Exhibit A
(Notice Form – Future First)

IN THE CIRCUIT COURT, SEVENTH JUDICIAL CIRCUIT, IN AND FOR ST. JOHNS COUNTY, FLORIDA

CASE NO. CA02-1598

DIVISION: 55

STATE OF FLORIDA
DEPARTMENT OF INSURANCE,

Petitioner

vs.

FUTURE FIRST FINANCIAL GROUP, INC.,

Respondent.
_____/

4-10-2003
amm

QUINTON R. SATHRE and LAURICE SATHRE Individually and QUINTON R. SATHRE and LAURICE SATHRE, Trustees of the LAURICE SATHRE TRUST,

Intervenors.
_____/

CONSERVATOR'S CERTIFICATE OF MAILING OF NOTICE TO INVESTORS WITH IRREVOCABLE BENEFICIARY DESIGNATIONS

I HEREBY certify that a true and correct copy of the Notice to Investors with Irrevocable Beneficiary Designations, attached hereto as Exhibit "A", and the Conservatorship Irrevocable Policy Reports, a redacted example of which is attached hereto as Exhibit "B", was served on all investors believed by the Conservator to be an irrevocable beneficiary on any policy on April 8, 2003 by U.S. Mail.

Dated: April 9, 2003

VOLPE, BAJALIA, WICKES & ROGERSON

By: _____

TIMOTHY W. VOLPE, ESQUIRE
Florida Bar No.: 358185
MICHAEL M. BAJALIA, ESQUIRE
Florida Bar No.: 908517
1301 Riverplace Blvd., Suite 1700
Jacksonville, Florida 32207
(904) 355-1700 (Telephone)
(904) 355-1797 (Facsimile)

Attorneys for Conservator

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to Michael H. Davidson, Esquire, Division of Legal Services, Florida Department of Legal Services, 200 E. Gaines St., Suite 600, Tallahassee, FL 32399; John Tucker, Esquire, 200 North Laura Street, Jacksonville, FL 32202; Gary Wilkinson, Esquire, Suite 1818 Riverplace Tower, 1301 Riverplace Blvd., Jacksonville, FL 32207; Wm. J. Sheppard, Esquire, Sheppard, White & Thomas, P.A., 215 Washington Street, Jacksonville, FL 32202; Rob Avolio, Avolio & Hanlon, 2730 U.S. 1, South, Suite J, St. Augustine, FL 32086; and David M. Levine, Esquire, Conservator, 201 S. Biscayne Blvd., Suite 2600, Miami, FL 33131, this 9th day of April, 2003.

_____
Attorney

EXHIBIT "A"

IN THE CIRCUIT COURT, SEVENTH JUDICIAL CIRCUIT, IN AND FOR ST. JOHNS COUNTY, FLORIDA; CASE NO. CA02-1598; DIVISION: 55

STATE OF FLORIDA DEPARTMENT OF INSURANCE, Petitioner v..FUTURE FIRST FINANCIAL GROUP, INC., Respondent and SATHRE, Intervenors.

NOTICE TO INVESTORS WITH IRREVOCABLE BENEFICIARY DESIGNATIONS

*** * * * * PLEASE READ CAREFULLY * * * * ***

Background. You are one of approximately 8,500 persons (the "Investors") who it is believed may have entered into a Purchase Request Agreement ("PRA") with Future First Financial Group ("Future First") pursuant to which you were promised to be paid a specified amount of money upon the maturity of one or more life insurance policies that were to be purchased with your investment monies (the "Viatical Policies"). Future First made several representations in the PRA, including: (i) that the Investors would not be called upon to make any further payment after the purchase amount set forth in the PRA was paid; (ii) that each Investor would be named as "an absolute, irrevocable, non-transferable and direct beneficiary;" and (iii) that the Trustee of the Fidelity Viatical Special Trust Account (the "Premium Trust Account") would "pay insurance policy premiums until actual maturity." These representations were false.

On May 17, 2002, Future First's license to operate as a viatical settlement provider was revoked by the State of Florida, Department of Insurance (the "Department"). As a result, Future First was required to conclude its operations and cease its business affairs at the time of the revocation of its license. The Department determined that Future First and the Fidelity Trust had insufficient funds in its disclosed accounts, including the Premium Trust Account, to continue to maintain the premiums for the Viatical Policies purchased by the Investors. As a result, the Investors of Future First were in jeopardy of losing their entire investments.

On August 9, 2002, an Order Appointing Conservator (the "Conservatorship Order") was entered by the Honorable J. Michael Traynor in the Seventh Judicial Circuit in St. Johns County, Florida (the "Court"), upon the motion of the Department. The Conservatorship Order directs the Conservator to take immediate possession and control of all property and assets belonging to Future First and the Fidelity Trust and to take all steps necessary to protect the interests of Future First's creditors and investors, including preparing for and conducting a sale of the portfolio of Viatical Policies (the "Portfolio").

Upon assuming control of Future First and the Fidelity Trust in August 2002, the Conservator found that the books and records of Future First were in total disarray. More than 100 policies were in danger of lapsing or had lapsed.

The Conservator's team began paying premiums with available funds within two days of gaining access to the premium invoices. Because the Trustee of the Premium Trust Account had permitted virtually complete depletion of the funds in that account, the Conservator was required to seek outside financing on an emergency basis to obtain money with which to pay premium payments. Several million dollars in loans have been arranged to secure funding for premium payments which average $350,000 per month. Without such funding, all of the Viatical Policies would have lapsed.

Irrevocable Beneficiary Status. Despite the representations made in the PRA, fewer than 400 Investors were properly named as irrevocable beneficiaries on only about 60 of more than 2,800 Viatical Policies Investor money was used to acquire. While many Investors received impressive-looking certificates from the Trustee of the Fidelity Trust reflecting irrevocable beneficiary status, the insurance carrier which issued the Viatical Policy was not properly notified of changes in beneficiary. At present, there are only approximately 60 active policies as to which irrevocable beneficiaries were actually properly named (the "Irrevocable Beneficiary Policies"). Based on our review of the Future First records, you appear to be one such investor with respect to which on one or more policies you and others were, in fact, properly named with the insurance carrier as an irrevocable beneficiary. We are currently confirming this status.

As you are aware, in marketing the Viatical Policies, Future First made certain representations regarding the viators' estimated life expectancies and the intention to have funds placed in the Premium Trust Account adequate to pay all the premiums necessary to maintain the Viatical Policies in force until maturity. Most of the viators have outlived the estimate of life expectancies represented by Future First. Many viators who were diagnosed as HIV-positive and may now have nearly normal life expectancy given currently available treatments. Therefore, the Irrevocable Beneficiary Policy on which you were properly named an irrevocable beneficiary may not mature for twenty (20) years or more. Actuarial analysis indicates that a considerable percentage of the Irrevocable Beneficiary Policies will not mature within the next 20 years.

Current Status of the Portfolio. The Conservator has now taken the steps to stabilize the Portfolio. Premium payments are currently up-to-date and being made on a current basis from proceeds of loans the Conservator has arranged. Repayment of the loans is coming from policy maturities. This is not a long-term solution for Future First's insolvency. The Conservator has concluded that the best result for all investors would be to sell the Portfolio with each Investor getting back a pro rata share of the net proceeds received upon sale.

Of approximately $205 million that Investors paid, only about one-third (33%) of Investors' dollars (about $67 million) was used to purchase the Viatical Policies, the b e was paid to Future First for brokers' fees, commissions, fees, and other expenses. A competitive bid process has begun and an initial bid of $32 million has been received. Higher bids may be received in the future. The highest qualifying bid received will be recommended to the Court for approval. The Court will have to approve the sale at a hearing about which you will be notified.

Reasons for the Proposed Sale. The Conservator has determined that the operations of Future First were that of a classic "ponzi" scheme in which new investor money, which was supposed to be used for the acquisition of and premium payments on new policies, was instead used to pay policy premiums due on existing Viatical Policies already a part of the Portfolio. Your money was not used to purchase the Policy to which you were assigned nor to keep its premiums paid. Investors' money was commingled and cannot be meaningfully distinguished by Investor and by policy. There was no apparent reason why so few Investors were properly made irrevocable beneficiaries. Investors appear to have been more or less arbitrarily assigned to a Viatical Policy owned by Future First or the Fidelity Trust.

Because of this and the costs of maintaining the Portfolio, the Conservator has concluded that it is in the best interests of the Investors as a whole to have the Portfolio, including Irrevocable Beneficiary Policies, sold with the net proceeds split pro rata among all Investors, based upon the amounts of their investments. The Conservator's conclusion is further supported by the following:

1. Many of the Viatical Policies, including many of the Irrevocable Beneficiary Policies, will produce little or nothing for the Investors that were arbitrarily assigned to those policies by Future First. The reasons are that (a) such policies were rescinded because they were fraudulently obtained to begin with and Future First failed to replace them or they have lapsed, or (b) legal action has been taken by the carrier to have them rescinded based upon fraud, and only a fraction of the face amount has been or will be recovered and, finally, (c) the Conservator has received an independent actuarial report which reflects that a substantial number of the policies will remain unmatured twenty (20) years from now.

2. Due to the depletion of the Premium Trust Account, the only viable alternative to the sale of the Portfolio will be assignment of the Viatical Policies back to the Investors arbitrarily assigned to such policies by Future First. This will produce many administrative and practical problems, including (a) who will pay the policy premiums, (b) who will monitor and track the viator's health, (c) what would happen in the event that some of the Investors stop paying on the policies, and (d) some Investors were assigned to policies that are not of high quality and may remain unmatured for 20 or even 40 years. The Conservator cannot estimate accurately the costs of such an assignment including legal or regulatory issues that may need to be addressed. The Conservator is concerned that mere assignment of the policies back to those who were designated as irrevocable beneficiaries on such policies, along with the responsibility for the payment of premium, will result in a large proportion of those Investors receiving little or nothing on their investment and produce new disputes.

For those reasons, the Conservator has elected to ask the Court to rescind the irrevocable policy designations so that those policies on which irrevocable beneficiaries were designated may be added to the Portfolio and held for sale. This Notice is intended to acquaint you with the reasons for the Conservator's conclusion and to provide you with several ways to voice your view.

By separate notice, if a Portfolio sale is approved by the Court, the sale procedure will be distributed to all Investors, including you. The Conservator anticipates that the bid process will provide for methodology by which the Conservator can evaluate and recommend to the Court approval of one of the bids and for a specific hearing which will be held to consider that recommendation and determine whether or not the Court should accept the bid recommended by the Conservator.

Ways to Voice Your View. The Court is very interested in hearing your views and your preference on how to handle these policies. The Court will consider your views and ultimately will decide what it believes to be the best option under the circumstances.

The Court has established an Investors Steering Committee to provide the Court input from the Investors. **Accompanying this notice is a preference form you may use to advise the Investors Steering Committee of your preferred option. You may forward the form to the Investors Steering Committee at P. O. Box 8569, Princeton, NJ 08543. You may also appear in person or through counsel at the hearing to be held on these options on May 8, 2003, at 1:30 p.m., EDT, at the St. Johns County Courthouse, 4010 Lewis Speedway, St. Augustine, Florida 32084.**

* * * DO NOT CONTACT THE CONSERVATORSHIP COURT DIRECTLY * * *

Options to be Considered. The Conservator believes that there are at least two options to consider as an Investor designated as an irrevocable beneficiary on one or more Viatical Policies:

OPTION A (recommended by Conservator): You agree to assign your irrevocable beneficiary designation to the Conservator so that the policies may be sold along with the policies on which no such irrevocable beneficiary designations were made with net proceeds of sale distributed to Investors pro rata or,

OPTION B: The Conservator assigns back to the Investors ownership of the Irrevocable Beneficiary Policy with the understanding that

(a) all payments made by the Conservator on the policies to keep them in existence since the beginning of the Conservatorship would be repaid to the Conservatorship by the Investors on the assigned policy,

(b) that these Investors would have no further claim on any proceeds that may be accomplished from sale of the Portfolio,

(c) all transfer expenses including all legal and regulatory costs and expenses will be borne by these Investors and the exact cost cannot be determined,

(d) that the Investors would have to unanimously decide among themselves to take responsibility for the payment of premium and other tracking and servicing functions and determine who is going to act in the capacity of owner of the policy with responsibility of payment of premium and other servicing functions until maturity, and

(e) that the assigned policy may be lapsed or subject to a defense that would reduce or eliminate payment of the maturity amount or that the assumed policy may be one that does not mature within the next twenty (20) years.

Your Policy. The Conservator's review of the records indicates that you may be named as an irrevocable beneficiary on one or more Irrevocable Beneficiary Policies. Attached to this Notice is an Irrevocable Policy Report for each of those policies. The Irrevocable Policy Report includes the closing number the Conservator uses to identify the policy, the face amount of this policy, the premium mode and the amount of the premium. Also listed is contact information for all other Investors listed on the policy.

PLEASE MAIL THIS FORM

PREFERENCE FORM

Please initial one option or make any comments you wish in the designated space below:

_____ **Option A: The Conservator's proposal: Assignment to Conservator for Sale**

I **consent** to assign to the Conservator of Future First Financial Group, Inc. ("The Conservator"), my irrevocable beneficiary status in the policies indicated on the attached Irrevocable Policy Report(s) (the "Policy"). I authorize the insurance company issuing the Policy to assign my beneficiary status in the Policy to Future First Financial Group, Inc. in Conservatorship. I understand that if the majority (by invested amount) of the Investors named as irrevocable beneficiaries of the Policy also consent to assign their beneficiary status to the Conservator, the Policy will become part of the Portfolio of Viatical Policies subject to sale should the Court approve such a sale.

_____**Option B: Assign the Policy to Irrevocable Beneficiaries**

I **reject** the assignment to the Conservator of my irrevocable beneficiary status in the Policies listed on the attached Irrevocable Policy Report(s). I have read the Notice to Investors with Irrevocable Beneficiary Designations and understand that by rejecting the assignment of my irrevocable beneficiary and/or ownership status, the Court may order the Policies assigned to the Irrevocable Beneficiary Investors. I understand that if the Court orders the policy assigned, I will be required to repay any premiums paid by the Conservator on my policies, and that I will be responsible along with the other irrevocable beneficiaries on the Policy for paying all premiums for the life of the Policy directly to the insurance company, as well as tracking the Policy and applying for any death benefits. I further understand that should I, or any other irrevocable beneficiary on the Policy, fail to timely pay any premiums due that the Policy may lapse and I may lose my entire investment. I further understand I will be responsible for costs and expenses of such an assignment that have not yet been determined. Further, I understand that if the insurance company refuses to pay death benefits upon maturity, I may lose all or part of my investment. I further understand the Policy so assigned may not mature for 20 years or more.

