



United States District Court Southern District of Florida

NOTICE: A few Judges do not participate in FaxBack, and thus require litigants to accompany motions with envelopes. Visit the court's website at: www.flsd.uscourts.gov or call the Help Line (305) 523-5212 for an updated listing of participating Judges.

CM/ECF COMING EARLY 2006

The United States District Court for the Southern District of Florida is planning to implement the Case Management/Electronic Case Files (CM/ECF) system. CM/ECF will provide electronic noticing via e-mail and user-friendly electronic case filing features. CM/ECF will replace FaxBack noticing; therefore attorneys will be asked to register for CM/ECF at some point later this year. To keep current with CM/ECF developments please view our website at www.flsd.uscourts.gov.

Notice of Orders or Judgments

Date: 09/15/05

To: Julie Braman Kane (aty)
255 Aragon Avenue
2nd Floor
Coral Gables, FL 33134

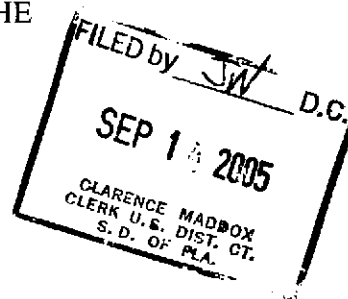
Re: Case Number: 0:04-cv-60573 Document Number: 1339

NOTE: If you are no longer an attorney in this case, please disregard this notice.
Be sure to promptly notify the Clerk of Court in writing of any changes to your name, address, law firm, or fax number. This notification should be sent for each of your active cases.
If this facsimile cannot be delivered as addressed, or you have ANY problems with this fax transmission, please call the Help Line (305) 523-5212 and the problem will be rectified. Since this transmission originated from the Clerk's Office, JUDGES CHAMBERS SHOULD NOT BE CONTACTED.

Number of pages including cover sheet:

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 ON DISPOSITION OF POLICIES AND PROCEEDS

THIS CAUSE came before the Court upon the Receiver's Motion for Clarification of Order Appointing Receiver Regarding Use of Funds in "Premium Escrow Accounts" (D.E. No. 857), filed on April 6, 2005; the Receiver's Motion to Approve Procedure for Disposition of Policies, Distribution of Proceeds of Policies, and Treatment of Premium Funds (D.E. No. 902), filed on April 22, 2005; Traded Life Policies Limited's Motion to Preclude Receiver's Use of Union Planters' Premium Escrow Accounts for Purposes other than Paying Premium on Union Planters' Policies (D.E. No. 875), filed on April 13, 2005; Life Settlement Holding A.G.'s Cross-Motion to Preclude Receiver from Using Funds in Union Planters Premium Escrow Accounts for Purposes Other than Paying Premiums on Union Planters' Policies (D.E. No. 895), filed on April 19, 2005, and George R. Kempton's Motion to Provide Purchasers with the Opportunity to Pay Future Premiums (D.E. No. 749), filed on March 4, 2005.

1339
/b5

THE COURT has considered the motions, the numerous letters from investors, the objections, the responses, the replies, the supplemental filings, the representations of interested parties at various hearings, and the pertinent portions of the record, and is otherwise fully advised in the premises.

In entering the preliminary injunction, this Court made a preliminary finding of fraud related to the sale of these viatical settlements. Thus, the Court cannot, as one investor suggested, compensate for the shortfall of funds and inaccurate life expectancy predictions by soliciting new investors. The Court understands the concerns of all the investors, but must emphasize that no disposition plan will provide investors with their anticipated returns. Most policies are already past the estimated life expectancy.

As expressed so eloquently in the numerous letters mailed to the Court and in the papers filed in this matter, the vast majority of investors would like to have a choice regarding the ultimate disposition of their interests. Thus, the Court must choose a plan that will maximize returns while also providing investors with a voice in the ultimate disposition of the policies and proceeds. Examining other courts' decisions in similar cases, and after considering all the information provided by the interested parties, the Court concludes that the following plan provides the most equitable result for all of the concerned parties.

1. All investors will be provided with the opportunity to indicate their preference regarding the disposition of their interests. Accordingly, each investor will be able to indicate whether she desires: (a) to consent to sale of her interest by the Receiver; (b) to retain or take over her interest in the policy and assume responsibility for payment of her share of premiums, including those premiums paid past life expectancy; or (c) to allow her interest to lapse.

