

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 STEINER,

Defendants,

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

Relief Defendants,

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**TWENTY THIRD REPORT OF THE RECEIVER**

Roberto Martínez, court-appointed receiver (the "Receiver") of Mutual Benefits Corp. ("MBC"), Viatical Benefactors, LLC ("VBLLC"), Viatical Services, Inc. ("VSI"), and Anthony Livoti, Jr. and Anthony Livoti, Jr. P.A. solely in their capacity as trustee (collectively the "Receivership Entities") submits this Twenty Third Report of the

**Colson Hicks Eidson**

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

Receiver. This report is submitted to apprise the Court of the status of the premium billing process.

**Financial Statement for the Receivership Entities**  
**(Year Ending December 31, 2006)**

This Report includes the financial statements for the Receivership Entities for the year ending December 31, 2006, which are attached as Exhibit A. The financial statements are unaudited, and the date is derived from the Receivership Entities' accounting records and bank statements.

DATED: July 30, 2007

Respectfully submitted,

s/ Roberto Martinez  
ROBERTO MARTINEZ  
RECEIVER

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by CM/ECF to the parties on the attached Receiver's Service List on July 30, 2007.

s/ Roberto Martinez  
Roberto Martinez

Mutual Benefits Corporation and Affiliated Entities and Accounts Under Receivership Control  
 Combining Balance Sheet  
 December 31, 2006 (Unaudited)

**ASSETS**

	Mutual Benefits Corporation	Northern Trust Bank Premium Accounts	Vitalcal Benefactors LLC	Vitalcal Services Inc.	Eliminations	Receivership (Total)
Current Assets:						
Cash Available for Operations (Note 2)	\$ 3,764,803	\$ -	\$ 16,436	\$ 2,713,410	\$ -	\$ 6,494,649
Cash for Premiums on Viaticals Sold to Investors (Note 3)	-	14,454,802	-	1,075,107	-	14,454,802
Accounts Receivable (Note 4)	1,277,474	-	-	-	-	1,075,107
Note Receivable - Officer (Note 5)	505,707	-	-	177,381	(683,088)	1,277,474
Due from Receivership Entity (Note 6)	13,154,711	-	-	-	-	13,154,711
Restricted Cash from Death Benefit Proceeds (Note 7)	18,702,695	14,454,802	16,436	3,965,898	(683,088)	36,456,743
Total Current Assets	\$ 41,199,486	\$ 14,454,802	\$ 16,436	\$ 4,037,907	\$ (683,088)	\$ 59,025,543
Office Furniture and Equipment, net (Note 8)	17,469	-	-	47,614	-	65,083
Other Assets:						
Funds Held - Other (Note 9)	20,479,169	-	-	-	-	20,479,169
Investments in Policies, at Cost (Note 10)	1,846,127	-	-	-	-	1,846,127
Lease Deposits and Other (Note 11)	154,026	-	-	24,395	-	178,421
Total Assets	\$ 41,199,486	\$ 14,454,802	\$ 16,436	\$ 4,037,907	\$ (683,088)	\$ 59,025,543

**LIABILITIES AND SHAREHOLDER'S EQUITY**

Current Liabilities:						
Accounts Payable and Accrued Expenses (Notes 12, 17)	\$ 11,364	\$ -	\$ -	\$ 70,117	\$ -	\$ 81,481
Unearned Viatical Management Services (Note 14)	-	-	-	1,647,997	-	1,647,997
Income Taxes Payable (Note 13)	-	-	234,550	166,853	-	401,403
Funds Held from Death Benefit Proceeds (Note 7)	13,154,711	-	-	-	-	13,154,711
Due to Receivership Entity (Note 6)	177,381	-	260,383	-	-	-
Funds Held for Premiums on Viaticals Sold to Investors (Note 3)	-	14,209,478	-	-	-	14,209,478
Total Current Liabilities	\$ 13,343,456	\$ 14,454,802	\$ 494,933	\$ 1,884,967	\$ (683,088)	\$ 29,495,070
Long Term Liabilities:						
Funds Held - Other (Note 9)	20,479,169	-	-	-	-	20,479,169
Investments in Policies Held for Restricted Use (Note 10)	1,846,127	-	-	-	-	1,846,127
Pre-Receivership Obligations	2,362,720	-	17,208	-	-	2,379,928
Settlement Payable (Note 10)	1,320,066	-	-	-	-	1,320,066
Total Long Term Liabilities	26,008,082	-	17,208	-	-	26,025,290
Total Liabilities	\$ 39,351,538	\$ 14,454,802	\$ 512,141	\$ 1,884,967	\$ (683,088)	\$ 55,520,360
Shareholder's Equity (Deficit):						
Common Stock	100	-	100	100	-	300
Additional Paid-In Capital	19,900	-	50,000	-	-	69,900
Retained Earnings (Accumulated Deficit)	1,827,948	-	(545,805)	2,152,840	-	3,434,983
Total Shareholder's Equity (Deficit)	1,847,948	-	(495,705)	2,152,940	-	3,505,183
Total Liabilities and Shareholder's Equity (Deficit)	\$ 41,199,486	\$ 14,454,802	\$ 16,436	\$ 4,037,907	\$ (683,088)	\$ 59,025,543