_____**Option C: My Suggestion is:**

_____

_____

_____

_____

_____

_____

Signature: _____

Printed Name: _____

Policy No(s).: _____

Address: _____

_____

Phone: _____

Email: _____

Date: _____

This form must be mailed to the Investors Steering Committee o r before April 30, 2003. FAILURE TO COMPLETE AND RETURN THIS FORM WILL RESULT IN THE COURT DETERMINING THAT YOU HAVE CONSENTED TO THE ASSIGNMENT OF YOUR IRREVOCABLE BENEFICIARY STATUS TO THE CONSERVATOR AND THE POLICIES BEING INCLUDED IN THE SALE AND A PRO-RATA SHARE OF THE NET PROCEEDS OF SALE BEING PAID TO YOU.

Mail to: Investors Steering Committee, Avolio & Hanlon, P.C., P.O. Box 8569, Princeton, NJ 08543

Email: ffinvestors@avoliohanlon.com

EXHIBIT "B"

Future First Conservatorship

Irrevocable Policy Report
by Closing Number

Closing Number:

Viator Name:

Insurance Company:

Policy Number:

Face Amt: $100,000.00

Premium Mode: Q

Premium Amount: $335.28

Diagnosis: HIV

PRA #'s	Investor Name and Address	Investor Phone No.	
10542			Investment Amt: $21,812.50
10546			Investment Amt: $14,999.33
11491			Investment Amt: $5,000.00
M1245			Investment Amt: $20,610.71
11360			Investment Amt: $8,000.00

Total Investments for Closing Number : $70,422.54

Premium Mode Key

A	=	Annual Premium
SA	=	Semi-Annual Premium
Q	=	Quarterly Premium
M	=	Monthly Premium
DPW	=	Disablity Premium Waver
Extend	=	Extended Term Policy
PD w/ CV	=	Premium Paid with Cash Value
PD by EMP	=	Premium Paid by Viator's Employer

Exhibit B
(Settlement Agreement – Reliance Financial)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

	Case No. 02-33249-BKC-PGH
	Case No. 02-33250-BKC-PGH
	Case No. 02-33251-BKC-PGH
	Case No. 02-33252-BKC-PGH
	Case No. 02-33407-BKC-PGH
In re:	Case No. 02-33408-BKC-PGH
	Case No. 02-33409-BKC-PGH
RELIANCE FINANCIAL &	Case No. 02-33411-BKC-PGH
INVESTMENT GROUP, INC., *et al.*	Case No. 02-33412-BKC-PGH
	Case No. 02-33413-BKC-PGH
	Case No. 02-33414-BKC-PGH
Debtors.	Case No. 02-35084-BKC-PGH
_____/	Case No. 02-36633-BKC-PGH
	Chapter 7 proceedings
	(Jointly Administered)

SETTLEMENT AND COMPROMISE OF CONTROVERSY AMONG THE TRUSTEE, VIATICAL ADMINISTRATORS, INC., THE DENVER GROUP AND VIATICAL LIQUIDITY, LLC.

This Settlement Agreement (the "Agreement") entered into this 10th day of April, 2003, by and among, John P. Barbee, in his capacity as the chapter 7 trustee (the "Trustee") for the bankruptcy estates of Reliance Financial & Investment Group, Inc., Case No. 02-33249-BKC-PGH ("Reliance Financial"), Reliance Administrators, Inc. Case No. 02-33250-BKC-PGH ("Reliance Administrators" or "RAI"), The Reliance Program, Inc. Case No. 02-33251-BKC-PGH ("Reliance Program"), Donald I. Goldstein Case No. 02-33252-BKC-PGH ("Goldstein") (Reliance Financial, Reliance Administrators, Reliance Program and Goldstein are collectively referred to as the "Reliance Debtors"), Paragon Capital Group, Inc. Case No. 02-33407-BKC-PGH ("Paragon"), Tap Industries, Inc. Case No. 02-33408-BKC-PGH ("Tap"), New Wave Marketing Associates, Inc. Case No. 02-33409-BKC-PGH ("New Wave"), Greystone Consulting Group, Inc. Case No. 02-33411-BKC-PGH ("Greystone"), Gulfstream Funding Group, Inc. Case

No. 02-33412-BKC-PGH ("Gulfstream"), Winthrop Consulting Group, Inc. Case No. 02-33413-BKC-PGH ("Winthrop"), Madison Financial Systems, Inc. Case No. 02-33414-BKC-PGH ("Madison") (Paragon, Tap, New Wave, Greystone, Gulfstream, Winthrop and Madison are collectively referred to as the "Related Corporate Debtors"), Jamie Goldstein Case No. 02-36633-BKC-PGH ("Jamie Goldstein")and Patricia Goldstein Case No. 02-35084-BKC-PGH ("Patricia Goldstein") (The Reliance Debtors, the Related Corporate Debtors, Jamie Goldstein and Patricia Goldstein are collectively referred to as the "Debtors"), Viatical Administrators, Inc., ("VAI"), Dominick Paoloni, *et al.*[1] (collectively the "Denver Group") and Viatical Liquidity, LLC. ("Viatical Liquidity")

Recitals

The Bankruptcy Cases

The Reliance Debtors

Whereas, on June 14, 2002 (the "Petition Date"), the Reliance Debtors filed voluntary petitions (collectively the "Reliance Bankruptcy Cases") for relief under chapter 11 of Title 11 of the United States Code, *11 U.S.C. 101 et seq.,* (the "Code") in the United States Bankruptcy Court for the Southern District of Florida, West Palm Division (the "Bankruptcy Court" or "Court");

[1] *Et al.* refers to Dominick Paoloni; Investment Protection Service, Inc., a Colorado Corp.; Nathaniel P. Jarvis; Associated Retirement and Estate Planning, Inc., a Washington Corp.; John Zidan; Retirement First, Inc., an Ohio Corp.; Roger Larson; Patsy Schmidt; Gary A. Ethridge; Ethridge Insurance Services, a sole proprietorship; Anthony Horpel; Great Northern Financial Services, Inc., a Washington Corp.; KCOR, Inc., an Indiana Corp.; CPS Marketing Group, Inc., an Indiana Corp.; Jeffrey Davenport; Davenport, P.A., a Florida Corp.; Ricky McElroy; Professional Products, Inc., a Georgia Corp.; David B. Sacks M.D.; David B. Sacks, MD, PC, Profit Sharing Plan; The Sacks Family Trust; Phillip Helton; Larry Bunnell Strategic Portfolios, Inc., a Washington Corp.; Tim Patterson; Dean McBride; Vamal's Financial Benefits, LLC, a Missouri limited liability company; Larry Johnson; Larry Johnson & Associates, a sole proprietorship; Randy Thomas; Craig Miles; Conservative Investors Group, Inc., a Utah Corp.; Michael E. Ramer; Stephen Foster; Peter Samaras; Ambassador Financial Group, Inc., an Indiana Corp.; Tailored Services Association, Inc., a Pennsylvania Corp.; Dr. Marshall Gold; Don Hess; Michael Huber; Fred Nichols; Net Worth, Inc., a Florida Corp.; John E. Santoro Agency; EMGO Financial Services, Inc., a Kentucky Corp., Tom Gorter; Darcy Smith; Baron Financial Corporation, an Oklahoma Corp. and Juli Stockberger.

Whereas, the Reliance Bankruptcy Cases were consolidated for administrative purposes only pursuant to the Bankruptcy Court's Order entered on August 1, 2002;

Whereas, at the time the Reliance Debtors commenced their bankruptcy cases, the Reliance Debtors continued in possession of their estates and the property of such estates as debtors-in-possession;

Whereas, on October 23, 2002, the Reliance Bankruptcy Cases were converted to cases under chapter 7 of the Code;

Whereas, on October 23, 2002, John P. Barbee was appointed as the interim chapter 7 trustee in the Reliance Bankruptcy Cases and because no election was made at the initial meeting of creditors, he is serving as the Trustee in the Reliance Bankruptcy Cases;

Whereas, the Trustee was granted authorization to operate the businesses of the Reliance Debtors pursuant to the Bankruptcy Court's Orders entered on December 18, 2002 and March 31, 2003;

Whereas, the Denver Group obtained Assignments of Claims from those purchasers identified on Exhibit A hereto for the purpose of pursuing claims against any person or entity potentially liable for damages sustained by such purchasers in the purchase of certain viatical settlement contracts from certain of the Debtors herein and other parties (the "Denver Purchasers");

Whereas, Viatical Liquidity obtained Assignments of Claims from those purchasers identified on Exhibit B hereto for the purpose of pursuing claims against any person or entity potentially liable for damages sustained by such purchasers in the purchase of viatical settlement contracts from certain of the Debtors herein and other parties (the "XELAN Purchasers");

The Related Corporate Debtors

Whereas, on June 24, 2002, the Related Corporate Debtors filed voluntary bankruptcy petitions for relief under chapter 7 of the Code in the Bankruptcy Court (the "Related Corporate Cases");

Whereas, John P. Barbee was duly appointed as the interim chapter 7 trustee for these cases and because no election was held at the initial meeting of creditors in these cases, he is serving as the Trustee in the Related Corporate Cases;

Whereas, the Related Corporate Cases were consolidated for administrative purposes only pursuant to the Bankruptcy Court's Order entered on August 1, 2002.

Jamie Goldstein

Whereas, on July 23, 2002, Jamie Goldstein filed a voluntary bankruptcy petition for relief under chapter 11 of the Code in the Bankruptcy Court which case was retroactively dismissed;

Whereas, subsequently, on November 22, 2002, Jamie Goldstein filed a voluntary petition under chapter 7 of the Code in the Bankruptcy Court;

Whereas, John P. Barbee was duly appointed as the interim chapter 7 trustee in Jamie Goldstein's Bankruptcy Case and because no election was held at the initial meeting of creditors in this case, he is serving at the Trustee in this case;

Patricia Goldstein

Whereas, on September 12, 2002, Patricia Goldstein filed a voluntary petition for relief pursuant to chapter 11 of the Code which case was converted to a chapter 7 on December 11, 2002;

Whereas, John P. Barbee was duly appointed as the interim chapter 7 trustee in Patricia Goldstein's bankruptcy case and because no election was held at the initial meeting of creditors in this case, he is serving at the Trustee in this case;

Whereas, the Reliance Bankruptcy Cases, the Related Corporate Cases, and the individual cases concerning Jamie Goldstein and Patricia Goldstein (the "Debtors' Bankruptcy Cases"), were consolidated for administrative purposes only pursuant to the Bankruptcy Court's Order entered on January 8, 2003;

The Trustee's Interest In The Debtors' Property And His Duties Concerning The Property

Whereas, upon the filing of the Bankruptcy Cases, all of the Debtors' property became property of their various bankruptcy estates pursuant to Section 541 of the Code;

Whereas, the Debtors have a duty to surrender all property of their estates to the Trustee pursuant to Section 521(4) of the Code;

Whereas, the Trustee is charged with collecting and administering estate property for the benefit of parties in interest pursuant to Section 704 of the Code;

Viatical Settlement Contracts and Policies

Whereas, prior to the Petition Date the Reliance Debtors began marketing and selling viatical settlement contracts (the "Viaticals") whereby beneficial interests in life insurance policies (the "Policy" or "Policies") supposedly held by elderly or chronically ill insureds (the "Insured") were sold to third party purchasers (the "Purchaser(s)");

Whereas, some Purchasers claim an interest in more than one Policy;

Whereas, the Trustee claims an interest in approximately 5,000 Viaticals concerning approximately 1,050 Policies issued by approximately 312 insurers (the "Insurers") having an

approximate aggregate face value of $121,000,000, which includes Policies which may have lapsed or been rescinded;

Whereas, Exhibit C hereto lists these Policies (which are referred to herein as the Estate's Policies");[2]

Whereas, Exhibit D hereto lists the Policies in which the Denver Purchasers claims a beneficial interest (which are referred to herein as the "Denver Policies");

Whereas, Exhibit E hereto lists the Policies in which the Viatical Liquidity claims a beneficial interest (which are referred to herein as the "XELAN Policies");

Whereas, the Purchasers constitute the majority of the creditor body in these related Bankruptcy Cases;[3]

Whereas, the Trustee claims that upon the filing of the Debtors' Bankruptcy Cases, the Viaticals and the Policies became property of one or more of the Debtors' bankruptcy estates pursuant to Section 541 of the Code which claims VAI and Viatical Liquidity dispute;

Relationship Among The Debtors

Whereas, there is substantial identity between the Debtors;

Whereas, substantive consolidation of the Reliance Debtors (excluding Goldstein and/or the Related Corporate Debtors) may be necessary to avoid harm to the creditors;

Whereas, the Debtors have failed to maintain financial statements;

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[2] In 2001, pursuant to a court approved settlement in the action entitled *Paoloni et. al. v. Goldstein, et. al.*, US District Court, District of Colorado, Case Number 01-K-0275, Debtor RELIANCE ADMINISTRATORS, INC. took title to all the Policies in which a Denver Purchaser had an interest. Thus, there are approximately 112 Policies with only a XELAN purchaser, approximately 4 Policies with a XELAN and unaffiliated purchasers (defined hereafter as "UAPs"), and an unknown number of Policies with only an unaffiliated purchaser(s) in the Program known as the American Benefits Group Program which were not part of the Paoloni Settlement and which Viatical Liquidity, LLC claims are not legally the property of one or more of the Debtors' estates. The Trustee disputes this claim. Under this Agreement, all these Policies will become the property of one or more of the Reliance Debtors' estates and serviced pursuant to this Agreement and any claims concerning the Policies will be deemed claims against one or more of the Reliance Debtors estates.

[3] Except as may be specifically provided herein, nothing shall be construed as a waiver by the Trustee of his right to object to the allowance of claims pursuant to section 502 of the Code.

