780,364	0	2,740,698	16,039,666	17,410,015	2.35%	34,095
Jan '07	16,039,666	0	2,740,698	13,298,968	14,669,317	2.35%	28,727
Feb '07	13,298,968	0	2,740,698	10,558,270	11,928,619	2.35%	23,360
Mar '07	10,558,270	0	2,740,698	7,817,572	9,187,921	2.35%	17,993
Apr '07	7,817,572	0	2,740,698	5,076,874	6,447,223	2.35%	12,626
May '07	5,076,874	0	2,740,698	2,336,176	3,706,525	2.35%	7,259
June '07	2,336,176	0	2,336,176	0	1,168,088	2.35%	2,288
			\$59,890,837				\$1,236,817

Assumptions

1. The current interest rate will remain the prevailing rate.
2. The interest calculation is based on a balance that also includes funds maintained in the premium checking accounts - typically enough to satisfy the current month's premiums.
3. The midpoint reflects the average maintained monthly balance within the accounts.
4. Accrued interest from the inception of the UPB premium accounts will be transferred to the operating account at the outset.
5. All future interest income will be transferred to the operating account as earned each month.
6. The premium payments for the next twelve months are based on current projections.
7. Premium payments beyond the next twelve months are estimated at the average rate of the prior twelve months.
8. Premiums will continue to be paid on all policies - including those beyond life expectancy.
9. The premium payments reflected do not take into account reductions caused by policy maturities or additions caused by either premium increases or the depletion of cash value balances.
10. The Sept. '05 beginning balance includes \$2,655,656 of accrued interest.
11. Interest income relating to 2003 has been obtained from internal MBC records and has not been confirmed by UPB.
12. The account balances include funds maintained in the premium checking accounts - typically enough to satisfy the current month's premiums.

TAB 7

(Current as of Aug. 31, 2005)

Total Number of Active Policies

Individual	6540
Group	512
Total:	7052

Total Number of Policies Past Life Expectancy

Individual	6116
Group	507
Total:	6623

Total Number of Premium Paying Policies Past Life Expectancy

	Individual	Group	Total
Total Annual Premium for Policies Beyond LE and w/ Negative Balance	\$10,520,061.78	\$189,000.00	\$10,709,061.78
Number of Premium Paying Policies Beyond LE and w/ Negative Balance	4733	126	4859
Total Annual Premium for Policies Beyond LE and w/ Positive Balance	\$6,539,172.32	\$11,000.00	\$6,550,172.32
Number of Premium Paying Policies Beyond LE and w/ Positive Balance	532	0	532

Total Number of Policies with Negative Balances

Category	No. of Policies	Aggregate Negative Balances
Individual	5012	(\$24,281,221.59)
Group	371	(\$60,063.17)

Note 1: Group Policies w/Negative Balances appear lower, due to many insureds having never requested reimbursement for premiums. Therefore, no money was ever deducted from the initial escrowed premium amount.

Note 2: These numbers only include policies for which premiums are currently being paid.

Sub Category	No. of Policies	Aggregate Negative Balances from 2000 to present (the Date VSI began accounting for MBC premiums)
MBC Owned Individual Policies	971	(\$3,863,416.32)
MBC Owned Group Policies	164	(\$313,985.74)

Note: All MBC owned policies are beyond LE and have Negative Balances

TAB 8

**Summary of Payments Through MBC-Projected Life Expectancies
As of August 31, 2005**

Premium Account Balances	\$62,546,493 ¹
Estimated Total Remaining Premium Payments on Policies Without Cash Value	31,848,519
Estimated Total Remaining Premium Payments on Policies with Cash Value (upon depletion)	<u>2,042,020</u>
Estimated Remaining Premium Account Funds After Payments Through Life Expectancies	<u><u>\$28,655,954</u></u>

¹ The premium account balances include accrued interest from the inception of the UPB accounts.

TAB 9

**The Market for the Policies
and
Expected Proceeds from Liquidation of All Policies**

Based upon conversations with other receivers and conservators involved in viatical cases, there appears to be a range paid for viaticated policies depending on several characteristics. Three recent cases are described below.

Case # 1 (Future First Financial Group, Inc.): \$34,900,000 paid out over 7 years. 14.3% of the face value.

- Portfolio of approximately 3000 policies;
- Face value of \$243,800,000;
- 85% of which were HIV policies;
- Most policies had exceeded projected life expectancies;
- No updated medical histories or life expectancies;
- Actuarial expert retained to provide financial analysis;
- Broker used; and,
- All policies were bundled and sold to one buyer.

(In order to calculate a percentage rate of the face value that reflects the present value of the future payments, the \$34,900,000 pay-out was discounted to present value using today's prime rate of 6.50% (listed in the New York Times) as the discount factor. There may be unknown factors, however, that impact the discount rate, such as the risks of actual receipt of the payments. Nonetheless, this discount rate may be as good a discount rate as any other.

Using the 6.50 discount rate and assuming seven equal installments paid at the beginning of the year, the present value of the \$34.9 million equals \$29,121,624.73. This translates into 11.94% of the face value, rather than the 14.3%.)

Case # 2 (Viatical Capital, Inc.): \$16,600,000 cash payment. 33.2% of the face value.

- Portfolio of 40 policies.
- Face Value of \$50,000,000.
- No HIV policies;
- Most policies had exceeded projected life expectancies;
- Updated medical histories and life expectancies;
- Actuarial expert retained to provide financial analysis;
- No broker used; and,
- All policies were bundled and sold to one buyer.

Case # 3 (Unidentified): Not sold yet. One offer received for 10 % of the face value.

- Portfolio of 646 policies;
- Face Value of \$90,000,000;
- Few HIV policies;
- Almost all policies have exceeded projected life expectancies;
- No updated medical histories or life expectancies;
- No actuarial expert retained to provide financial analysis;
- No broker used; and,
- All policies to be bundled for potential sale to one buyer.