Mutual Benefits Corporation and Affiliated Entities and Accounts Under Receivables Control  
 Combining Statements of Operations and Retained Earnings (Accumulated Deficit)  
 Year Ended December 31, 2006 (Unaudited)

	Mutual Benefits Corporation	Vertical Benefactors LLC	Vertical Services Inc.	Eliminations	Receivables (Total)
Revenues:					
Policy Servicing Fees (Note 14)	\$ -	\$ -	\$ 3,282,943	\$ -	\$ 3,282,943
Operating Expenses:					
Salaries and Consulting	828,502	-	956,625	-	1,785,127
Copying and Office Expenses	35,674	-	72,669	-	108,343
Depreciation and Amortization	61,673	-	23,159	-	84,832
Insurance	74,673	-	94,504	-	169,177
Licenses and Permits	17,100	-	490	-	17,590
Medical Records and Exams	3,640	-	9,778	-	13,418
Other	9,830	341	1,267	-	11,438
Postage and Delivery	85,768	-	84,135	-	169,903
Rent - Equipment	6,711	-	11,718	-	18,429
Rent - Office	75,001	-	103,745	-	178,746
Security	25,368	-	25,522	-	50,890
Telephone	12,390	-	27,381	-	39,771
Utilities	12,333	-	17,953	-	30,286
Total Operating Expenses:	1,248,663	341	1,428,946	-	2,677,950
Income (Loss) From Operations	(1,248,663)	(341)	1,853,897	-	604,893
Other Income					
Gain on Sale of Stock (Note 15)	1,775,010	-	-	-	1,775,010
Other Income - Primarily Interest	2,220,225	450	17,050	-	2,237,725
Other Expenses:					
Interest on Settlement (Note 8)	-	-	-	-	-
Write-Off of Goodwill (Note 20)	-	-	-	-	-
Write-Off of Uncollectible Receivables	-	-	-	-	-
Receivables Expenses (Note 17)	1,401,443	-	-	-	1,401,443
Relocation Expenses	-	-	-	-	-
Expenses related to Commitments - Pre-Receiver	-	-	-	-	-
Viator Insurance Premiums Paid	-	-	-	-	-
Income (Loss) before Taxes	1,345,129	109	1,870,947	-	3,216,185
Federal, State and Local Taxes	-	(20,440)	166,122	-	145,682
Net Income (Loss)	1,345,129	20,549	1,704,825	-	3,070,503
Retained Earnings (Accumulated Deficit) - Beginning of the Year	482,819	(566,354)	448,015	-	364,480
Reduction in Equity for Investments Stated at Cost (Note 10)	-	-	-	-	-
Distributions to Shareholder	-	-	-	-	-
Retained Earnings (Accumulated Deficit) - End of the Period	\$ 1,827,948	\$ (545,805)	\$ 2,152,840	\$ -	\$ 3,434,983

**Mutual Benefits Corporation and Affiliated Entities and Accounts Under Receivership Control**  
**Notes to Combining Financial Statements**  
**December 31, 2006 (Unaudited)**

**Note 1. Basis Of Preparation.** The *Combining Balance Sheet of Mutual Benefits Corporation and Affiliated Entities and Accounts Under Receivership Control* include the following entities and accounts (referred to collectively as "MBC et. al."): Mutual Benefits Corporation ("MBC"), Northern Trust Bank Premium Accounts, Viatical Benefactors LLC ("VBLLC"), and Viatical Services Inc. ("VSI.") The *Combining Statements of Operations and Retained Earnings of Mutual Benefits and Affiliated Entities and Accounts Under Receivership Control* include the following entities and accounts: Mutual Benefits Corporation ("MBC"), Viatical Benefactors LLC ("VBLLC"), and Viatical Services Inc. ("VSI").

The combining financial statements were not prepared in accordance with GAAP (the notes herein describe the basis of accounting methods used), but are based upon MBC et. al. continuing as a going concern wherein the assets will be realized and liabilities will be paid in the ordinary course of business. Additionally, MBC et al. has elected to present selected note disclosures to the combining financial statements and has omitted the combining statement of cash flows.