Whereas, it will be extremely difficult to segregate each of the Debtors' assets and liabilities;

Whereas, the corporate Debtors failed to observe corporate formalities when making transfers of assets;

Whereas, the Reliance Debtors, Jamie Goldstein and Patricia Goldstein commingled their assets and business functions;

Whereas, the Reliance Debtors fraudulently transferred assets to the Related Corporate Debtors which fraudulently transferred assets constitute substantially all of the property of the Related Corporate Debtors;

Whereas, at all material times Reliance Financial, Reliance Administrators, Reliance Program and the Related Corporate Debtors were controlled and operated by one or more of the individual debtors;

Whereas, to the extent the Related Corporate Debtors transacted any business, it was only with Reliance Financial and/or Reliance Program;

The Paoloni Lawsuit

Whereas, on February 16, 2001, the Denver Group commenced an action in the United States District Court for the District of Colorado (the "District Court"), *to wit, Dominick Paoloni, et al. v. Donald I. Goldstein, et al.* Case No. 01-K-0275 (the "Paoloni Lawsuit") by the filing of the original Complaint containing twelve (12) claims for relief against various defendants including, *inter alia,* the Reliance Debtors, Jamie Goldstein, and Paragon;

Whereas, the Denver Group filed their amended complaint in the Paoloni Lawsuit on February 26, 2001 which amended complaint also contained twelve (12) claims for relief;

Whereas, the Denver Group filed their Second Amended Complaint in the Paoloni Lawsuit on August 8, 2001 which in addition to the Reliance Defendants, Jamie Goldstein and Paragon, included claims against the remaining Related Corporate Debtors which Second Amended Complaint again contained twelve (12) claims for relief including claims seeking legal relief based on: *i)* alleged violations of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961, *et seq.* and Florida Statute Section 895.03; *ii)* fraud and deceit; *iii)* negligent misrepresentation; and *iv)* breach of contract. This Second Amended Complaint added claims against Bernard T. Moyle and Benson, Moyle & Mucci LLP (the "Moyle Defendants");

Whereas, pursuant to the First Supplement to Second Amended Complaint, the Ieracitano Defendants (hereafter defined below), David Meeks and Campus Management Corp. (collectively, the "Meeks Defendants") were added as defendants in the Paoloni Lawsuit;

Whereas, pursuant to the Second Supplement to Second Amended Complaint, Patricia Goldstein was added as a defendant in the Paoloni Lawsuit;

Whereas, the Second Amended Complaint also seeks equitable relief through imposition of a constructive trust and equitable lien theories; an accounting and injunctive relief;

Whereas, the Second Amended Complaint contains references to the Debtors' alleged fraudulent transfers of their assets to some of the Related Corporate Debtors and Patricia Goldstein;

Whereas, on November 2, 2001, the District Court approved a Settlement Agreement dated as of November 1, 2001 among Reliance Financial, Reliance Program, Goldstein, the Related Corporate Debtors, Jamie Goldstein and other non-debtor parties;

Whereas on November 2, 2001, the District Court entered its Order for Administration of Life Insurance Policies (the "Order for Administration") pursuant to the terms of the Settlement Agreement;

Whereas, the Order for Administration found that Reliance Administrators shall be treated in all respects "as the record owner" of the Policies and that "VAI shall oversee and supervise, to the extent VAI deems necessary, reasonable and/or appropriate, RAI's administration" of the Viaticals." Order on Administration at p. 4;

Whereas, on November 20, 2002, the Denver Group filed their Motion for Distribution of Monies (the "Distribution Motion") requesting that the District Court distribute the Court Registry Fund (defined hereafter) to Viatical Administrators, Inc.;

Whereas, on December 20, 2002, the Denver Group filed a Third Supplement to Second Amended Complaint whereby they added several new defendants, including Hyman Lippett, P.C., Terry Givens, Esq. and other attorneys from Hyman Lippett (the "Hyman Lippett Defendants") in the Paoloni Lawsuit;

Whereas, the Denver Group filed their Joint Motion for Approval of Settlement Agreement and Entry as a Court Order and Vacation of Preliminary Injunction as to the Ieracitano Defendants (the "Ieracitano Settlement Motion") pursuant to which Denver Group sought the District Court's approval of a Settlement Agreement among the Denver Group and defendants, Joseph F. Ieracitano, individually and as Trustee for the Iglesias Family Trust and Blue Paper, Inc. (collectively the "Ieracitano Defendants").

Whereas, the Ieracitano Settlement Motion was approved and made an order of the Court on January 14, 2003;

Whereas, the Denver Group contends that sometime in 1998 the Ieracitano Defendants improperly received $1,032,500 (the "$1,032,500") from third parties who derived funds from the sales of certain Policies and utilized the $1,032,500 to, *inter alia,* purchase certain real property in Broward County, Florida;

Whereas, the Ieracitano Settlement Agreement provides for, *inter alia,* the assignment to the Denver Group of the right to be paid the sum of approximately $682,500 upon the construction and sale of certain townhouses and the contingent payment to the Denver Group of an additional approximate $350,000;

Whereas, the Trustee claims an interest in the actions underlying the Ieracitano Settlement and has moved the District Court to set aside its approval of the Ieracitano Settlement and said motion is pending before the District Court;

Whereas, various injunctions and temporary restraining orders were entered by the District Court in the Paoloni Lawsuit, *inter alia,* enjoining and restraining certain transfers by the Reliance Debtors and Jamie Goldstein;

The Metropolitan Litigation

Whereas, on or about March 28, 2002, Metropolitan Life Insurance Co. ("Metropolitan") commenced that certain action in the District Court, *to wit, Metropolitan Life Ins. Co. v. Viatical Administrators et al.*, Case No. 02-CV-621 (the "Metropolitan Litigation") for the purpose of interpleading certain monies in the District Court;

Whereas, Goldstein and Reliance Administrators are defendants in the Metropolitan Litigation;

The XELAN Litigation

Whereas, XELAN, INC. ("XELAN"), a California corporation, in association with about 60 financial counselors throughout the United States, provides financial, tax and retirement planning services to members of the association;

Whereas, VIATICAL ADMINISTRATION LLC ("VALLC"), an Idaho Limited Liability Corporation created on April 13, 2001 was assigned the responsibility to act as the agent for the XELAN clients who purchased Viaticals ("XELAN Purchasers") in connection with mitigation of damages efforts undertaken;

Whereas, XELAN and the XELAN Purchasers filed their Complaint against, *inter alia*, Donald Goldstein and The Reliance Program, Inc. for fraud, breach of contract, and other related causes of action in San Diego Superior Court on December 5, 2000 (SDSC Case No. GIC758918) (the "XELAN Litigation");

Whereas, by amendment of the Complaint in the XELAN Litigation, the Moyle Defendants were added as defendants;

Whereas, on March 8, 2001, the San Diego Superior Court declared the XELAN Purchasers to be equitable owners of the life insurance policies underlying the Viaticals in which they had beneficial interests, and granted XELAN, as their agent, certain powers to undertake mitigation efforts, including the payment of premiums to keep Policies in force;

Whereas, the San Diego Superior Court then entered an amended Order on August 22, 2001, providing that VALLC had authority to act as the agent for the XELAN Purchasers with respect to mitigation efforts described in the initial Order;

Whereas, Viatical Liquidity is a California Limited Liability Corporation created on December 14, 2001 for the purpose of accepting, and has accepted, assignment of all rights under

Viaticals purchased by XELAN Purchasers; beneficial interest in policies naming XELAN Purchasers as beneficiaries; and all right, title and interest in and to any causes of action and of claims which XELAN Purchasers may have had against any party potentially liable for participation in the sale, promotion, or administration of the Viaticals purchased by XELAN Purchasers;

Whereas, on July 20 and August 10, 2001, the San Diego Superior Court Ordered the Debtors (with the exception of Patricia Goldstein, who was not a party to the XELAN Litigation) to arbitrate their disputes before the American Association of Arbitrators in Atlanta, Georgia and pursuant to these Orders, arbitration was initiated and pending at the time the Bankruptcy cases were commenced by the Debtors *to wit, XELAN, INC., et al., v. DONALD I. GOLDSTEIN, et al.*, Case Nos.: 30 Y 195 00400 01 and 30 Y 195 00610 01;

The Debtors' Litigation

Whereas, on or about April 30, 2002, RAI filed suit against XELAN, Viatical Liquidity, and VALLC (the "XELAN Group") in the action entitled *RELIANCE ADMINISTRATORS, INC. v. XELAN, INC., et al.*, in U.S. District Court for the District of Colorado, Case No. 02-CV-854 (the "RAI Litigation"), alleging, *inter alia*, that these Defendants allowed certain Policies to lapse;

Whereas, the RAI Litigation was dismissed by the Trustee without prejudice as to the XELAN Group;

Monies On Deposit

Whereas, there is currently on deposit with the Court Registry in the Paoloni Lawsuit the sum of $586,739.06 (the $586,739.06 together with all accrued interest thereon shall hereafter be referred to as the "Court Registry Fund");

Whereas, there is currently on deposit in the Court Registry in the Metropolitan Litigation the sum of approximately $43,000 (the approximate $43,000 together with all accrued interest thereon shall hereafter be referred to as the "Metropolitan Fund");

Whereas, Robert T. McAllister, Esq., ("McAllister") 455 Sherman St., Ste. 310, Denver, Colorado, an attorney for Goldstein, is currently holding or should be holding the sum of $625,160.12 together with all accrued interest thereon (this sum shall hereafter be referred to as the "McAllister Fund") (the Court Registry Fund, the Metropolitan Fund and the McAllister Fund are collectively referred to as the "Escrowed Funds").

Monies Collected By The Trustee For The Benefit Of The Estates

Whereas, the sum of approximately $280,000 was recovered by the Trustee in the bankruptcy case of Patricia Goldstein (this sum, together with all accrued interest thereon, shall hereafter be referred to as "P. Goldstein Fund"). Twenty-Five Thousand Dollars ($25,000) of the P. Goldstein Fund was used, after Court approval, to retain special counsel in the Debtors' Bankruptcy Cases;

Whereas, the sum of $208,035.80 was recovered by the Trustee in the bankruptcy cases of the Reliance Debtors (the "Reliance Debtors' Monies") and was used by the Trustee to pay premiums and/or certain Court-approved costs;

The Adversary Proceedings

Whereas, prior to the appointment of the Trustee, Reliance Financial filed that certain adversary proceeding, Case No. 02-3250-PGH, against the Denver Group seeking, *inter alia,* recovery of certain monies (the "Denver Adversary Proceeding");

Whereas, the Denver Adversary Proceeding was dismissed November 27, 2002 without prejudice;

Whereas, on or about February 21, 2003, the Trustee filed an adversary proceeding, Case No. 03-3055-BKC-PGH-A, against VAI, the Denver Group and McAllister seeking, *inter alia,* turnover of the McAllister Fund (the "McAllister Fund Adversary Proceeding");

Whereas, on or about February 21, 2003, the Trustee filed an adversary proceeding, Case No. 03-3057-BKC-PGH-A, against VAI and the Denver Group seeking, *inter alia,* a determination that the Court Registry Fund constitutes property of the estate of Jamie Goldstein (the "Court Register Adversary Proceeding");

Whereas, on or about February 21, 2003, the Trustee filed an adversary proceeding, Case No. 03-3056-BKC-PGH-A, against VAI and Hollywood Viatical Partners, Inc., seeking, *inter alia,* a determination that the Metropolitan Fund constitutes property of the estate of Reliance Administrators (the "Metropolitan Fund Adversary Proceeding");

The Disputes Among The Parties

Whereas, the Trustee, the Denver Group, VAI, and Viatical Liquidity may claim competing interests in either certain Policies, and/or the Escrow Funds, and/or the Bahamas House (hereafter defined) and/or the Yacht (hereafter defined) and/or certain causes of action against the Debtors and other third parties (the "Causes of Action") (the Bahamas House, Yacht; and Causes of Action are collectively referred to as the "Personal Property"), and/or the P. Goldstein Monies, and/or the Reliance Debtors' Monies;

Whereas, the parties hereto desire to fully and finally settle and resolve certain disputes among them concerning the Paoloni Lawsuit (including the "Ieracitano Settlement"), the Escrow Funds, the Metropolitan Litigation, the XELAN Litigation, the RAI Litigation, the Personal Property, the P. Goldstein Monies and the Reliance Debtors' Monies as well as set up procedures

governing the servicing of the Policies which the parties believe are in the best interest of all Purchasers and any other creditors;

NOW THEREFORE, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The foregoing recitals are true and correct to the best of each parties' knowledge.

Entry of Orders

2. This Agreement is subject to entry of orders (the "Orders") approving this Agreement, and granting the contemplated motion authorizing the termination, auction, abandonment, billing and any other procedures concerning the treatment of the UAPs (defined hereafter) becoming final and non-appealable (the "Effective Date")[4]. Except as specifically provided herein, all acts and actions contemplated under this Agreement shall take place on the Effective Date or as soon thereafter as may be practicable.

Division of Assets

3. The Trustee shall be entitled to the first $462,500 from the McAllister Fund, which monies shall be deemed property of Reliance Financial's estate, free and clear of any and all liens, claims and encumbrances of every nature whatsoever. VAI shall be entitled to the next $123,382.73 of the McAllister Fund (the "VAI McAllister Payment"). VAI and the Trustee shall cooperate with each other in efforts to reclaim, recoup and recover any monies which McAllister may have improperly withdrawn from the McAllister Fund (the "Recovered McAllister Monies"). The Recovered McAllister Monies, if any, shall be disbursed as follows: *i)* First, VAI shall be paid any amounts necessary to satisfy the VAI McAllister Payment; and *ii)* all remaining Recovered McAllister Monies shall be paid to the Trustee and shall be deemed property of

[4] Upon the execution of a signed writing by all the parties to this Agreement, the parties hereto may waive the requirement that the Orders become final and non-appealable thereby triggering the Effective Date.

Reliance Financial's bankruptcy estate. The failure of VAI to be paid the VAI McAllister Payment shall not be deemed a breach of this Agreement, nor, shall VAI be entitled to any claim against the Debtors' bankruptcy estates or the Trustee (in his official capacity or personally), based on VAI's failure to receive the VAI McAllister Payment. Nothing contained in this paragraph shall be construed as waiving any claims of other creditors in the Bankruptcy Cases.

4. VAI and the Denver Group shall relinquish any and all claims as to the Metropolitan Fund and shall seek entry of an order dismissing them from the Metropolitan Litigation within 20 days from the date of entry of the Orders. VAI and the Denver Group agree that the Metropolitan Fund constitutes property of Reliance Financial's estate and shall cooperate with the Trustee in his efforts to obtain a judgment in his favor awarding him the Metropolitan Fund in the Metropolitan Litigation, including without limitation, executing a stipulation for filing in the Metropolitan Adversary Proceeding and Metropolitan Litigation reciting VAI and the Denver Group's agreement to entry of a judgment in favor of the Trustee. Nothing contained in this paragraph shall be construed as waiving any claims of creditors in the Bankruptcy Cases.

5. The Reliance Debtors' Monies and P. Goldstein Monies shall be deemed property of Reliance Financial's bankruptcy estates, free and clear of any and all liens, claims, encumbrances or interests of every nature whatsoever. Nothing contained in this paragraph shall be construed as waiving any claims of creditors in the Bankruptcy Cases.

6. VAI and the Denver Group shall be entitled to the Court Registry Fund and the signatories will consent to the entry of any Orders necessary to release said funds to VAI and the Denver Group.

7. The Bahamas house more specifically described in Exhibit F hereto shall be deemed property of Reliance Financial's estate (the "Bahamas House"). The Bahamas House

shall be sold by the Trustee pursuant to the terms of an Order authorizing the sale of the Bahamas House.