It is very difficult to estimate with precision the expected proceeds from the liquidation of all the policies. Among other matters, this receivership does not have the services of a professional actuarial or financial expert advising the Receiver. Nevertheless, applying the experience in case #'s 1 and 2 above (the only ones that actually consummated the sales of the portfolios) to the portfolio of policies administered by the Receiver, and assuming that all policies are sold, then the projected proceeds would be as follows:

HIV Policies:

11.94 % of Face Value (\$551,445,451.57) = \$ 65,842,586.92

Non-HIV Policies:

33.00 % of Face Value (\$976,704,726.10) = \$322,312,559.61

Total

\$388,155,146.53

TAB 10

Mutual Benefits Corporation
 Question 11: Rough Estimate of Costs Associated with the Administering Plan to Provide Investors With a Choice

Budget Item	Cost	Assumptions	Additional Considerations
1. Notifying Investors			
1.1 Preparation of notices to investors. 29,505 revocable designations receive 4 notices. Irrevocable designations of 23,805 receive 2 notices. Assuming half of these opt to sell their policies, 11,903 will receive 2 additional notices.	164,726.96	Estimate provided by Garden City based on 4 page customized notice to 53,310 designations.	
1.2 Mailing to Investors	115,555.96	Estimate provided by Garden City Group assumes \$0.37 for domestic mail and \$0.85 for international mail. Assumes mailing of 53,310 notices, 50% domestic and 50% international.	Possible use of email, consolidation of notifications to counsels representing multiple parties. Consider the use of delivery services (Fedex) to international investors.
2. Legal Fees			
2.1 Abandon Policy to Owner	20,000.00		
2.2 Notice Option	100,000 - 150,000		
2.3 Sale By Receiver	100,000 - 150,000		
3. Information Technology Systems	60,000.00	Assumes the hiring of a programmer to modify existing systems or to develop a new system to track the responses/selections of investors.	Depending on the disposition process approved, the receivership will need to identify the information that will need to be recorded and tracked related to the disposition of policies. Once that work is complete, the receivership must then evaluate the existing systems to determine if they can be used, modified or if new software is needed. Need to also consider off-the-shelf software packages or possible support by third party vendors.
4. In-house Costs (New)			
4.1 Facilities	24,000.00		Depending on the disposition process approved, there may be a need for additional space and equipment to accommodate processing. It is expected that some of the current resources will be allocated to this project.
4.2 Employees	460,800.00	Anticipates 8 employees for 18 months to assist in the handling of responses and then the subsequent liquidation/sale process.	Depending on the disposition process approved, there may be a need for additional employees to accommodate processing. It is expected that some of the current resources will be allocated to this project.
5. Portfolio Bidding Packages (Sale by the Receiver)	50,000.00	Includes professional fees, office supplies, copy charges and temporary to assemble the bidding packages that will be provided to investors interested in bidding on the portfolio.	
6. Actuarial and Due Diligence Costs (Sale by the Receiver)	200,000.00	Assumes the costs will be paid by the receivership once for all interested purchasers.	
7. Insurance Company Correspondence	80,000.00	Provides for the cost of legal review and mailing of forms to insurance companies to record the appropriate changes to the policy based on the disposition of the policy.	
Total	c. \$1,375,000 - \$1,475,000		

TAB 11

Mutual Benefits Corporation
 Question 10: Rough Estimate of Costs Associated with Liquidating the Policies

Budget Item	Cost	Assumptions	Additional Considerations
1. Notifying Investors			
1.1 Preparation of notices to investors. 53,310 designations get 2 notices. 11,250 will get 2 additional notices assuming that 50% of irrevocables with multiple beneficiaries opt to sell.	112,278.26		
1.2 Mailing of notices.	78,763.20	Estimate provided by Garden City Group assumes \$0.37 for domestic mail and \$0.85 for international mail. Assumes 50% domestic and 50% international	Possible use of email, consolidation of notifications to counsels representing multiple parties. Consider the use of delivery service (Fedex) to international investors.
2. Legal Fees			
2.1 Abandon Policy to Owner	20,000.00		
2.2 Notice Option	75,000 - 100,000		
2.3 Sale By Receiver	100,000 - 150,000		
3. Information Technology Systems	60,000.00	Assumes the hiring of a programmer to modify existing systems or to develop a new system to track the responses/elections of investors.	Depending on the disposition process approved, the receivership will need to identify the information that will need to be recorded and tracked related to the disposition of policies. Once that work is complete, the receivership must then evaluate the existing systems to determine if they can be used, modified or if new software is needed. Need to also consider off-the-shelf software packages or possible support by third party vendors.
4. In-house Costs (New)			
4.1 Facilities	24,000.00		Depending on the disposition process approved, there may be a need for additional space and equipment to accommodate processing. It is expected that some of the current resources will be allocated to this project.
4.2 Employees	230,400.00	Participates 4 employees for 18 months to assist in the liquidation process.	Depending on the disposition process approved, there may be a need for additional employees to accommodate processing. It is expected that some of the current resources will be allocated to this project.
5. Portfolio Bidding Packages (Sale by the Receiver)	50,000.00	Includes professional fees, office supplies, copy charges and temporary to assemble the bidding packages that will be provided to investors interested in bidding on the portfolio.	
6. Actuarial and Due Diligence Costs (Sale by the Receiver)	200,000.00	Assumes the costs will be paid by the receivership once for all interested purchasers.	
7. Insurance Company Correspondence	80,000.00	Provides for the cost of legal review and mailing of forms to insurance companies to record the appropriate changes to the policy based on the disposition of the policy.	
Total	c. \$1,000,000 - \$1,100,000		