2. During the administration of the disposition procedure, premiums will continue to be

paid for all policies from the premium escrow accounts.¹ For those policies not beyond life expectancy at disposition, premiums will continue to be paid from the premium escrow accounts through life expectancy. For those policies beyond life expectancy at the time of disposition, premiums paid past life expectancy will either be: (a) recovered when the policies are sold; or (b) recovered by imposing a surcharge in addition to premium payments if the investors choose to retain or take over their interests in a policy.

3. Viatical Services, Inc. shall serve as the viatical services administrator for all interests retained by investors. The notice to investors will indicate the amount of administration fees to be charged by VSI.

4. For policies in which multiple investors hold interests, the majority of the interest of those voting will determine the disposition of the policy. If investors vote to retain or take over their interests (and payment of premiums and management fees) in a policy, dissenting investors who wish to sell their interests will be addressed in the following manner. First, the Receiver will submit the dissenter's interest for auction to other investors. If the interest is purchased, the proceeds of the sale (minus expenses) will be paid to the selling investor. If no investors purchase the interest, the Receiver will next seek to reduce the face value of the policy to reduce the premium obligation. Finally, if reduction in face value is not possible, the Receiver will provide notice to the other investors indicating that they must take over the dissenter's premium obligation (each taking over a share proportionate to their relative interests in the policy), or the policy will be sold. If the investors take over the premium obligation, the dissenter's interest in the death benefits will be diluted to

¹ In an order issued last week, the Court ruled that the interest in the premium escrow accounts will be used to fund Receivership operations.

compensate the other investors for their additional premium obligations.

5. Matured death benefits shall be distributed to the investors who hold or have a right to interests in the policies. Any interest on the death benefits will be distributed to investors on a *pro rata* basis.

6. The parties shall submit joint proposed notice forms no later than September 30, 2005. In the event that the parties are not able to achieve consensus on the proposed notice, each party may submit individual proposed notice forms along with a short memorandum in support of the party's proposed notice.

DONE AND ORDERED in Chambers at Miami, Florida, this 17 day of September, 2005.



FEDERICO A. MORENO
UNITED STATES DISTRICT JUDGE

Copies provided to:

Robert G. Devine, Esq.
Chad A. Rutkowski, Esq.
White and Williams, LLP
457 Haddonfield Road, Suite 400
Cherry Hill, NJ 08002-2220

Harold E. Patricoff, Jr., Esq.
SHUTTS & BOWEN LLP

Tony Barnes, AUSA
United States Attorney's Office
West Palm Beach, FL 33394

Lynne M. Uniman, Esq.
Joseph A. Patella, Esq.

c/oDebra M. Cohen, Esq
MANDEL, WEISMAN, HEIMBERG, BRODIE & GRIFFIN, P.A.

Gene Lipscher, Esq.
480 Maplewood Dr., Suite 5
Jupiter, FL 33458

Kristina Pett, Esq.
Wendy Furman, Esq.
PETT FURMAN & JACOBSON

Donovan L. Parker, Esq.

Mr. Avery Scott
2010 Abbey Rd, Apt. A1
Norfolk, VA 23509-2145

Stephen L. Zeigler, Esq.
MURRAY, SIMMONS & ZIEGLER

George G. Mahfood, Esq.
FERELL SCHULTZ CARTER & FERTEL

GENOVESE, JOBLOVE & BATTISTA, PA

Victor M. Diaz, Jr., Esq.
Ricardo Martinez-Cid, Esq.
PODHURST ORSECK, P.A.

Michael A. Hantzman, Esq.
Kevin B. Love, Esq.
HANZMAN & CRIKEN, P.A.

Roberto Martinez, Receiver
Dean C. Colson, Esq.
Curtis B. Miner, Esq.
Joseph M. Matthews, Esq.
Curtis H. Eidson, Esq.
Marc Cooper, Esq.
Julie B. Kane, Esq.
COLSON HICKS EIDSON

Paul V. Debianchi, Esq.

Robert C. Gilbert, Esq.

-Stanley H. Wakshlag, Esq.
Brian P. Miller, Esq.
Samantha J. Kavanaugh, Esq.
Mark S. Shapiro, Esq.
AKERMAN SENTERFITT

Andrew S. Berman, Esq.
YOUNG, BERMAN, KARP & GONZALEZ, P.A.

Bruce A. Zimet, Esq.