On May 4, 2004, the United States Southern District Court entered a Temporary Restraining Order (the "TRO"), in part restraining MBC and VBLLC from engaging in new business. At the same time, the Court entered its Order Appointing Receiver, which among other things appointed the Receiver and directed him to take control of the Receivership Entities. While the ultimate resolution of the entities' status remain uncertain, there is substantial doubt that the entities will be able to continue as going concerns. The accompanying financial statements do not include any adjustments to present the entities on a liquidating basis and such adjustments could be material.

**Note 2. Cash Available for Operations.** Cash available for operations initially arose primarily from funds that were in the operating and money market accounts of the Receivership Entities at the time the receivership was put in place. MBC has depleted these funds over the course of the Receivership. On June 29, 2004, an order was entered by the Court giving the Receiver the authority to pay insurance premiums for all policies from the various premium escrow accounts including premiums for those policies that were previously paid out of the MBC operating account. As such, the Receiver paid premiums previously paid out of the MBC operating account, first, using funds from the VSI Northern Trust Premium Reserve account and then from the Union Planters Premium Accounts.

On September 6, 2005, the Court ordered that Union Planters (now known and hereinafter referred to as Regions Bank) should release the accrued interest in the premium escrow accounts to the MBC Operating Account. It was also directed to release future interest income in the premium escrow accounts to the MBC Operating Account. The funds in these accounts were transferred to Northern Trust Bank on February 1, 2006. The Receiver was authorized to use the interest to fund continuing Receivership operations. In Fiscal Year 2006, \$1,437,316 was earned as interest on these funds. Of this amount, \$1,191,992 was transferred from the premium escrow accounts held by Northern Trust Bank to the Receiver's Operating Account at MBC. At December 31, 2006, MBC recorded a receivable of \$245,324 which represents interest earned in the fourth quarter of 2006 on the premium escrow funds but not yet transferred to MBC.

On September 17, 2005, the Court ordered that investors be polled to determine if they wished to continue to maintain their interest in a policy, sell the interest or surrender it. Investors that voted to keep their interest in the policy were advised that they would be charged fees to cover the viatical management administration expenses on an on-going basis. These annual fees are designed to provide VSI with the funds necessary to support its operations. During the third quarter of 2006, VSI began to invoice investors for their administration fees. As of December 31, 2006, approximately \$5,512,608 of fees had been billed to the investors and approximately \$3,169,983 in payments had been received.

**Note 3. Cash For Premiums On Viaticals Sold To Investors & Funds Held For Premiums On Viaticals Sold To Investors.** At the time life insurance policies were sold to investors, a portion of the investors' funds were paid into various premium accounts to pay life insurance policy premiums during the insured's projected life expectancy. Over the course of this Receivership, it has become apparent that: (a.) a significant number of insureds outlived the life expectancy that was represented to the respective investors by MBC; (b.) the premiums set aside for such policies have been exhausted; (c.) in order to continue to fund these insurance policies, MBC used premium funds that were received from other investors that purchased other policies and to a lesser extent other sources of funds (e.g., policy dividends, proceeds from demutualization of insurance policies, etc.); and (d.) that significant additional insureds have and will likely continue to outlive the life expectancies represented by MBC. The combining financial statements do not reflect any reserves or other adjustment related to these potential circumstances.

Policies sold to investors by MBC in the early years (1994 - 1997) were historically paid out of MBC's operating account. (Effective June 29, 2004, pursuant to Court order, these premiums were subject to reimbursement using funds from premium accounts then maintained by Regions Bank.) Beginning in 1996, Livoti, as trustee, entered into an

**Mutual Benefits Corporation and Affiliated Entities and Accounts Under Receivership Control**  
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**December 31, 2006 (Unaudited)**

agreement with MBC whereby he agreed to pay premiums using investor funds that were segregated at the time of closing and transferred to various accounts under his control. (Once these funds were exhausted in mid-January 2005, the Receiver obtained Court authorization to make premium payments on the Livoti policies using funds then maintained at Regions Bank.) In June 2002, MBC entered into an escrow agreement with American Express Business Services, Inc. ("AMEX") whereby, among other services, AMEX set up a premium account at Bank of America to pay premiums with investor funds identified and transferred at the time of closing. Upon entering into an agreement with Regions Bank in approximately April, 2003, most funds held at Bank of America were transferred to Regions Bank, along with any future investor funds identified for the payment of premiums on new policies.

In February 2006, the Receiver consolidated the remaining premium funds held by Bank of America and Regions Bank into accounts maintained at Northern Trust Bank and began making premium payments for all policies, including the policies sold to investors by MBC in the early years, out of these accounts.

The Court has ordered that investors are responsible for the premiums on policies after June 30, 2006. While VSI continues to make payments of premiums from the Northern Trust Accounts, it is calculating the amounts due back to the premium accounts for funds paid on behalf of investors for premiums after June 30, 2006. Premium invoices being sent to investors consequently reflect premiums due as well as reimbursement for funds advanced for premiums on policies after June 30, 2006.