8. The net proceeds remaining after satisfying the costs related to the sale of the Bahamas House and any duly perfected liens or encumbrances on the Bahamas House having priority over the Trustee's interests in the Bahamas House shall be distributed as follows: Upon any necessary orders approving the sale of the Bahamas House becoming final to non-appealable, the first $200,000 of the net proceeds shall be disbursed to VAI; the next $200,000 of net proceeds shall be disbursed to the Trustee for the benefit of Reliance Financial's bankruptcy estate; any remaining proceeds shall be divided equally between VAI and the Trustee. Any liens claimed by the Denver Group and/or VAI in the Bahamas House are hereby assigned and preserved for the benefit of Reliance Financial's bankruptcy estate.

9. The yacht, more fully described as a 34-foot Legend 2000 cruiser NQT00008C202 (the "Yacht"), shall be sold by the Trustee pursuant to an Order authorizing the sale of the Yacht. Upon any necessary orders approving the sale of the Yacht becoming final and nonappealable, the net proceeds remaining after satisfying the costs related to the sale of the Yacht and any duly perfected liens on the Yacht having priority over the Trustee's interests in the Yacht and VAI's interests (if any), shall be distributed as follows: The first $100,000 of net proceeds shall be disbursed to the Trustee for the benefit of the Debtors' bankruptcy estates; the next $100,000 of net proceeds shall be disbursed to VAI; and any remaining proceeds shall be divided equally between VAI and the Trustee. Any liens claimed by the Denver Group and/or VAI in the Yacht are hereby assigned and preserved for the benefit of Reliance Financial's bankruptcy estate.

Third Party Litigation and Outstanding Subpoena

10. The Trustee and Viatical Liquidity waive and relinquish any and all claims to the proceeds of the Iericitano settlement. The Trustee shall withdraw his Motion to Vacate or Reconsider Order Approving Settlement entered on January 15, 2003 and shall hereafter take no action that will impair or interfere with the Iericitano settlement and the ability of VAI and the Denver Group to realize all intended benefits of the Iericitano settlement from the sale of the townhouses referred to in the Iericitano settlement. Notwithstanding the foregoing, the Trustee and Viatical Liquidity may assert and prosecute any and all claims which they may have against the Iericitano Defendants which do not directly or materially impair or interfere with the ability of VAI and the Denver Group to realize all intended benefits of the Iericitano settlement. The Trustee and Viatical Liquidity may seek collection from assets in excess of the proceeds in which the Denver Group is entitled from the sale of the townhouses which are the subject of the Iericitano settlement. The Trustee and Viatical Liquidity will execute any documents reasonably requested by VAI and the Denver Group so as to allow VAI and the Denver Group to obtain the full amount of the proceeds of the Ieracitano settlement. Nothing contained herein shall be construed as permitting Viatical Liquidity to bring claims exclusively belonging to the Trustee, or, permitting the Trustee to bring claims exclusively belonging to Viatical Liquidity.

11. The Trustee and Viatical Liquidity waive and relinquish any and all claims to those certain promissory notes of David Meeks, Campus Management, Inc. and/or HCA Holdings, Inc. in favor of Richard Doggett, Chambley Corporation and/or any other corporation or entity owned or otherwise controlled by Doggett (the "Meeks Notes"). Notwithstanding the foregoing, the Trustee and Viatical Liquidity may assert and prosecute any and all claims against David Meeks, Campus Management Corporation and/or HCA Holdings, Inc. Nothing contained

herein shall be construed as permitting Viatical Liquidity to bring claims exclusively belonging to the Trustee, or, permitting the Trustee to bring claims exclusively belonging to Viatical Liquidity.

12. The Denver Group and Viatical Liquidity have pending claims against the Moyle Defendants. The Trustee intends to assert claims against the Moyle Defendants. The Trustee, the Denver Group and Viatical Liquidity agree to hereafter jointly prosecute their claims, whether pending or to be asserted, against the Moyle Defendants. Any proceeds realized from the joint prosecution of such claims against the Moyle Defendants shall be divided, fifty (50%) percent to the Trustee; twenty-five (25%) percent to the Denver Group (or VAI if so designated by the Denver Group); and twenty-five (25%) percent to Viatical Liquidity. The Trustee shall attempt to retain, as special counsel, the firm of Dill, Dill, Carr, Stonbraker & Hutchings, PC and John A. Hutchings of such firm (collectively, "DDCSH") as special counsel to jointly prosecute the claims against the Moyle Defendants on behalf of the Trustee, the Denver Group and Viatical Liquidity. All reasonable fees and expenses of DDCSH incurred in the joint prosecution of claims against the Moyle Defendants shall be paid by the Trustee, as an expense of the estate, pursuant to fee application submitted by DDCSH and approved by the Court.[5]

13. The Trustee shall not interfere with or otherwise impair or impede the ability of the Denver Group and/or Viatical Liquidity to continue or commence the prosecution of claims against third parties, including without limitation, the Hyman Lippett Defendants. Notwithstanding the foregoing, the Trustee may assert and prosecute any and all claims which he may have against any third parties, including the Hyman Lippett Defendants.

[5] As of the date of this Agreement, DDCSH has incurred approximately $21,550 in fees and expenses in prosecuting its action against the Moyle Defendants.

14. The Trustee shall withdraw the outstanding subpoena against VAI pending in the District Court each party to bear their own costs and attorneys fees.

Servicing of the Policies

15. The Policies shall be serviced (the "Servicing") as set forth herein. In many cases, Reliance Financial or Reliance Administrators are the record owner of the Policies, including lapsed Policies with all attendant ownership rights. To the extent an entity other than Reliance Financial or Reliance Administrators is the record owner of a Policy(s), the record owner of such Policy(s) shall be changed to Reliance Financial.

16. The signatories to this Agreement agree that the Trustee shall be entitled to a statutory fee pursuant to 11 U.S.C. § 326 for all disbursements made prior to the Effective Date of this Agreement, including, but not limited to, premium payments and the signatories shall support the Trustee's application for such fee.

17. As used in this Agreement "Beneficiary" or "Beneficiaries" shall mean and refer to the designated beneficiaries on each Policy at the time of the Insured's death, designated in accordance with the express terms and provisions of this Agreement. Subsequent to the Effective Date of this Agreement, and as soon as is reasonably practicable, Reliance Financial shall be named as an additional Beneficiary on each Policy which matures after the Effective Date of this Agreement in the amount of two and one-quarter percent (2.25%) of the insurance proceeds payable upon the death of the insured under each Policy (the "Debtors' Beneficial Interest"). Death benefits disbursed by insurance companies directly to Beneficiaries shall be deemed disbursements to "parties in interest" within the meaning of 11 U.S.C. § 326. The Trustee believes that the Policies are property of the estate and that the death benefits of each

Policy should flow through the Debtors' estate and be disbursed by the Trustee to Beneficiaries.[6] However, pursuant to this Agreement and in the interest of efficiency and convenience, the Trustee is consenting to the insurance companies making direct payment to the Beneficiaries. The Debtors' Beneficial Interest shall be paid to Reliance Financial and the Trustee shall seek payment of Debtors' Beneficial Interest from the Court. The intent behind this provision is that the Trustee is entitled to the entire Debtors' Beneficial Interest even though insurance companies will disburse the Purchasers' portion of such death benefits directly to Beneficiaries without such funds passing through Reliance Financial's estate and being subsequently disbursed by the Trustee to the Beneficiaries. The Debtors' Beneficial Interest shall be placed in a separate account and be used solely to pay the Trustee's statutory fee approved by the Bankruptcy Court and not be used to satisfy any other claims of the estate, unless the Court awards the Trustee less than the Debtors' Beneficial Interest, in which case such excess amount may be utilized as ordered by the Court. The signatories shall support the Trustee's application for a statutory fee in the amount of 2.25% of the total amount of death benefits paid to Beneficiaries, regardless of who disburses such funds. The Debtors' Beneficial Interest shall represent the Trustee's total agreed statutory fee (the "Statutory Fee") for (1) all premium payments after the Effective Date, (2) all death benefits paid under the Policies, and (3) costs associated with the Servicing of the Policies by VAI and Viatical Liquidity. The Trustee shall be entitled to a statutory fee pursuant to 11 U.S.C. § 326 for all other disbursements and the signatories shall support the Trustee's application. In the event the Trustee no longer serves in such capacity, he shall no longer be entitled to the Debtors' Beneficial Interest on Policies which mature after his tenure and shall execute whatever documents are necessary to relinquish his entitlement to his Statutory Fee with respect to Policies that mature after his tenure. In the event a Successor Trustee is not appointed,

[6] Viatical Liquidity and the Denver Group dispute this contention.

the Trustee shall relinquish his entitlement to the Debtors' Beneficial Interest. The Trustee shall be entitled to employ an administrative assistant(s) and apply to the Court to be reimbursed for the cost of such administrative assistant, from estate funds, up to $40,000 per year. The Trustee may also seek authorization from the Bankruptcy Court for payment from estate funds of all "hard costs" (including, without limitation, postage, overnight delivery, photocopying, long distance and facsimiles) incurred by the Trustee in fulfilling his responsibilities hereunder.

18. A Change of Beneficiary Form, or other appropriate form, shall be filed with the insurer of each Policy designating Reliance Financial as an additional Beneficiary entitled to receive the Debtors' Beneficial Interest (2.25% of the death benefit of all Policies) payable upon the death of the Insured. The beneficial interest of each Beneficiary currently designated on each Policy shall be reduced proportionately so that, upon designation of Reliance Financial as an additional Beneficiary entitled to receive two and one-quarter percent (2.25%) of the insurance proceeds payable upon the death of the Insured, the total beneficial interest in the Policy shall equal one hundred percent (100%). VAI shall be responsible for preparing the Change of Beneficiary Forms, or other appropriate form, filing them with insurers, making sure that Reliance Financial is designated as an additional Beneficiary as set forth herein, and adjusting the beneficial interest of the other designated beneficiaries of each Policy. If a Policy matures subsequent to the Effective Date of this Agreement but prior to the Change of Beneficiary being completed on such Policy(s) to recognize Reliance Financial's 2.25% interest in such Policy(s), the parties agree to cooperate with each other to effectuate the change prior to distribution of such death benefits; and if Reliance Financial fails to receive such Debtors' Beneficial Interest, the Trustee may seek his Statutory Fee from estate funds.

19. Upon the death of an Insured, the insurance proceeds payable shall be distributed by the insurer to the Beneficiaries of the Policy and the Trustee shall have no right, claim or interest whatsoever to such death benefits other than the Debtors' Beneficial Interest. Notwithstanding the foregoing, the Trustee shall be entitled to any excess cash value and any excess death benefits for the benefit of the estate. If the Trustee receives any unearned premiums, he shall distribute such unearned premiums, on a pro-rata basis, to those who paid such premiums.

20. Except as otherwise provided herein, the Trustee shall not make any changes, additions, and/or deletions with respect to Beneficiaries on any Policy without the prior written consent of the then existing Beneficiary(ies) and then only in strict accordance with the written consent of such Beneficiary(ies). In addition, the Trustee shall not take any action to prevent insurance companies from paying Beneficiaries their portion of death benefits. Upon the execution of this Agreement, the Trustee shall withdraw letters previously sent to insurance companies preventing payment of death benefits directly to Beneficiaries.

21. On April 8, 2003, Viatical Liquidity paid the sum of $85,160.68 to reimburse and/or pay premiums due the estate for March, 2003 by wire transfer to Akerman Senterfitt's trust account for disbursement to the Trustee upon execution of this Agreement. Viatical Liquidity shall pay the estate, by April 30, 2003, the sum of $40,818.41 to reimburse and/or pay premiums due the estate for April, 2003. Neither the $85,160.68 nor the $40,818.41 paid hereunder shall be entitled to any administrative expense priority claim in the Debtors' Bankruptcy Cases. The Denver Group shall pay the estate, from funds in the Court Registry,[7] $93,954.26 upon release of the funds to reimburse the estate for premiums paid on the Denver

[7] The Trustee agrees to the Denver Group utilizing funds in the Court Registry to make the payments provided in this section after execution of this Agreement. The Denver Group may apply to have the funds released to pay this bill prior to the approval of this Agreement.

Group's behalf through March, 2003. The Denver Group shall pay the estate, from funds held in the Court Registry, $13,841.69 to pay the April, 2003 premiums due on the Denver Group's policies. As soon as reasonably practicable after the execution of this Agreement, VAI shall bill those purchasers who are not Denver Purchasers or Xelan Purchasers (the "UAPs") for premiums due and payable to insurers after March 31, 2003, which premiums shall be deemed paid pursuant to the Court's March 31, 2003 Order authorizing the Trustee to bill Purchasers for their share of premiums as part of his operations. Pursuant to the March 31 2003 Order, monies collected by the Trustee from the UAPs hereunder shall not be entitled to any administrative priority. In the event UAPs fail to timely pay their premiums, Viatical Liquidity, VAI and/or the Denver Group may advance premiums on behalf of such non-paying UAPs. If Viatical Liquidity, VAI and/or the Denver Group elect not to advance premiums on behalf of non-paying UAPs, notwithstanding anything else in this Agreement, the Trustee may abandon those Policies for which he does not have sufficient funds to pay the entire premium due on such Policy(s), unless he is otherwise able to reduce the death benefit on such Policy(s) and pay a reduced premium as set forth in paragraph 34(a) of this Agreement. Upon the execution of this Agreement, Viatical Liquidity's payment of $85,160.68 and VAI's payment of $107,795.95 to the Trustee, the Trustee shall withdraw his Notice of Abandonment of Certain Insurance Policies dated March 24, 2003 and Amended Motion for Order Authorizing Abandonment Procedures (the "Abandonment Motions"). Upon the Trustee withdrawing the Abandonment Motions, the Denver Group shall withdraw its Emergency Motion for Relief from Stay and Objection to Trustee's Abandonment of Insurance Policies. To the extent that either VAI, Viatical Liquidity or the Denver Group advance premiums on behalf of non-paying UAPs, they will be entitled to credit bid such advanced premiums to purchase the beneficial interest for the Policies in which

the premiums were paid at a subsequent auction of such beneficial interest to the highest and best bidder, if any, such auction to be held by the Trustee pursuant to the contemplated Order on Motion Authorizing Termination and Auction Procedures. In the event Viatical Liquidity, VAI or the Denver Group are outbid at such auction on such beneficial interest, they will be entitled to be reimbursed for the premiums paid on behalf of the non-paying UAPs from the net sales proceeds of the beneficial interests sold at the auction. In no event shall VAI or the Denver Group be entitled to any administrative or general unsecured claim against the estate for the advances, the foregoing remedies being their only recourse concerning the advances. [8] In no event shall Viatical Liquidity be entitled to any administrative expense priority claim in the Debtors' Bankruptcy Cases for any advance(s) made under this paragraph.