Faith Gay, Esq.
WHITE & CASE

Daniel L. Leyton, Esq.
De La O & MARKO

Teresa J. Verges, Esq.
Alise M. Johnson, Esq.
Cheldy C. Dumornay, Esq.
Linda S. Schmidt, Esq.
SECURITIES AND EXCHANGE COMMISSION
801 Brickell Ave., Suite 1800
Miami, FL 33131

Laurel M. Isicoff, Esq.
Kenneth R. Hartmann, Esq.
David P. Milian, Esq.
KOZYAK TROPIN & THROCKMORTON, P.A.

Benedict P. Kuehne, Esq.
Jon A. Sale, Esq.
SALE & KUEHNE

Peter M. Kramer, Esq.
Catherine Whitfield, Esq.
Wendy S. Leavitt, Esq.
Dee del Castillo, Esq.
STEEL HECTOR & DAVIS LLP

Stephen C. Baker, Esq.
Jason P. Gosselin, Esq.
John B. Dempsey, Esq.
DINKER BIDDLE & REATH, LLP
One Logan Square, 18th & Cherry Streets

Philadelphia, PA 19103

Kenneth W. Lipman, Esq.
SIEGEL, LIPMAN, DUNAY & SHEPHAD LLP

Hilarie Bass, Esq.
GREENBERG TAURIG, P.A.
1221 Brickell Ave.
Miami, FL 33131

Anthony M. Livoti, Jr., Esq.
721 NE 3rd Ave
Fort Lauderdale, FL 33304

Marc Nurik, Esq.
Amy S. Rubin, Esq.
Michael J. Pike, Esq.
RUDEN, McCLOSKEY, SMITH, SCHUSTER & RUSSELL, P.A.

William Berger, Esq.
Chad J. Tamaroff, Esq.
GREENSPOON, MARDER, HIRSCHFELD, RAFKIN, ROSS & BERGER, P.A.

Steven G. Schwartz, Esq.
SCHWARTZ & HOROWITZ, P.A.

Michael A. Hantzman, Esq.
Kevin B. Love, Esq.
HANZMAN & CRIKEN, P.A.

Brian J. Stack Esq.
STACK FERNANDEZ ANDERSON & HARRIS, PA

J. David Hopkins, Esq.
LORD BISSELL & BROOK
Suite 1900
1170 Peachtree Street, NE
Atlanta, GA 30309

John Neil Buso, Esq.

David Levine, Esq.
Jeffrey Schneider, Esq.
TEW CARDENAS, LLP

J. Randolph Liebler, Esq.
LEIBLER, GONZALEZ & PORUOUNDO, PA

Leslie Wulfsohn Loftus
John J. Waskom, Esq.
ICARD, MERRIL, CULLIS, TIMM, FUREN & GINSBURG, PA

William L. Petros, Esq.
PETROS & ELEGANT

Miguel Diaz de la Portilla, Esq.
DUANE MORRIS, LLP

Edwards Mullins, Esq.
Daniella Freidman, Esq.
ASTIGARRAGA DAVIS MULLINS & GROSSMAN

Jay S. Blumenkopf, Esq.
Joelle C. Sharman, Esq.

Charles C. Papy, Jr., Esq.

Matthew Konecky, Esq.
Robert H. Cooper, Esq.

Daniel S. Mandel, Esq.

Charles A. Wachter, Esq.

Ismael Diaz, Esq.
Richard H. Critchlow, Esq.
Harry R. Schafer, Esq.

Erin E. Slusser, Esq.
6862 Elm Street, Suite 410
McLean, VA 22101

Richard M. Mitchell
5403 Rio Vista St.
Sarasota, FL 34232

Emmy O. Dolbow
1852 S. Jay Ct.
Lakewood, CO 80232

Ralph and Olivia Breitweiser
224 Minnesota Ave.
St. Cloud, FL 34769

Glenn S. Gitomer, Esq.
McCausland, Keen & Buckman
Radnor Court, Suite 160
259 North Radnor-Chester Road
Radnor, PA 19087-5240

Craig V. Rasile, Esq.
HUNTON & WILLIAMS

Sandra K. Cage
7865 Leymar Road
Glen Burnie, MD 21060

Karen M. Doering
292 South Oval Drive
Chardon, OH 44024

Christopher J. Klein, Esq.
Edward M. Mullins, Esq.

Carla M. Barrow, Esq.