**Note 4. Accounts Receivable.** On September 17, 2005, the Court ordered that investors be polled to determine if they wished to continue to maintain their interest in a policy, sell the interest or surrender it. Investors that voted to keep their interest in the policy were advised that they would be charged fees to cover the viatical management administration expenses on an on-going basis. These annual fees are designed to provide VSI with the funds necessary to support its operations. During the third quarter of 2006, VSI began to invoice investors for their administration fees. As of December 31, 2006, there were fees of \$5,512,608 that had been billed to investors and \$3,169,983 of cash had been received. Investors had 45 days to pay the fees or lose their interest in the death benefit. An analysis of the payments received through April 2007 indicates that approximately 23.27% of the investors had not made payment within the 45 day period. As such, an allowance of 23.27% of the amounts billed, or \$1,282,784 has been recorded as an allowance for uncollected administration fees resulting in the net amount reported.

**Note 5. Note Receivable - Officer.** This account includes a loan receivable, principal balance of \$1,160,000, from Steven Steiner. MBC earns interest on the principal balance, which amounted to \$117,474 through December 31, 2006. The Receiver has made a demand for repayment of the loan and has filed a lawsuit in an attempt to collect these funds. At this time, the Receiver believes the principal and accrued interest should be fully collectible.

**Note 6. Due to/from Receivership Entity.** Consists of the following items: (a.) During the second quarter of 2005, the Receivership consolidated the operations of the entities into one location. During the third and fourth quarters of 2006, certain expenses were paid in full by VSI. A portion of these net costs, \$177,381 were allocated to MBC by VSI and had not been paid; (b.) As stated in Note 2, the Court has ordered that interest on funds in the premium escrow accounts be used to fund the operations of the receivership. Interest in the amount of \$245,324 was earned in the fourth quarter of 2006 and had not been transferred to the MBC operating account from the premium accounts; (d.) Professional fees of \$420,383 that were previously paid by MBC have been reallocated to VBLLC, in relationship to the face value of viatical policies originated by each entity. As of December 31, 2006, VBLLC had reduced its obligation to MBC to \$260,383.

**Note 7. Restricted Cash from Death Benefit Proceeds.** Funds received from insurance policy maturity claims have been deposited into a separate interest bearing account at Northern Trust Bank. These funds include death benefit proceeds, interest on death benefits paid by the insurance companies, return of unearned insurance premiums and interest on the funds in the account paid by the bank. On September 14, 2005, the Court ordered that all death benefits be paid to investors along with any accrued interest. Upon the maturity of the policy, the Receiver has been notifying investors that their policies have matured and has requested that investors return the appropriate tax forms to allow the Receiver to determine U.S. federal income tax to be withheld, if applicable, and to disburse the funds. As of December 31, 2006, the Receiver has received Death Benefit proceeds and interest in the amount of \$62,718,456. Through December 31, 2006 MBC had processed disbursements in the amount of \$49,563,745 to return these funds to investors. MBC continues to distribute death benefit proceeds and the interest earned on these funds to investors.

**Note 8. Office Furniture and Equipment, net.** During the third quarter of 2006, MBC conducted an auction to sell off excess furniture, fixtures and equipment. The auction resulted in net proceeds of \$2,671 on the sale. MBC recognized a loss on the sale of \$49,571 and disposed of assets with a historical cost of \$293,558 and accumulated depreciation of \$239,572. MBC incurred expenses of \$1,744 related to the auction of the assets. On December 31, 2006, MBC sold

**Mutual Benefits Corporation and Affiliated Entities and Accounts Under Receivership Control**  
**Notes to Combining Financial Statements**  
**December 31, 2006 (Unaudited)**

all of its remaining furnitures, fixtures, computer equipment and software to VSI for \$5,329 and recognized a loss of \$59,830 on the sale.

VSI's information systems were not historically designed to conduct billing activities nor the reallocation of investor interests in policies. In order to comply with the Court's order on the disposition of policies, VSI initiated a project to develop a new premium billing and tracking system to allow investors to be billed for administration fees and for premium amounts due. While certain features of the system were being used in 2006, the system is not expected to be fully implemented until June 2007. As of December 31, 2006, approximately \$260,000 in costs had been incurred in developing the system. These costs are included in the professional fees submitted to the Court. Consistent with the treatment of professional fees, the actual cost of the system will be capitalized upon the approval of the fees by the Court. It is expected that once the system has been fully implemented, it will be depreciated assuming a useful-life of three years.