22. VAI shall be the "Servicer" of the Policies and, as such, with respect to the Policies, shall perform the functions set forth on Exhibit G attached hereto and incorporated herein by reference, entitled "Policy Servicing Responsibilities." VAI shall delegate to Viatical Liquidity or its designee those functions identified on Exhibit G attached hereto as well as any other functions set forth in the Policy Servicing Responsibilities as VAI and Viatical Liquidity deem to be in the best interest of properly performing the Policy Servicing Responsibilities. In addition to, and as further explanation of the Policy Servicing Responsibilities to be performed by VAI, VAI shall perform the following functions:

A. In certain instances, RAI or VAI is named as the Beneficiary of a Policy because the Insurer has refused to accept the submitted Beneficiaries because the number of such Beneficiaries is more than the Insurer is willing to accept. In instances where VAI is the Beneficiary, VAI shall, as part of its processing of Change of Beneficiary forms, change the

[8] All amounts paid to the Trustee for premiums from October 23, 2002 through June 30, 2003 are subject to reconciliation by the parties, if possible within forty five days from the Effective Date or the date of payment, whichever date is later, and the parties agree to correct any proven inaccuracies.

beneficial interest to Reliance Financial and shall also reflect the Debtors' Beneficial Interest at such time. In cases where RAI or Reliance Financial is the Beneficiary, then, within thirty (30) days of receipt of the insurance proceeds from the Insurer upon the death of an Insured, RAI or Reliance Financial shall pay to the actual Beneficiaries of the Policy, each such Beneficiaries' interest (including the Debtor's Beneficial interest) in the Policy. In all cases where RAI is the Beneficiary of a Policy for reasons other than set forth herein, VAI shall use their best efforts to change the Beneficiary from RAI to those who are the actual Beneficiaries of the Policy. In the event such change of Beneficiary is refused by the Insurer such that RAI remains the Beneficiary, RAI upon receipt of insurance proceeds shall distribute such proceeds to the actual Beneficiaries pursuant to the terms of this paragraph.

B. VAI shall determine if there is any cash value in any Policy in excess of death benefits payable which can be used to pay premiums on such Policy as they come due, in which case such cash value shall be used for such purpose until such cash value has been exhausted. Such cash value, if any, shall be applied pro-rata to the payment of premiums by all Beneficiaries on any such Policy. However, cash value in a Policy shall not be used for any purpose if such use of the cash value reduces the benefits payable to the Beneficiaries on a Policy. In case there is no cash value available for use in a Policy, the Beneficiaries on the Policies shall be billed as follows:

C. VAI shall invoice the Denver Group and VAI (the "Denver Premium Invoice") for Denver Group's share of premiums on the Policies identified on Exhibit H (the "Denver Trust Policies") attached hereto no less than six (6) months prior to the date established by the insurer for payment of premiums (the "Insurer's Premium Due Date"), except that the Denver Group shall be billed as soon as reasonably practicable for any premium payment due to

an Insurer during the six (6) months following the date of this Agreement which payments shall: *i)* Be deemed paid pursuant to the Court's March 31, 2003 Order authorizing the Trustee to bill Purchasers for their share of premiums as part of his operations; and *ii)* shall not be entitled to any administrative priority claim. The Denver Premium Invoice shall be due and payable thirty (30) days from the date of such invoice (the "Invoice Premium Due Date"). On or before the Invoice Premium Due Date, the Denver Group and/or VAI shall pay to the Trustee the full amount of the Denver Premium Invoice. Except for reimbursement payments for the period from October 23, 2002 through April 9, 2003, premium payments received from the Denver Group shall be used only for payment of premiums on the Policy for which the premium is paid. All premiums paid pursuant to this paragraph shall be deemed paid for the benefit of the Denver Group and the Denver Group shall not be entitled to any claim against the Debtors' estates based on payment of the premiums hereunder.

D. VAI shall invoice Viatical Liquidity (the "Viatical Liquidity Premium Invoice") for its share of the premiums on the Policies identified on Exhibit E hereto (the "XELAN Policies") no less than six (6) months prior to the Insurer's Premium Due Date, except that Viatical Liquidity shall be billed as soon as reasonably practicable for any premium payment due to an Insurer during the six (6) months following the date of this Agreement which payments shall: *i)* Be deemed paid pursuant to the Court's March 31, 2003 Order authorizing the Trustee to bill Purchasers for their share of premiums as part of his operations; and *ii)* shall not be entitled to any administrative priority claim. The Viatical Liquidity Premium Invoice shall be due and payable on the Invoice Premium Due Date. On or before the Invoice Premium Due Date, Viatical Liquidity shall pay to the Trustee the full amount of the Viatical Liquidity Premium Invoice. Should Viatical Liquidity disagree with all or any portion of the amount of

the Viatical Liquidity Premium Invoice requested, Viatical Liquidity shall within fifteen (15) days of its receipt of the Viatical Liquidity Premium Invoice, notify VAI of its disagreement and shall specifically set forth in what respects it disagrees with the Viatical Liquidity Premium Invoice. Failure to notify VAI of a disagreement with the Viatical Liquidity Premium Invoice within such fifteen (15) day period shall be deemed a waiver of any disagreement and Viatical Liquidity shall thereafter pay to the Trustee the full amount of the Viatical Liquidity Premium Invoice. In the event Viatical Liquidity does disagree with all or any portion of the premium invoice as set forth herein, Viatical Liquidity shall promptly pay to the Trustee the non-disputed amount and Viatical Liquidity and VAI shall promptly work in good faith to resolve the disagreement and arrive at the correct amount for the disputed portion of the Viatical Liquidity Premium Invoice. In the event any disagreement is not resolved within fifteen (15) days, the disagreement shall be submitted to the Trustee, whose decision shall be deemed final and non-appealable and Viatical Liquidity shall forthwith pay the disputed amount as determined by the Trustee. Except for reimbursement to the Trustee for premiums paid for the period from October 23, 2002 through April 9, 2003, premium payments received from Viatical Liquidity shall be used only for payment of premiums on the Policy for which the premium is paid.

E. VAI shall invoice any purchaser not a member of either the Denver Group or Viatical Liquidity (the "UAPs") for its share of the premiums (the "UAPs Premium Invoice") on the Policies identified on Exhibit I hereto (the "UAPs Policies") no less than six (6) months prior to the Insurer's Premium Due Date, except that any UAPs shall be billed as reasonably practicable for any premium payment due to an Insurer during the six (6) months following the date of this Agreement which payments shall: *i)* Be deemed paid pursuant to the Court's March 31, 2003 Order authorizing the Trustee to bill Purchasers for their share of premiums as part of

his operations; and *ii)* shall not be entitled to any administrative priority claim.[9] The UAPs Premium Invoice shall be due on the Invoice Premium Due Date. On or before the Premium Due Date, any UAPs shall pay to the Trustee the full amount of the UAPs Premium Invoice. Should any UAPs disagree with the amount of the UAPs Premium Invoice requested, that UAPs shall within fifteen (15) days of its receipt of the UAPs Premium Invoice, notify VAI of its disagreement and shall specifically set forth in what respects it disagrees with the UAPs Premium Invoice. Failure to notify VAI of a disagreement with the UAPs Premium Invoice within such fifteen (15) day period shall be deemed a waiver of any disagreement and the UAPs shall thereafter pay to the Trustee the full amount of the UAPs Premium Invoice. In the event an UAPs does disagree with all or any portion of the premium invoice as set forth herein, the UAPs and VAI shall promptly work in good faith to resolve the disagreement and arrive at the correct amount for the UAPs Premium Invoice. Premium payments received from a UAPs shall be used only payment of premiums on the Policy for which the premium is paid. In the event any disagreement is not resolved within fifteen (15) days, the disagreement shall be submitted to the Trustee, whose decision shall be deemed final and non-appealable and Viatical Liquidity shall forthwith pay the disputed amount as determined by the Trustee.

F. Nothing in subparagraphs B, C, D or E shall create recourse or personal liability for a premium payment or payment of a Service Fee (defined hereafter) and the Trustee's sole remedy for any non-payment shall be the termination, auction and abandonment procedures set forth in this Agreement. Moreover, failure to pay a premium payment or a Service Fee with

[9] UAP Premium Payment Invoices may include Denver Purchasers of traditional Viaticals. Such persons are identified on Exhibit J attached hereto. "Traditional Viaticals" are Viaticals with no agreement to repurchase the Viatical. "Trust Viaticals" included an agreement to repurchase. VAI may invoice Denver Purchasers of Traditional Viaticals for premiums VAI and the Denver Group paid for the benefit of such purchasers from October 23, 2002 to April 9, 2003 and for premiums VAI and the Denver Group may pay for the benefit of such purchasers subsequent to April 9, 2003. VAI shall provide to the Trustee a list of all invoices submitted to such purchasers which includes the name and amount invoiced. Any monies received by the Trustee from such invoices shall either be delivered to VAI, or credited against amounts payable by VAI and the Denver Group, as may be requested by VAI. Subsequent to October 31, 2005, VAI and the Denver Group may elect to have purchasers of Trust Viaticals invoiced as UAPs

respect to one Policy shall not affect any other Policy in which the Purchaser or an assignee of a Purchaser has an interest.

G. In the event a Premium Invoice is not paid by its Invoice Premium Due Date, VAI shall send a second notice invoice (the "Second Notice") to the non-paying purchaser which shall state that the Purchasers' interest in the Policy for which it has failed to make a premium payment will be terminated. The Second Notice shall be due and payable upon receipt. In the event the Second Notice is not paid within thirty (30) days of the date of the Second Notice, VAI shall send a termination notice (the "Termination Notice") notifying the non-paying Purchaser that his/her interest in the Policy specified in the Termination Notice has been terminated for failure to pay the Premium Invoice. Upon the date of mailing of the Termination Notice, the non-paying Purchasers' full and complete interest in the Policy specified in the Termination Notice shall forthwith be terminated in full without further order of the Court.

H. VAI shall prepare and file Change of Beneficiary forms changing all beneficial interests in Policies currently held by Xelan Purchasers to Viatical Liquidity such that upon the death of the Insureds, Viatical Liquidity shall be entitled to receive the death benefits. Viatical Liquidity shall provide to VAI a list of all beneficial interests to be transferred pursuant hereto, which shall include all information necessary for VAI to prepare and file the Change of Beneficiary forms. Viatical Liquidity shall provide VAI with such documentation as may be reasonably requested by Insurers in order to change beneficiaries in accordance with this paragraph.

I. VAI may, at its election, cause the transfer in all beneficial interests in Denver Policies currently held by Denver Purchasers to VAI such that upon the death of

Insureds, the insurance proceeds in such Policies payable to Denver Purchasers shall be paid directly to VAI.

J. VAI has, at its sole cost and expense, developed a proprietary database which it currently uses for servicing of Policies.[10] The Trustee, Viatical Liquidity, and VAI agree that this database shall be the database used to service the Policies in accordance with this Agreement. So that the database for servicing the Policies pursuant to this Agreement has all available information, Viatical Liquidity shall provide a copy of its current database to VAI and the Trustee shall provide a copy of all databases concerning the Policies in his possession, including billing databases. VAI shall integrate the information in the databases provided by Viatical Liquidity and the Trustee into the VAI database. VAI shall be reimbursed by the Trustee for actual costs incurred in establishing the database pursuant to this paragraph up to the maximum sum of $3,000. VAI shall be reimbursed by the Viatical Liquidity for actual costs incurred in establishing the database pursuant to this paragraph up to the maximum sum of $2,000 in the event the cost exceeds $3,000. VAI agrees to maintain the confidentiality of any database provided by Viatical Liquidity and the Trustee and to use the database and the information contained therein solely for purposes of servicing Policies in accordance with this Agreement and for the prosecution of existing claims.

K. Upon the Trustee's request and at the Debtors' estates' expense, VAI shall make the database used to service the Policies under this Agreement available, on a view only basis, twenty-four (24) hours a day, seven (7) days a week to the Trustee.[11] At Viatical Liquidity's expense, VAI shall make the database available to Viatical Liquidity twenty-four (24)

[10] The Trustee disputes that the database is proprietary in nature and that it was developed at the sole cost and expense of VAI.

[11] At no cost to the Trustee, VAI shall provide the Trustee with a "view only" compact disk containing the database one time per week. If the Trustee desires a compact disk copy more than one time per week, he shall reimburse VAI for its reasonable costs associate with providing the additional compact disk.

hours a day, seven (7) days a week on a view only basis, and on a basis sufficient to allow Viatical Liquidity to perform the servicing functions which VAI delegates to Viatical Liquidity. VAI will provide access to the Trustee and Viatical Liquidity through what is referred to as a PC Anywhere program.

L. It is the intention of the signatories to this Agreement that the database contain up to date and accurate information. VAI shall have responsibility for inputting information into the database and making any changes necessary to maintain the information in the database as accurately and up to date as reasonably possible. In the event Viatical Liquidity and/or the Trustee believe that additional information should be added to the database or changes made to the information in the database, the party wishing to do so shall provide such information in writing to VAI; provided, however, that if VAI has delegated to Viatical Liquidity the right to input information into the database, or make changes to the information in the database, Viatical Liquidity may do so in accordance with the authority delegated. VAI shall make the addition or change, unless VAI believes that the addition or change is inaccurate. In such event, VAI shall contact the party submitting the information and VAI and the party submitting the information shall work jointly to determine the accuracy of the information and whether it should be inputted into the database and/or information changed in the database.

M. The Trustee and Viatical Liquidity may request, at any time, from VAI reports and/or other information from the database, in addition to those which VAI would provide as a matter of routine course under the Policy Servicing Responsibilities. The cost of providing such report and/or information shall be reimbursed to VAI by the party requesting the report and/or information.

N. By the tenth day of each month, VAI shall provide a written[12] report to the Trustee (with a copy to Viatical Liquidity) of all Premium Payment Invoices which VAI sent during the immediately preceding month. The report shall contain at a minimum the following information:

(i) Purchasers' name.

(ii) Total amount of invoice.

(iii) Amount of premium payment requested.

(iv) Amount of Service Fee requested.

(v) Date invoice sent.

(vi) Date invoice is due.

(vii) If any premium payment is to be paid as a reimbursement to an Insured or other third party who has paid an insurance premium with respect to such insured's participation in a group policy, the written notice shall advise the trustee of such fact and in addition to the foregoing information, shall advise the Trustee of who the check shall be made payable to and where the premium payment should be sent.

O. Sixty days preceding the month in which any premiums are due and payable (the "Payment Month") (*i.e.*, if a payment is due in June, June is the Payment Month), VAI shall provide a written report to the Trustee (with a copy to Viatical Liquidity) of all premium payments due during the Payment Month. The report shall include the following information:

(i) Insureds' name.

