

**Jun 8 2006**

CLARENCE MADDOX  
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S. D. OF FLA. - MIAMI

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.

**SEVENTEENTH REPORT OF THE RECEIVER**

Roberto Martínez, court-appointed receiver (the "Receiver") of Mutual Benefits Corp. ("MBC"), Viatical Benefactors, LLC ("VBLLC"), Viatical Services, Inc. ("VSI"), Anthony Livoti, Jr., P.A. and Anthony Livoti, Jr., solely in their capacity as trustee, all of which collectively are referred to as the "Receivership Entities," hereby submits his Seventeenth Report of the Receiver. This Report addresses the status of the process which has been implemented to facilitate the sale of interests by investors who voted to sell the policy in which

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they have an interest, but for which the majority decision on the policy was to retain, where other investors in the policy expressed a desire to acquire additional interests ("the investor to investor sales process") and the allocation of costs resulting from that process.

### **SALE OF DISSENTERS' INTERESTS ("INVESTOR-TO-INVESTOR" SALES)**

As described in the Fifteenth Report of the Receiver, the investor to investor sales process is well underway. A total of 455 winning bids for policy interests were funded, and those selling the 455 interests now must be advised of the highest bid amount for their interest and the costs associated with their sales. The sales amounts vary widely, ranging from \$5.00 to \$33,333.00, with 167 sales of \$500 or less. The past costs associated with the investor to investor sales process are being calculated and future costs estimated by the Garden City Group. A very preliminary estimate places those costs around \$100,000.00.

The costs of the sales process must be charged to the sellers. The Receiver may either allocate an equal share of the costs to every sale or he may allocate a pro rata share of the costs to each sale. For guidance, the Receiver has reviewed the Notice, which states simply that "the net proceeds to you [the Seller], after deducting the costs of sale, may be small." It does not address how the costs of sale shall be calculated. The Receiver believes he has discretion in this matter.

Should the costs of sale be charged as a flat rate among the sellers, those sellers whose interests drew low dollar offers will be unduly burdened. Dividing the approximately 455 sales into the very approximate \$100,000.00 cost figure would cause the Receiver to charge a flat rate of \$220 per sale. There are 140 sales transactions at or below the dollar value of \$220 ("low dollar sales.") Therefore, those 140 sellers would actually have to pay additional money to complete the "investor to investor sales" process. Their alternative option is to reject the offer;

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however, under the terms of the Notice to Investors, doing so will cause those Sellers to forfeit their interests in the policies.

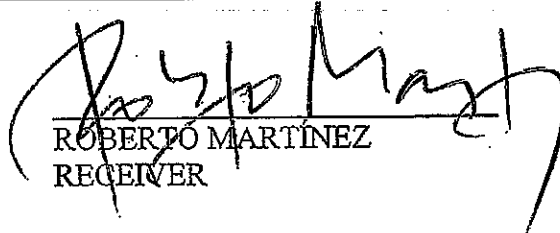
Under the second option, each seller would pay a percentage of his sales price as a cost of the sale. Although the Receiver recognizes that the higher dollar sales do not necessarily cost more to complete than the lower dollar sales, paying a percentage is feasible in low dollar sales without requiring forfeiture by the seller.

In order to enable the most investor to investor sales to be completed and to minimize forfeitures, the Receiver will charge a percentage of each sale to pay the costs of the sales process.

The Receiver anticipates that the investor to investor sales process will be complete and insurance companies will begin to transfer interests by the end of June.

DATED: June 14, 2006.

Respectfully submitted,

  
ROBERTO MARTINEZ  
RECEIVER

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic mail to the parties on the attached Receiver's Service List on June 8, 2006.



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Curtis Miner, Esq.

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