**Note 9. Other Funds Being Held.** MBC received funds from the federal government in connection with the settlement of a pre-receivership forfeiture action. Additionally, MBC has received funds from its joint settlement with the Brinkley McNerny law firm in the amount of \$7,485,016 and from settlements reached with the SEC in the amount of \$11,487,049. These funds, which total \$20,479,169 as of December 31, 2006, inclusive of accrued interest, are to be distributed to investors and creditors of MBC pursuant to a plan of distribution to be authorized by the Court. An equal and offsetting liability has been established for these funds pending their ultimate disposition.

**Note 10. Investments in Policies at Cost and Settlement Payable.** MBC has acquired interests in various policies over time by refunding monies to investors. Its interest in these policies are stated at MBC's cost of \$1,846,127. It is anticipated at this time that any assets realized from the sale/maturity of these investments will be distributed in some manner to investors of MBC. As the value of the assets is dependent upon the payment of premiums and such premium funds are being depleted, an equal and offsetting reserve has been established for these assets. As policies mature, and death benefits are realized, the Receiver will recognize the gains and other income received.

Under the terms of a Settlement Agreement dated June 2003, as amended, the Company was previously obligated to pay to certain parties a principal amount of \$2,165,000. This payment was to repurchase investments in the death benefits of life insurance policies. These policies are part of the amount reflected in Investment in Policies at Cost. It was determined that as of the date of the Receivership, no additional interest was to be earned on the note. As such, all interest accruals after May 5, 2004 have been reversed. Payments made to the investor, as a result of the maturity of an investment, have reduced the amount owed to the investor to \$1,320,066 at December 31, 2006.

Additionally, eight policies were not fully placed with investors as of May 5, 2004. The unplaced portion of these investments represented \$52,960,167 of the total death benefits of these policies which is \$84,902,500. On certain of these policies, no funds were received for payment of premiums. Based on life expectancies projected by MBC prior to the Receivership, \$9,176,704 should have been deposited in the Regions Bank premium account. However, because of the timing of the Receivership, this \$9,176,704 was not transferred from the Purchase Escrow Accounts. The Court has determined that the Purchase Escrow Accounts are outside of the Receivership. Nonetheless, the need to fund the premiums on these policies through the original life expectancy or until the policies are sold remains an obligation of the Receivership.

As a result of the investor election process, a majority of voting investors elected to keep their interests in four of these policies. The face value of these four policies totals \$22,856,800 and MBC's portion of the death benefits is \$1,009,992. Should MBC not pay the premiums due on these policies, it will forfeit its rights to the death benefits. A majority of voting investors elected to sell four policies with a combined face value of \$62,045,700. The face value attributable to MBC's ownership interest is \$51,950,175. Premiums will continue to be paid on these policies until they are sold.

MBC has no cost basis in those policies that were not fully placed with investors as of May 5, 2004. As such, these policies are reflected on MBC's financial statements at their \$0 cost. However, certain additional amounts may be realized upon their sale/maturity. The value of these investments, and any gain/loss realized, will be determined upon their disposition.

**Note 11. Lease Deposits and Other Assets.** Includes approximately \$154,026 in certificates of deposit securing various State bonds in conjunction with licenses and an additional \$24,395 securing various deposits on MBC / VSI's facility.

**Note 12. Accounts Payable.** Accounts Payable represents only those payables where the Receiver has made a determination that the payment of which provides on-going and/or necessary benefits to the Receivership. Amounts



**Mutual Benefits Corporation and Affiliated Entities and Accounts Under Receivership Control**  
**Notes to Combining Financial Statements**  
**December 31, 2006 (Unaudited)**

representing obligations that existed or were caused to be incurred prior to the Receivership have been included in the Other Liabilities Section under Pre- Receivership Obligations.

**Note 13. Income Taxes Payable.** Prior to the Receivership, VBLLC elected to treat itself as a tax paying entity. As such, an accrual was made for the anticipated federal, local and state taxes payable by the entity.

**Note 14. Unearned Viatical Management Services.** VSI was paid a fee at the closing of each policy. These fees were intended to provide VSI with the funds required to service the premium payments and track the insureds over the remaining life of each policy and to file the death claim upon each policy's maturity. When the Receiver assumed control over VSI, its books and records reflected unearned revenues of \$2,492,366. Since that time, VSI has recognized income to the extent that it had operating expenses. During the first three quarters of 2006, VSI had fully recognized the remaining unearned revenue of \$701,017 from the inception of the receivership.

Beginning on July 1, 2006, the Court ordered that investors be billed for fees sufficient to support the cost of operations required to provide viatical management services on policies where investors elected to maintain their interests in the death benefits. In connection with this Order, VSI estimated the annual expenses necessary to support operations required to maintain the investors' interests and has billed investors for administrative fees needed to fund the anticipated expenditures. As of December 31, 2006, VSI had invoiced most of the investors attached to policies for which investors have elected to maintain their policy interest ("Keeps"). By December 31, 2006, most of these invoices had reached their due dates allowing VSI to estimate the total administration fees received for the period.