(ii) Insurance company.

(iii) Policy number or Group number.

[12] This report may be by e-mail.

(iv) Premium amount payable.

(v) Date payment due pursuant to insurer.

(vi) Payment term, i.e., monthly, quarterly, semi-annually, annually.

P. By the fifteenth day of the month immediately following the Payment Month, the Trustee shall provide a written report to VAI of all payments made by the Trustee during the Payment Month (with a copy to Viatical Liquidity). The report shall include the following information:

(i) The insureds' name.

(ii) Insurance company.

(iii) Policy number or Group number.

(iv) Amount paid.

(v) Check number.

(vi) Date paid.

Q. Any premium payment in the possession of the Trustee, whether from VAI and the Denver Group, the Viatical Liquidity, or any UAPs shall be returned to the party or person from whom it was received by the Trustee within thirty (30) days after any of the following events:

(i) The policy has lapsed or lapses;

(ii) It has been determined that all or part of the premium payment collected by the Trustee was not required for the payment of the premium on the Policy for which it was collected;

(iii) The Policy is abandoned by the Trustee; and

R. To the extent the Trustee has already forwarded any premiums to the insurance company, which premiums are subsequently returned to the Trustee, within thirty (30) days of the Trustee receiving return of any such premiums from the insurance company, the Trustee shall return the premium to the party or person from whom it was received.

23. In performance of their obligations under this Agreement, VAI and Viatical Liquidity will incur servicing expenses to which each shall be entitled to reimbursement as set forth in this Agreement. VAI shall be compensated for servicing the Policies pursuant to this Agreement at the rate of $18.40 per Policy serviced per month and Viatical Liquidity shall be compensated for providing services pursuant to this Agreement at the rate of $1.60 per policy per month (collectively, the "Service Fee"). Exhibit K attached hereto is the list of Policies for the month of April, 2003 for which the Service Fee is to be paid. The Service Fee shall be paid on the first day of each month effective April 1, 2003, provided, however, that if the collected Service Fees are insufficient to pay the full Service Fee in any month, such portion of the Service Fee as has been collected shall be distributed pro-rata to VAI and Viatical Liquidity based upon the allocation set forth herein and the remaining Service Fee shall accrue and be payable by the Trustee as Service Fees are collected. Service Fees shall only be payable from monies collected from Beneficiaries and if insufficient funds are available to pay VAI and/or Viatical Liquidity the sums due hereunder, then VAI and/or Viatical Liquidity shall be paid when such funds become available. Nothing herein shall entitle VAI and/or Viatical Liquidity to any claim against the Debtors' bankruptcy estates, including without limitation, any administrative expense priority, general unsecured or surcharge claim, for unpaid Service Fees. On the fifteenth (15^{th}) day of each month, VAI shall determine the Policies to be serviced for the next succeeding month and shall provide a list thereof to the Trustee (and copied to Viatical Liquidity). The total

amount of Service Fee to be paid for the next succeeding month shall be determined by multiplying the number of policies contained on such list times twenty dollars ($20.00). On April 1st of each year, the Service Fee shall be increased, based upon the Consumer Price Index (CPI) as published by the United States Government. If cash value is used to pay premiums, all Beneficiaries on that policy shall still be required to pay their proportionate Service Fee.

24. In addition to the Service Fee payable to VAI under this Agreement, VAI shall be paid by the Estate $24,000, payable at the rate of $2,000 per month, commencing May 1, 2003 for processing Change of Beneficiary Forms to reflect the Trustee's interest in the Policies as provided herein. VAI shall at such time also make all other Beneficiary changes of which VAI has received a proper request and documentation for such change and which may otherwise be required under this Agreement. Any person requesting a change of Beneficiary shall provide VAI with such documentation as may be reasonably requested by Insurers to change Beneficiaries.

25. Viatical Liquidity shall be paid by the Trustee the amount of $36,000, in twelve equal monthly installments, commencing August 1, 2003 to analyze and attempt to reinstate all lapsed policies short of litigation.

26. All funds collected by the Trustee pursuant to Premium Invoices shall be deposited by the Trustee into a separate bank account, the only funds of which to be deposited in such account are funds used for the payment of premiums on Policies. All funds collected by the Trustee as Service Fees under this Agreement shall be deposited by the Trustee in a separate bank account, the sole purpose and use of such funds to be the payment of Service Fees. Neither the premiums nor Service Fees collected by the trustee shall be deemed to be property of the Debtors' bankruptcy estates.

27. The signatories believe that the services described in paragraphs 23, 24 and 25 do not require the submission of a fee application for "professional services" as these services are more properly deemed "administrative."

28. With each Premium Payment Invoice which VAI sends to the Denver Group and VAI, Viatical Liquidity and the UAPs, VAI shall include an additional amount which shall be itemized as a "Service Fee", to be paid by the recipient of the Premium Payment Invoice. The Service Fee to be included on each Premium Payment Invoice shall be calculated as follows:

(i) divide the face value of the "Purchaser's Benefit Amount" which shall mean the beneficial interest in the Policy(s) represented in the Premium Payment Invoice by the total amount of face value of the Policy(s) being serviced in the month the Premium Payment Invoice is issued;

(ii) multiply the result obtained in (i) above ("Purchaser's Benefit Amount Percentage") by the total annualized Service Fee receivable by VAI and Viatical Liquidity in the month in which the Premium Payment Invoice is issued (the "annualized Service Fee" is determined by multiplying the monthly Service Fee receivable by 12);

(iii) multiply the result obtained in (ii) above ("Purchaser's Annualized Service Fee") by 120%; and

(iv) multiply the Purchaser's Annualized Service Fee by the "Service Fee Mode Factor." The "Service Fee Mode Factor" depends on the premium payment mode of the Policy (annual, semi-annual,

quarterly or monthly). The "Service Fee Mode Factor(s)" are as follows: "Annual" equals 1.0; "semi-annual" equals 0.52; "quarterly" equals 0.265; and "monthly" equals .0875

See Exhibit L attached hereto for example of Calculation.

29. **[Intentionally Omitted.]**

30. VAI has not received any insurance proceeds as the result of VAI having been named as a Beneficiary of any Policy(s). In the event that VAI does receive such insurance proceeds as the result of having been named as a Beneficiary of any Policy(s) prior to the transfer of the beneficial interest from VAI to Reliance Financial pursuant to this Agreement, VAI shall, within fifteen (15) days of receipt of such insurance proceeds, transmit them to the Trustee, who will then distribute such proceeds to the actual beneficiaries within fifteen (15) days of his receipt of such funds, less the Debtors' Beneficial Interest.[13]

31. The Beneficiaries of certain Policies may be in the name of entities or individuals that are not signatories to this Agreement and/or are not Debtors as identified in this Agreement. In such cases, VAI shall use its best efforts to cause the insurer to change the designated Beneficiary to those persons who actually purchased the beneficial interest in the Policy. The Trustee and Viatical Liquidity will cooperate, to the extent requested by VAI, with VAI in attempting to make such changes of Beneficiary and the Trustee may seek such court orders as may be necessary to effectuate such changes.

32. Certain Policies may be owned in the name of entities or individuals that are not signatories to this Agreement and/or are not Debtors as identified in this Agreement. In such cases, VAI shall use its best efforts to cause the insurer to change the named owner to Reliance

[13] In the event a Policy matures prior to the Effective Date, the Trustee shall not be entitled to the Debtors' Beneficial Interest as to that Policy.

Financial. The Trustee and Viatical Liquidity will cooperate, to the extent requested by VAI, with VAI in attempting to make such changes of ownership and the Trustee may seek such court orders as may be necessary to effectuate such changes.

33. Within ten (10) days of the date of the Termination Notice, the Trustee shall commence the procedures to hold an auction of the non-paying Beneficiary(ies) beneficial interest. The Trustee shall provide written notice of the auction to: (1) the Denver Group and VAI; (2) Viatical Liquidity; (3) each person to whom Notice is currently required pursuant to the Court's Order limiting notice entered on January 8, 2003; (4) each Beneficiary of the Policy which is being auctioned (other than the non-paying Beneficiary(ies)); and (5) such other persons as the Trustee may decide to give Notice or as the Court may require (the "Auction Notice."). The Auction Notice shall contain the following information: (1) the name of the insurance company (2) the policy number; (3) the total face value of the entire policy; (4) the percentage of the face value to be sold at auction; (5) the amount of premiums owed for such beneficial interest being sold; (6) the Service Fees owed with respect to such beneficial interest being sold; (7) any additional amounts of Premiums and/or Service Fees which must be deposited with the Trustee so that Premiums and Service Fees are paid for a one (1) year period; (8) the date by which items 5, 6 and 7 must be paid; (9) the minimum bid for such beneficial interest; (10) notification that the successful bidder at the auction shall be subject to all of the provisions of this Agreement; (11) notification that the sale is "as is", "where is" without any representations, warranties or recourse whatsoever; (12) such other information as is permitted by applicable law and that the Trustee determines, in his sole discretion, is in the best interests of the estate to disclose; and (13) the date, time and place of the auction (telephonic conference is permitted). Not less than fifteen (15) days of the date of the Auction Notice, the Trustee shall conduct an auction of the

non-paying Beneficiary(ies)'s beneficial interest. The minimum bid shall be one dollar ($1.00), and the successful bidder shall be required to fund and pay to the Trustee the amounts specified in (5), (6) and (7) and shall sign an acknowledgement that he/she shall be subject to this Agreement, the Orders and any related orders entered by the Bankruptcy Court.

34. In the event a beneficial interest in a Policy is purchased at auction, the successful bidder shall then become the Beneficiary of the beneficial interest in the Policy which was auctioned. Thereafter, VAI shall take whatever action is necessary to change the designated Beneficiaries with the insurer so as to reflect the beneficial interest acquired by the successful bidder.

35. In the event that there is no successful bidder at the auction, then the following provisions shall apply:

A. In the event the terms of the Policy permit the owner of the Policy to reduce the face value of the Policy and, thus, reduce the required premium payment, then VAI shall reduce the face value of the Policy and the Trustee shall remit to the insurer the premium amounts collected from the Beneficiaries who paid Premium Payment Invoices so that the Policy remains in effect for the benefit of holders of beneficial interest(s) who paid their proportionate share of the premium payments;

B. In the event the Policy does not permit the owner to reduce the face amount of the Policy, the Trustee shall have the right to make the Premium Payment and shall assume the status of a Beneficiary on that Policy;

C. In the event the Policy does not permit the owner to reduce the face amount of the Policy, and the Trustee elects not to pay the Premium, then the Policy will be deemed abandoned.

36. The Parties to this Agreement recognize that it may be in the best interest of the Estate and the Beneficiaries to sell the Policies and beneficial interest in the Policies. The Trustee, VAI and Viatical Liquidity may each separately, or jointly, attempt to obtain an offer, or offers for the sale of the Policies and beneficial interest in the Policies. Any offer obtained shall be presented to all signatories of this Agreement. If all signatories to this Agreement agree that it is in the best interest of the estate and the Beneficiaries to accept the offer, the Trustee shall accept the offer.[14] Within 30 days of the Trustee's acceptance of any offer, VAI shall send written notice (the "Sale Notice") of the sale of Policies and beneficial interest to the holder of each beneficial interest to be sold which shall advise the holder of the beneficial interest to be sold of the pending sale and the material terms (as determined by the Trustee) of the sale. The Sale Notice shall provide any Beneficiary an opportunity to object to the sale within 15 days from the date of the Sale Notice which objection, if any, shall be determined by the Bankruptcy Court. The party who obtains the offer shall be entitled to a commission in the amount of 5% (the "Sales Commission")on the Net Sales Proceeds (defined hereafter) for obtaining the offer from the proceeds of the sale (whether the sale is consummated as to the original offeror or a higher and better bidder.) "Net Sales Proceeds" shall mean the gross proceeds less the Costs of Sale (defined hereafter). "Costs of Sale" shall mean the legal fees and expenses, copy expense, postage, cost of the Sales Notice, delivery charges and any other expense directly related to completing the sale, which Costs of Sale shall be paid from the gross sales proceeds. Neither the Trustee nor the party paid a Sales Commission for obtaining the offer shall receive any compensation, other than as set forth herein. All sales proceeds shall be payable to Reliance Financial. Reliance Financial shall distribute the proceeds as follows: *a)* all Costs of Sale; *b)* the

[14] The parties recognize that any such sale will be subject to higher and better offers elicited through an auction process in the Bankruptcy Court and auction procedures approved by the Bankruptcy Court.

Sales Commission; *c)* 2.25% of the Net Sales Proceeds representing the Debtor's Beneficial interest and the Trustee's Statutory Fee ; and *d)* after payment of *a)*, *b)* and *c)*, pay to the holder of the beneficial interest(s) sold their pro rata share of the remaining sales proceeds. The beneficial interest sold shall thereafter be owned by the buyer of such beneficial interest.

37. Each signatory to this Agreement shall, upon the request and at the expense of any other signatory to this Agreement, provide copies of all medical records and information and actuarial studies of Insureds in such signatories' possession, custody and control. VAI, the Denver Group and Viatical Liquidity are currently subject to court orders restricting their disclosure of medical records (including actuarial studies) of Insureds and, therefore, VAI, the Denver Group and Viatical Liquidity shall not be required to provide copies of any medical records if such disclosure would be in violation of such court orders. Any signatory hereto receiving medical records (including actuarial studies) shall maintain such medical records strictly in accordance with any court orders which may be applicable to any personal viator information and medical records.

38. At the conclusion of any Auction and/or Abandonment, the Trustee shall prepare and file a Report of Sale and/or Abandonment.

39. Upon ninety (90) days written notice, VAI and/or Viatical Liquidity may resign from their servicing functions hereunder. Upon providing such written notice, the resigning servicer shall make themselves available and cooperate with the successor servicer during the 90 day period following their written notice. Moreover, the resigning servicer shall provide the Trustee with all data and provide the Trustee with a license, for $1 per year, for the nonexclusive continued uninterrupted use of any databases in the resigning servicer's possession which is necessary to service the Policies hereunder. The Trustee will use the database for the sole

purpose of carrying out the terms of this Agreement and Servicing the Policies and the Trustee will maintain the confidentiality of the database.

40. VAI, Viatical Liquidity, and the Trustee shall not be personally liable to the estate, any creditors, and any holders of beneficial interests in any Policy in connection with the Servicing of the Policies, except for acts of gross negligence, willful or reckless misconduct, or willful disregard of their duties. No party is waiving their right to seek indemnification, if any, at a later date.