VSI has elected to record all fees as unearned upon receipt and to recognize income over the course of the 12 months following June 30, 2006. Accordingly, VSI has recognized one twelfth of the total unearned administration fees as earned each month beginning with July of 2006. As of May 18, 2007, VSI had collected administration fees in the amount of \$5,163,652 for the annual billing period and the financial statements reflect six-twelfths of this amount or \$2,581,126, as being earned at December 31, 2006.

**Note 15. Gain on Sale of Stock.** Certain of the life insurance policies purchased from viators were with mutual insurance companies. As such, these policies provided for an ownership interest in the insurance company. When these companies de-mutualized, common shares of stock were awarded to the owners of the life insurance policies. During the second quarter of 2006, the Receivership liquidated its interests in these demutualized stocks recognizing a gain on the sale and placing the proceeds of \$1,775,010 into its operating account.

**Note 16. Due From Escrow Agent.** Pursuant to an order issued by the Court in February 2005, funds paid by the investor into the various purchaser escrow accounts of MBC are not considered assets of the company and are being held in the purchaser escrow accounts pending distribution of these funds to the investors. The Court has ordered that the pre-closing investment funds not used to purchase interest in insurance policies be returned to the original investors. The disbursement of these funds has been managed by Regions Bank. As MBC neither has control nor plays any role with regard to the disbursement of these funds, they are no longer being reflected on these financial statements.

Mutual Benefits Corporation and Affiliated Entities and Accounts Under Receivership Control  
 Notices to Combining Financial Statements  
 December 31, 2006 (Unaudited)

Note 17, Professional Fees and Costs. The Receiver has retained various professionals to support the operations of the Receivership. Fees that have been approved by the court but have not yet been paid have been recorded as liabilities of the Receivership entities. Fees, listed below under Pending Approval, have not been approved by the court and are not included in Accrued Expenses. The following chart reflects the status of professional fees as of July 26, 2007:

App. #	Application Period	Date Submitted	Fees Requested	Costs Requested	Amount Requested	Fees Awarded	Costs Awarded	Date Awarded	Total Amt. Awarded	Date Amount Paid
<b>Allen Norton &amp; Blen</b>										
1	5/6/04 - 6/18/04	7/2/2004	10,493.75	51.53	10,545.28	10,493.00	53.15	7/6/2004	10,546.15	7/19/2004
2	6/19/04 - 9/30/04	12/15/2004	1,762.50	262.39	2,024.89	1,762.50	262.39	7/12/2005	2,024.89	9/14/2005
3	10/1/04 - 5/31/05	10/18/2005	9,275.00	260.53	9,535.53	9,000.00	260.00	10/21/2005	9,260.00	11/4/2005
4	6/1/05 - 12/31/05	3/9/2006	3,627.50	11.68	3,639.18	3,488.32	11.68	5/9/2006	3,500.00	5/25/2006
5	6/1/06 - 12/31/06	5/21/2007	2,127.50	262.68	2,390.18	0.00	0.00		0.00	
<b>TOTAL</b>			<b>\$27,486.25</b>	<b>\$848.81</b>	<b>\$28,335.06</b>	<b>\$24,743.82</b>	<b>\$587.22</b>		<b>\$25,331.04</b>	<b>\$35,331.04</b>
<b>Berkowitz Dick Pollack &amp; Brant</b>										
1	5/4/04 - 6/18/04	10/18/2005	228,589.43	-	228,589.43	228,589.00	-	10/22/2004	228,589.00	11/15/2004
2	6/19/04 - 9/30/04	12/15/2004	193,806.45	-	193,806.45	193,806.45	-	6/1/2005	193,806.45	6/15/2005
3	10/1/04 - 1/31/05	3/16/2005	266,723.10	-	266,723.10	266,723.10	-	6/1/2005	266,723.10	9/17/2005
4	2/1/05 - 5/31/05	7/20/2005	201,446.10	107.00	201,553.10	180,107.00	107.00	8/18/2005	180,107.00	9/17/2005
5	6/1/05 - 9/30/05	11/4/2005	168,136.20	-	168,136.20	120,000.00	-	12/22/2005	120,000.00	1/9/2006
6	10/1/05 - 12/31/05	3/9/2006	177,779.25	190.00	177,969.25	149,810.00	190.00	3/2/06 and 5/28/06	150,000.00	4/7/2006
7	1/1/06 - 9/30/06	10/25/2006	563,457.83	0.00	563,457.83	490,000.00	\$0.00	2/21/2007	490,000.00	2/22/2007
8	10/1/06 - 12/31/06	3/22/2007	248,706.00	2,487.98	251,193.98	247,512.02	2,487.98	5/7/2007	250,000.00	6/12/2007
9	1/1/07 - 5/31/07	7/6/2007	659,815.88	0.00	659,815.88	-	-		-	
<b>TOTAL</b>			<b>\$2,708,460.24</b>	<b>\$2,784.98</b>	<b>\$2,711,245.22</b>	<b>\$1,876,440.57</b>	<b>\$2,784.98</b>		<b>\$1,879,225.55</b>	<b>1,879,225.55</b>
<b>Bilzin Sumberg Baena Price &amp;</b>										
1	2/4/05 - 6/28/05	10/18/2005	36,132.00	110.31	36,242.31	36,132.00	110.31	2/9/2006	36,242.31	2/21/2006
2	9/26/05 - 12/31/05	3/9/2006	36,262.00	132.28	36,394.28	30,000.00	132.00	5/3/2006	30,132.00	6/12/2006
3	1/1/06 - 4/30/06	7/26/2006	44,703.00	240.20	44,943.20	40,000.00	240.00	10/23/2006	40,240.00	10/25/2006
4	5/1/06 - 9/30/06	38,085.80	141.94	38,227.74	\$38,000.00	\$141.94		2/21/2007	\$38,141.94	2/22/2007
5	10/4/06 - 2/28/07	3/21/2007	30,212.10	914.34	31,126.44	-	-		-	
<b>TOTAL</b>			<b>\$185,395.40</b>	<b>\$1,539.07</b>	<b>\$186,934.47</b>	<b>\$144,132.00</b>	<b>\$624.25</b>		<b>\$144,756.25</b>	<b>\$144,756.25</b>
<b>Colson Hicks Eiserson</b>										
1	5/4/04 - 6/18/04	7/2/2004	220,751.50	6,709.88	227,461.38	74,000.00	6,709.00	10/22/2002	80,709.00	11/5/2004
2	6/19/04 - 9/30/04	12/15/2004	287,905.00	9,721.19	297,626.19	146,751.00	9,721.19	12/15/2004	146,751.00	1/6/2005
3	10/1/04 - 1/31/05	3/17/2005	371,496.00	30,264.16	401,760.16	371,496.00	30,264.16	6/1/2005	297,676.19	9/7/05
4	2/1/05 - 5/31/05	7/20/2005	320,323.75	16,955.65	336,889.40	300,000.00	16,955.00	6/1/2005	316,565.00	9/17/2005
5	6/1/06 - 9/30/06	11/9/2005	244,126.50	20,537.69	264,664.19	240,000.00	20,537.69	2/16/2006	260,537.69	2/28/2006
6	10/1/05 - 12/31/05	3/7/2006	215,142.50	26,936.15	242,078.65	205,000.00	26,936.15	5/5/2006	231,936.15	5/18/2006
7	1/1/06 - 5/31/06	7/26/2006	372,588.50	25,275.99	397,864.49	300,000.00	25,275.00	10/25/2006	325,275.00	10/25/2006
8	6/1/06 - 1/31/07	5/21/2007	148,498.00	14,693.31	163,191.31	-	-		-	
<b>TOTAL</b>			<b>\$2,180,831.75</b>	<b>\$150,754.02</b>	<b>\$2,331,585.77</b>	<b>\$1,925,152.00</b>	<b>\$136,058.19</b>		<b>\$2,061,210.19</b>	<b>2,061,210.19</b>
<b>The Garden City Group</b>										
1	5/4/04 - 6/18/04	7/2/2004	50,195.54	750.00	50,945.54	50,195.00	750.00	10/25/2004	50,945.00	11/5/2004
2	6/19/04 - 9/30/04	12/15/2004	46,491.94	506.26	46,998.20	40,000.00	-	7/12/2005	40,000.00	9/17/2005
3	10/1/04 - 1/31/05	3/24/2005	79,149.35	909.14	80,058.49	79,149.35	909.14	8/18/2005	80,058.49	9/17/2005
4	2/1/05 - 5/30/05	11/4/2005	85,759.91	2,614.62	88,374.53	80,000.00	2,614.00	12/22/2005	82,614.00	10/28/2005
5	10/1/05 - 12/31/05	3/10/2006	25,833.17	1,472.13	27,305.30	25,000.00	1,472.00	5/3/2006	26,472.00	5/25/2006
6	1/1/06 - 12/31/2006	3/21/2007	355,084.76	137,726.93	492,811.69	350,000.00	137,726.00	7/10/2007	487,726.00	7/12/2007
<b>TOTAL</b>			<b>\$644,514.67</b>	<b>\$144,039.08</b>	<b>\$788,553.75</b>	<b>\$624,344.35</b>	<b>\$143,471.14</b>		<b>\$767,815.49</b>	<b>\$767,815.49</b>