41. Upon the receipt of the Court Registry Funds and the McAllister Funds, VAI and the Denver Group shall establish a separate and segregated trust account at DDCSH (the "DDCSH Trust Account") into which shall be deposited the amount of $340,000, which sum represents the amount of estimated premium payments for a two-year period commencing October 23, 2002 and ending midnight, October 22, 2004 (after crediting VAI the sum of $107,795.95 for amounts paid by VAI pursuant to paragraph 21 hereof), which VAI and the Denver Group will be required to provide pursuant to this Agreement. Upon receipt of the Denver Premium Payment Invoice, VAI and the Denver Group shall transmit the Denver Premium Payment Invoice to DDCSH, in care of John A. Hutchings, Esq., with instructions that such invoice be paid, on a timely basis, to the Trustee by the Invoice Premium Due Date from funds in the DDCSH Trust Account. In the event there are insufficient funds in the DDCSH Trust Account to pay the Denver Premium Payment Invoices for the two-year period set forth herein, VAI and the Denver Group shall cause to be deposited into the DDCSH Trust Account additional funds so as to be able to pay the Denver Premium Payment Invoices in accordance herewith for the two-year period described herein. In the event, during the two-year period described herein, it is determined that there exists in the DDCSH Trust Account excess funds, in

other words, funds more than necessary to pay premium payments on behalf of VAI and the Denver Group in accordance with this paragraph, VAI and the Denver Group may withdraw from the DDCSH Trust Account such excess funds. DDCSH and John A. Hutchings, Esq. shall not be personally liable for the making and/or paying of amounts to the Trustee pursuant to the Denver Premium Payment Invoices submitted to them nor shall DDCSH and John A. Hutchings, Esq. have any liability for the failure to make any payment to the Trustee pursuant to a Denver Premium Payment Invoice or otherwise so long as DDCSH and John A. Hutchings, Esq. in good faith determine that, based upon facts and circumstances then existing, payment should not be made.

42. The signatories agree to the entry of an order in the Paoloni Lawsuit (the "Paoloni Orders") and/or Bankruptcy Court authorizing: i) the transfer of the McAllister Fund pursuant to the terms of this Agreement; and ii) the Clerk of the District Court to deliver the Court Registry Fund to VAI pursuant to the terms of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the signatories may seek entry of the Paoloni Orders described in this paragraph prior to the Orders becoming final and nonappealable.

43. All federal, state and local taxes for which the estate may be liable shall be borne by the estate and no creditor, including the Denver Group, VAI, and Viatical Liquidity, shall be assessed or surcharged for any expenses (including administrative expenses) except as otherwise provided herein. In addition, except as specifically provided in this Agreement, the Denver Group, VAI and Viatical Liquidity, and any property they have an interest in, shall not be liable to the estate for any further amounts, contributions, surcharges or reimbursements.

44. Viatical Liquidity is claiming an administrative expense claim in the approximate sum of $96,000 plus interest for premium payments (the "Viatical Liquidity Admin. Claim") for

payment made pursuant to the Bankruptcy Court's December 18 omnibus Order authorizing, *inter alia*, the Trustee to obtain unsecured credit. In the event the Bankruptcy Court sustains objections to administrative expense claims of UAPs similarly situated to Viatical Liquidity pursuant to the Court's December 18 omnibus Order ("the "UAPs Administrative Claims"), Viatical Liquidity agrees to waive its Viatical Liquidity Admin. Claim. Viatical Liquidity agrees not to take any position on any objections to UAPs Administrative Claims. Notwithstanding anything to the contrary contained herein, Viatical Liquidity hereby agrees to subordinate the Viatical Liquidity Admin. Claim to all allowed administrative expense claims of the Trustee's professionals incurred through the Effective Date. Notwithstanding anything to the contrary contained in this Agreement, Viatical Liquidity hereby waives any potential administrative expense claim concerning: *i)* the approximate sum of $70,000 paid to the Trustee pursuant to his February 6, 2003 invoice and referenced in the Bankruptcy Court's March 31, Order granting, *inter alia,* the Trustee authority to continue operating the Reliance Debtors; and *ii)* the monies paid pursuant to paragraph 21 of this Agreement.

45. The Trustee shall promptly dismiss, with prejudice, Defendants Xelan, Inc., Viatical Liquidity, and Viatical Administration, LLC (referred to as the "XELAN Group") and the First Three Claims for Relief alleged against the "XELAN Group" alleged in the action entitled *Reliance Administrators, Inc. v. Xelan, Inc. et. al.* currently pending in the U.S. District Court for the District of Colorado, Case No. 02-CV-854 and each party is to hear their own costs and attorneys' fees.

46. The Trustee releases, relinquishes, waives, acquits, and forever discharges any and all claims, actions, causes of actions, suits, dues, sums of money, debts, accounts, reckonings, bonds, bills, covenants, controversies, promises, trespasses, damages, judgments,

counterclaims, and demands whatsoever, whether known or unknown, suspected or unsuspected, asserted or unasserted, contingent or noncontingent, matured or inchoate, in law or in equity, which the Trustee may now have or any successors or assigns herein after can, shall, or may have against Viatical Liquidity, VALLC, XELAN, VAI and the Denver Group (the "Released Parties"), and any officers, directors, members, partners, shareholders, employees, agents, representatives and attorneys of the Released Parties, whether joint or several, for, upon, and by reason of any matter, cause, or thing whatsoever, including but not limited to all matters relating to the Viaticals, the Policies and their administration or servicing. [15]

47. The Released Parties and their officers, directors, members, partners, shareholders, employees, agents and attorneys release, relinquish, waive, acquit, and forever discharge any and all claims, actions, causes of actions, suits, dues, sums of money, debts, accounts, reckonings, bonds, bills, covenants, controversies, promises, trespasses, damages, judgments, counterclaims, and demands whatsoever, whether known or unknown, suspected or unsuspected, asserted or unasserted, contingent or noncontingent, matured or inchoate, in law or in equity, which they may now have or any successors or assigns herein after can, shall, or may have against the Trustee personally and in his capacity as Trustee, including any employees, agents, representatives and attorneys of the Trustee for, upon, and by reason of any matter, cause, or thing whatsoever, including but not limited to all matters relating to the Viaticals, the Policies and their administration or servicing. Nothing contained herein shall be construed as a waiver, release or relinquishment by Viatical Liquidity of any claims it may hold against the Debtors' bankruptcy estates.

[15] To the extent California law may be applicable, the released parties expressly waive the benefits of Section 1542 of the California Civil Code, which reads as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

48. The delivery of any monies hereunder to John Hutchings, Esq., shall be deemed delivery to the Denver Group and VAI and the Trustee shall have no further obligation concerning the apportionment of monies among the Denver Group and VAI.

49. Upon the Effective Date of this Agreement, VAI, Denver Group and Viatical Liquidity agree to assign to the Trustee any and all objections they may have concerning Goldstein, Patricia Goldstein or Jamie Goldstein's (the "Individual Debtors") discharges pursuant to Sections 727 and 523 of the Code and any objections to the Individual Debtors' claimed exemptions and agree to entry of a discharge in favor of the Individual Debtors, subject to the Trustee's consent to same.

50. Upon the Effective Date of this Agreement, except as otherwise specifically provided herein, the Denver Group and VAI waive any and all claims in the Bankruptcy Cases. Except as provided herein, Viatical Liquidity does not waive any of its claims. The Trustee and Viatical Liquidity agree to work in good faith to resolve the amount of Viatical Liquidity's allowed general unsecured claim.

51. The Trustee shall dismiss VAI and the Denver Group from the McAllister Adversary Proceeding, Court Registry Adversary Proceeding and Metropolitan Fund Adversary Proceeding, with prejudice, each party to bear their own costs and attorneys' fees.

52. VAI, by and through its President, Rocky K. Smith, has full power and authority to execute this agreement of behalf of VAI and the Denver Group, provided, however, that before such authority becomes effective, Rocky K. Smith shall receive the consent of each member of the Denver Group to his executing this Agreement.

53. Viatical Liquidity, by and through its manager, David C. Jacquot, has full power and authority to execute this agreement of behalf of Viatical Liquidity.

54. Within ten (10) days from the date of this Agreement, counsel for VAI and Viatical Liquidity shall provide written opinion letters to the Trustee verifying that the signatories have the power and authority to execute this Agreement; perform the obligations imposed hereunder; and that any assignment of the Denver Purchasers' and Xelan Purchasers' claims, rights, duties, obligations and benefits are valid and binding and that VAI and Viatical Liquidity will retain such assignments and upon request provide copies of such assignments to the Trustee at his expense.

55. Pursuant to a joint motion or stipulation, the signatories to this Agreement shall submit this Agreement to the Court and request that the entire Agreement be made an order of such Court. Upon entry of an order approving this Agreement, this Agreement may thereafter be enforced by the signatories in the same manner as any other order of such Court may be enforced. In the event any party to this Agreement commences any proceeding to enforce this Agreement (or any provision of this Agreement) or to interpret any provision(s) of this Agreement, the prevailing party in any such proceeding, including all trial and appellate levels, shall be entitled to an award of all costs and reasonable attorney fees incurred in such proceeding from the non-prevailing party.

56. The bankruptcy court shall have exclusive jurisdiction to enforce and interpret this Agreement.

57. No modification to this Agreement shall be effective or binding unless it is either (1) signed by the signatories and approved by the Court; or (2) a properly noticed motion to modify the Agreement and subsequent Court order on said motion is entered.

58. This Agreement has been entered into in the State of Florida, and it is the intention of the signatories that all questions as to performance, interpretation, validity, legal

effect and enforceability of this Agreement shall be determined in accordance with (1) Title 11 United States Code, and then (2) the laws of the State of Florida, with Federal law prevailing.

59. This Agreement sets forth the entire understanding of signatories to this Agreement hereto, and supersedes all previous oral and written agreements, if any, between the signatories to this Agreement with respect to the subject matter hereof, and may not be amended, altered or modified except by written document signed by all of the signatories hereto.

60. No Recital, provision, term or representation contained in this Agreement shall be binding on any party hereto except as between the parties hereto, or be used as an admission against any party hereto by any person or entity not a party hereto.

61. The headings used in this Agreement are used for reference purposes only, and are not deemed controlling with respect to the meaning, construction or effect of the contents thereof.

62. There are no intended third party beneficiaries to this Agreement.

63. Subsequent to the Effective Date of this Agreement, the invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted; provided, however, that if the Trustee is unable to sell a beneficial interest pursuant to the provisions of this Agreement, he may abandon such Policy(s).

64. This Agreement shall be binding upon and inure to the benefit of, and shall be enforceable by, the respective successors, assigns, heirs, beneficiaries and personal representatives of the signatories hereto.

65. Wherever the context shall so require, all words herein shall be deemed to include the masculine, feminine or neuter gender; all singular words shall include the plural and all plural shall include the singular.

66. The waiver of any party of a breach of any provision of this Agreement by the other shall not operate or be construed as a waiver of any subsequent breach.

67. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed to be an original.

68. This Agreement may be executed by facsimile signatures, which shall be considered original signatures.

69. Each of the signatories hereto agrees to execute whatever additional documentation or instruments as are necessary to carry out the intent and purpose of this Agreement.

70. This Agreement shall be considered the joint product of all signatories hereto, and in the event of any controversy as to the construction of any provision hereof, such controversy shall not be construed against any party as the alleged drafter of this Agreement.

71. Any and all notices, consents, offers, acceptances, or any other communications provided for herein shall be given in writing and shall be effective upon delivery; which delivery shall occur upon facsimile transmission; upon deposit in the United States mails, postage prepaid, certified mail, return receipt requested; or upon delivery by courier or by next day delivery service, including UPS, Federal Express, Airborne Express, or U.S. Postal Service Express Mail.

Notices shall be given to the following:

If to the trustee:

JOHN BARBEE, Ch. 7 Trustee
333 Seventeenth Street, Suite K
Vero Beach, FL 32960
Telephone: (772) 563-2125
Fax: (772) 463-4847

With a copy to:

MICHAEL GOLDBERG, Esq.
Akerman, Senterfitt & Eidson, P.A.
350 East Las Olas Blvd., Suite 1600
Ft. Lauderdale, FL 33301
Telephone: (954) 463-2700
Fax: (954) 463-2224

If to the Denver Group and/or VAI:

VIATICAL ADMINISTRATORS, INC.
Rocky K. Smith, President
220 Insurance Drive, Suite A
Fort Wayne, Indiana, 46825-4239
Telephone: (260) 484-2687
Fax: (260) 484-6739

With a copy to:

JOHN A. HUTCHINGS, Esq.
Dill, Dill, Carr Stonbraker & Hutchings, P.C.
455 Sherman Street, Suite 300
Denver, CO 80203
Telephone: (303) 777-3737
Fax: (303) 777-3823

With a copy to:

MICHAEL R. BAKST, Esq.
Adorno & Yoss
P.R. Drawer 3948
West Palm Beach, FL 33402
Telephone: (561) 640-8000
Fax: (561) 640-6730

If to Viatical Liquidity:

Viatical Liquidity, LLC
Attention: Merfit Mansour
401 West A Street, Suite 2210
San Diego, CA 92101
Telephone: (619) 595-3476
Fax: (619) 232-8196

With a copy to:

KEITH H. RUTMAN, Esq.
Rutman & Suverkrubbe, LLP
401 West A Street, Suite 2250
San Diego, CA 92101
Telephone: (619) 239-5802
Fax: (619) 232-8196.

With a copy to:

ROBERT N. GILBERT, Esq.
Carlton, Fields, *et al.*
222 Lake View Ave., Suite 1400
West Palm Beach, FL 33401
Telephone: (561) 650-8000
Fax: (561) 659-7368

The signatories shall provide notice, in writing, of any changes to the aforesaid notice addresses.

72. The participants in the Denver Group may change between the date of this Agreement and the date that this Agreement is approved by the Bankruptcy Court. If any such

change occurs it shall be reflected in the Order of the Bankruptcy Court approving this Agreement.

73. Time shall be of the essence in the performance of any obligation or the sending of any notice under this Agreement.

74. Except as otherwise provided herein, each party shall bear its own costs and attorneys fees except that the Trustee's professionals may seek compensation under the Bankruptcy Code.

75. If the Effective Date does not occur on or before June 30, 2003, this Agreement shall be deemed terminated and the parties shall be restored to the status quo ante existing prior to the execution of this Agreement, with the exception of those payments made under paragraphs 21 and 22 which payments shall in no event provide the basis for an administrative claim in the Bankruptcy Cases.

76. The parties may amend any of the exhibits attached hereto to correct clerical errors and to reflect new or additional information which may become known to any of the parties to this Agreement.