Note 17. Professional Fees and Costs. (Cont'd)

App. #	Application Period	Date Submitted	Fees Requested	Costs Requested	Amount Requested	Fees Awarded	Costs Awarded	Date Awarded	Total Amt. Awarded	Date Paid	Amount Paid
<b>InterCity Plus Services</b>											
1	5/4/04 - 6/18/04	7/15/2004	183,780.30	6,908.17	190,688.47	183,780.00	6,909.00	10/22/2004	190,689.00	11/5/2004	190,689.00
2	6/19/04 - 9/30/04	12/27/2004	81,237.50	1,295.77	82,533.27	81,237.50	1,295.77	6/1/2005	82,533.27	6/15/2004	52,722.17
3	10/1/04 - 2/4/05	3/24/2005	54,125.00	1,432.73	55,557.73	54,125.00	1,432.73	6/1/2005	55,557.73	9/7/2005	29,811.10
4	2/7/05 - 5/31/05	8/19/2005	28,075.00	980.88	29,055.88	25,000.00	980.00	8/30/2005	25,980.00	10/28/2005	25,980.00
5	06/01/05 - 10/31/05	11/22/2005	30,575.00	1,040.47	31,615.47	25,000.00	1,040.00	2/8/2006	26,040.00	2/21/2006	26,040.00
6	11/01/05 - 2/17/06	3/8/2006	11,500.00	387.87	11,887.87	10,000.00	387.00	5/3/2006	10,387.00	5/25/2006	10,387.00
7	2/27/06 - 5/26/06	7/26/2006	8,275.00	296.37	8,571.37	8,275.00	296.37	10/25/2006	8,571.37	10/28/2006	8,571.37
8	6/1/06 - 5/14/07	5/21/2007	35,575.00	2,491.26	38,066.26						
<b>TOTAL</b>			<b>\$433,092.80</b>	<b>\$14,834.52</b>	<b>\$447,927.32</b>	<b>\$387,417.50</b>	<b>\$12,340.87</b>		<b>\$399,758.37</b>		<b>\$399,758.37</b>
<b>Kozyak Tropin &amp; Throckmorton,</b>											
PA	5/4/04 - 6/18/04	7/8/2004	353,813.47	22,227.52	376,040.99	119,000.00	22,252.00	10/22/2004	140,252.00	11/5/2004	140,252.00
1	6/19/04 - 9/30/04	12/7/2004	196,416.65	29,051.41	225,468.06	235,813.00	29,051.41	12/15/2004	235,813.00	12/17/2004	235,813.00
2	10/1/04 - 1/31/05	3/11/2005	103,976.05	8,224.12	112,200.17	170,948.59	8,224.12	6/1/2005	200,000.00	9/7/2005	200,000.00
3	2/1/05 - 6/30/05	7/27/2005	146,465.25	11,383.42	157,848.67	100,000.00	11,383.00	8/18/2005	111,383.00	9/7/2005	100,000.00
4	7/1/05 - 9/30/05	11/14/05	70,213.75	2,887.23	73,100.98	50,000.00	2,887.00	2/8/2006	52,887.00	2/21/2006	52,887.00
5	10/1/05 - 12/31/05	3/8/2006	64,020.00	1,898.05	65,918.05	48,101.95	1,898.05	5/3/2006	50,000.00	5/25/2006	50,000.00
6	1/1/06 - 5/31/06	8/2/2006	89,429.50	3,659.35	93,088.85	\$90,000.00	\$3,659.00	10/25/2006	83,659.00	10/28/2006	83,659.00
7	6/1/06 - 12/31/06	2/13/2007	104,951.50	6,782.67	111,734.17	\$99,000.00	\$6,782.67	5/7/2007	105,782.67	5/8/2007	\$105,782.67
<b>TOTAL</b>			<b>\$1,129,286.17</b>	<b>\$86,133.77</b>	<b>\$1,215,399.94</b>	<b>\$993,639.42</b>	<b>\$86,137.25</b>		<b>\$1,079,776.67</b>		<b>\$1,079,776.67</b>
<b>Rachlin Cohen &amp; Holtz</b>											
1	5/5/05 - 6/25/04	7/15/2004	33,558.28	134.50	33,692.78	33,558.00	134.00	10/22/2004	33,692.00	11/5/2004	33,692.00
2	6/26/04 - 9/30/04	12/17/2004	7,762.50	-	7,762.50	7,762.50	-	7/12/2005	7,762.50	9/7/2005	7,762.50
<b>TOTAL</b>			<b>\$41,320.78</b>	<b>\$134.50</b>	<b>\$41,455.28</b>	<b>\$41,320.50</b>	<b>\$134.00</b>		<b>\$41,454.50</b>		<b>\$41,454.50</b>