77. **THIS AGREEMENT IS CONTINGENT UPON: *i)* THE SUM OF $462,500 BEING TRANSFERRED FROM THE MCALLISTER FUND ON OR BEFORE APRIL 18, 2003 TO THE DISTRICT COURT REGISTRY IN THE PAOLONI LITIGATION, AND/OR *ii)* THE TRUST ACCOUNT OF COUNSEL FOR THE TRUSTEE OR THE DENVER GROUP; AND *iii)* THE TRUSTEE'S RECEIPT OF THE SUM OF $462,500. NOTHING CONTAINED HEREIN SHALL BE CONSTRUED AS PRECLUDING THE DISBURSEMENT OF THE $462,500 (TO BE PAID TO THE TRUSTEE FROM THE MCALLISTER FUND HEREUNDER), TO THE TRUST ACCOUNT OF COUNSEL**

FOR THE TRUSTEE FOR DISBURSEMENT TO THE TRUSTEE ON THE EFFECTIVE DATE

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement, with the intent to be legally bound, on the day and year written above:

[Signature Lines as follows]

_____
JOHN BARBEE, TRUSTEE

VIATICAL ADMINISTRATORS, INC.

BY:_____
ROCKY K. SMITH, PRESIDENT

THE DENVER GROUP (as defined herein)

BY:_____
ROCKY K. SMITH, on behalf of each member of the Denver Group

VIATICAL LIQUIDITY, LLC

BY:_____
DAVID C. JACQUOT, MANAGER

VIATICAL ADMINISTRATION, LLC (as to paragraphs 47 and 60 only)

BY:_____
KELI GEMRICH, MANAGER

XELAN, INC. (as to paragraphs 47 and 60 only)

BY:_____
L. DONALD GUESS, PRESIDENT

Policy Servicing Responsibilities

Set Up

1. Determine Insured status
2. Verify policy status, premium information and paid-to-date
3. Determine policies currently on Disability Premium Waiver
4. Verify with Insured their Disability Premium Waiver eligibility
5. Change policy owners if necessary
6. Determine policies that need to be converted from group to individual coverage
7. Determine policies that can pay premiums from cash value
8. Attempt to reinstate lapsed policies

Premium Service

1. Prepare premium due reports and provide to Trustee
2. Configure policies to pay premiums from cash values where applicable
3. Mail request for premium notices to purchasers
4. Collect premiums (Trustee)
5. Pay policy premiums (Trustee)
6. Provide premium payment verification to VAI (Trustee)

Purchaser Service

1. Purchase communication (Reports, Purchaser Inquiries, etc.)
2. Provide policy status reports to purchasers upon request
3. Inform purchaser of policy maturity
4. Track purchaser status

On-Going Maintenance

1. Change of addresses (Purchaser, Insured, Employer, Employee, Insurance Company, Beneficiaries)
2. Track Beneficiary changes that need to be made
3. Track IRA custodian information for Qualified Accounts
4. File necessary documents with insurance company to make Beneficiary changes
5. Track Insured employee status
6. Process group policy conversions when necessary
7. Recertify Disability Premium Waiver as required by insurance company
8. Track expiration dates of extended term riders on lapsed policies
9. Maintenance and update database and provide information where applicable
10. Communicate with Trustee's office
11. Provide required reports to Trustee's office
12. Verify Insured status prior to Trustee making premium payments

Death Claim Maintenance

1. Locate and obtain death certificate from county to state
2. Notify insurance company of pending claim
3. Request claim forms from insurance companies
4. Complete claim forms and send to beneficiaries for signature
5. Receive and process claim forms from beneficiaries
6. Track death benefit disbursements to assure all beneficiaries have been paid appropriately
7. Request death benefit payment verification from insurance companies for purchaser files

Delegation of Servicing Responsibilities from Viatical Administrators, Inc. (VAI) to Viatical Liquidity or its designee.

1. Viatical Liquidity or its designee will perform the following servicing responsibilities as identified in the "Policy Servicing Responsibilities" above for all Policies as may be agreed upon by VAI and Viatical Liquidity, or its designee, which Policies consist of all XELAN only Policies, all XELAN/UAPs Policies, specified XELAN/Denver Policies and specified XELAN/Denver/UAPs policies:

   a. Set Up Nos. 6 and 8 (as to all Policies)
   b. Ongoing Maintenance Nos. 1 (but only for Employer and Employees), 5, 6, 9, and 12
   c. Death Claim Maintenance Nos. 1 through and including 7.

2. VAI will perform all other servicing responsibilities as identified in the "Policy Servicing Responsibilities" list except those specifically reserved to VALLC in paragraph 1.

3. Each party reserves the right to contact insurance companies to verify information obtained by the other. The parties shall jointly prepare and sign a letter of introduction from VAI to any insurance company which issued a Xelan Policy summarizing VALLC's authority to obtain the information.

4. Viatical Liquidity hereby delegates VALLC the authority conferred upon it to Service Policies under paragraph 22 of the Agreement and this Exhibit G.

Exhibit C
(Motion and Order – Reliance Financial)

COPY

FILED BY _____ DC

RECEIVED BY _____ DC

03 MAY -1 PM 1:29

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

CLERK BANKRUPTCY CT.
OFFICE

In re:

RELIANCE FINANCIAL &
INVESTMENT GROUP, INC., *et al.*,

Debtors.
_____ /

Case No. 02-33249-BKC-PGH
Case No. 02-33250-BKC-PGH
Case No. 02-33251-BKC-PGH
Case No. 02-33252-BKC-PGH
Case No. 02-33407-BKC-PGH
Case No. 02-33408-BKC-PGH
Case No. 02-33409-BKC-PGH
Case No. 02-33411-BKC-PGH
Case No. 02-33412-BKC-PGH
Case No. 02-33413-BKC-PGH
Case No. 02-33414-BKC-PGH
Case No. 02-35084-BKC-PGH
Case No. 02-36633-BKC-PGH

Chapter 7 proceedings
(Jointly Administered)

TRUSTEE'S MOTION FOR ORDER AUTHORIZING: *i)* PROCEDURES FOR SERVICING POLICIES AND EXTINGUISHING BENEFICIAL INTERESTS FOR NON-PAYMENT OF PREMIUMS AND SERVICE FEES, *(ii)* REDUCTION OF BENEFICIAL INTERESTS TO ACCOUNT FOR DEBTORS' BENEFICIAL INTEREST, AND *iii)* BINDING THOSE PERSONS NOT PARTIES TO THE APRIL 10, 2003 SETTLEMENT AGREEMENT TO THE TERMS CONCERNING THEIR RIGHTS AND INTERESTS IN CERTAIN LIFE INSURANCE POLICIES

John P. Barbee (the "Trustee"), the Chapter 7 Trustee of the bankruptcy estates of Reliance Financial & Investment Group, Inc. ("Reliance Financial"), Reliance Administrators, Inc. ("Reliance Administrators"), The Reliance Program, Inc. ("Reliance Program"), Donald I. Goldstein ("Goldstein") (Reliance Financial, Reliance Administrators, Reliance Program and Goldstein are collectively referred to as the "Reliance Debtors"), Paragon Capital Group, Inc. ("Paragon"), Tap Industries, Inc. ("Tap"), New Wave Marketing Associates, Inc. ("New Wave"), Greystone Consulting Group, Inc. ("Greystone"), Gulfstream Funding Group, Inc. ("Gulfstream"), Winthrop Consulting Group, Inc. ("Winthrop"), Madison Financial Systems, Inc. ("Madison") (Paragon, Tap, New Wave, Greystone, Gulfstream, Winthrop and Madison are

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collectively referred to as the "Related Corporate Debtors"), Jamie Goldstein and Patricia Goldstein (The Reliance Debtors, the Related Corporate Debtors, Jamie Goldstein and Patricia Goldstein are collectively referred to as the "Debtors"), by and through his undersigned counsel, moves this Court pursuant to Section 105 of the Bankruptcy Code, 11 U.S.C. § 105, for entry of an order authorizing: *i)* procedures for servicing policies and extinguishing beneficial interests for non-payment of premiums and service fees, *ii)* reduction of beneficial interests to account for Debtors' Beneficial Interest, and *iii)* binding those persons not parties to the Settlement Agreement (defined below) dated April 10, 2003 to those terms contained therein concerning their rights and interests in the Policies (defined below). In support of this motion, the Trustee states as follows:

Procedural Background

1. On June 14, 2002 (the "Petition Date"), the Debtors filed voluntary bankruptcy petitions for relief under Chapter 11 of the Code (collectively, the "Bankruptcy Cases"). Pursuant to this Court's Order entered on August 1, 2002, the cases were consolidated for administrative purposes only.

2. On October 23, 2002, the Bankruptcy Cases were converted to cases under Chapter 7 of the Code.

3. On or about October 23, 2002, the Court appointed John P. Barbee as the Chapter 7 Trustee in the Bankruptcy Cases.

4. Pursuant to this Court's order entered on January 8, 2003, the Debtors' bankruptcy cases are being jointly administered with nine other related cases, including the individual cases of Patricia Goldstein and Jamie Goldstein.

5. Since his appointment in the Reliance Debtors' bankruptcy cases, the Trustee has engaged in settlement negotiations with the two largest constituents of organized creditors commonly known as the Denver Group[1] and the Xelan Group.[2] Those Purchasers who are unaffiliated with the Denver Group or Viatical Liquidity are referred to as the "UAPs".

B. The Business Of The Reliance Debtors

6. Prior to the Petition Date, the Reliance Debtors began marketing and selling viatical settlement contracts (the "VSC" or "VSCs") whereby a beneficial interest in a life insurance policy (the "Policy" or "Policies") supposedly held by elderly or chronically ill insureds (the "Insured") was sold to third party purchasers (the "Purchaser(s)"). Each Purchaser purportedly received a partial interest in a Policy. Some Purchasers received a partial interest in multiple Policies.

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[1] The Denver Group consists of Dominick Paoloni; Investment Protection Service, Inc., a Colorado Corp.; Nathaniel P. Jarvis; Associated Retirement and Estate Planning, Inc., a Washington Corp.; John Zidan; Retirement First, Inc., an Ohio Corp.; Roger Larson; Patsy Schmidt; Gary A. Ethridge; Ethridge Insurance Services, a sole proprietorship; Anthony Horpel; Great Northern Financial Services, Inc., a Washington Corp.; KCOR, Inc., an Indiana Corp.; CPS Marketing Group, Inc., an Indiana Corp.; Jeffrey Davenport; Davenport, P.A., a Florida Corp.; Ricky McElroy; Professional Products, Inc., a Georgia Corp.; David B. Sacks M.D.; David B. Sacks, MD, PC, Profit Sharing Plan; The Sacks Family Trust; Phillip Helton; Larry Bunnell Strategic Portfolios, Inc., a Washington Corp.; Tim Patterson; Dean McBride; Vamal's Financial Benefits, LLC, a Missouri limited liability company; Larry Johnson; Larry Johnson & Associates, a sole proprietorship; Randy Thomas; Craig Miles; Conservative Investors Group, Inc., a Utah Corp.; Michael E. Ramer; Stephen Foster; Peter Samaras; Ambassador Financial Group, Inc., an Indiana Corp.; Tailored Services Association, Inc., a Pennsylvania Corp.; Dr. Marshall Gold; Don Hess; Michael Huber; Fred Nichols; Net Worth, Inc., a Florida Corp.; John E. Santoro Agency; EMGO Financial Services, Inc., a Kentucky Corp., Tom Gorter; Darcy Smith; Baron Financial Corporation, an Oklahoma Corp. and Juli Stockberger.

[2] Xelan, Inc. is a California corporation that in association with approximately 60 financial counselors throughout the United States, provides financial, tax and retirement planning services to members of Xelan, The Economic Association of Health Professionals. Viatical Administration LLC ("VALLC"), an Idaho Limited Liability Corporation created on April 13, 2001, was assigned the responsibility to act as the agent for the Xelan, Inc. clients who purchased interests in Policies (the "Xelan Purchasers") in connection with mitigation of damages efforts. Viatical Liquidity, LLC is a California Limited Liability Corporation created on December 14, 2001 for the purpose of accepting, and has accepted, assignment of all rights under Viaticals purchased by Xelan Purchasers; beneficial interest in policies naming Xelan Purchasers as beneficiaries; and all right, title and interest in and to any causes of action and of claims which Xelan Purchasers may have had against any party potentially liable for participation in the sale, promotion, or administration of the Viaticals purchased by Xelan Purchasers.

7. The current viatical portfolio consists of approximately 2,500 VSCs concerning approximately 1,050 Policies issued by approximately 312 Insurers having approximate face values totaling $110,000,000. These Purchasers constitute the majority of the creditor body in these related Bankruptcy Cases and claim sums exceeding $92,000,000.[3]

8. According to Goldstein, approximately fifty to sixty percent (50% to 60%) of the monies paid by the Purchaser was distributed to the Insured. Goldstein contends that the remainder of the funds were distributed to a bonding company; to sales agents for payment of commissions; to a reserve fund; and applied to corporate office expenses.

9. The Purchasers were allegedly promised a return on their purchase within a three-year period as follows: If the Policies matured within three years, the Purchaser would allegedly be paid directly by the life insurance company (the "Insurer(s)") an amount equal to the Purchaser's percentage interest in the Policy. In the event the Insured was living at the conclusion of the three-year period, the corporate debtor, Reliance Program, was required to pay the Purchaser his percentage interest in the Policy. According to Goldstein, the funds available to pay the Purchasers in the event the Policies did not mature would be supplied by a portion of a bond and/or resale of the Policy. Goldstein contends that he forwarded about three percent (3%) of the sales proceeds from each purchase and sale of a Policy to United Fidelity Corp. ("UFC"), which supposedly served as the bonding company. However, Goldstein contends that he later discovered that UFC ceased doing business or may never have been a legitimate company.

10. The three-year period for payment under the VSC's expired or has begun expiring and the majority of the Insureds are still living. Thus, the Policies have not matured and may

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[3] Nothing contained herein shall be construed as a waiver by the Trustee of his right to object to the allowance of claims pursuant to Section 502 of the Code. 11 U.S.C. §502.

lapse if the premiums on the Policies are not paid. The bonding company is not operating and the Policies have not been resold.

11. Upon the filing of the Debtors' Bankruptcy Cases, the Trustee claimed that the VSCs and Policies became property of the Debtors' bankruptcy estates. *See* 11 U.S.C. §541. The other parties to the Settlement Agreement dispute this claim.

12. On December 18, 2002, this Court entered an Order Granting Trustee's Emergency Omnibus Motion for Order Authorizing the Trustee i) to Operate the Debtors' Businesses pursuant to 11 U.S.C. §721 Nunc Pro Tunc, and ii) to Obtain Credit pursuant to 11 U.S.C. §364(b) (the "December 18 Order") pursuant to which the Court authorized the Trustee to operate the Debtors' businesses up to and including March 31, 2003, and to obtain unsecured credit up to $300,000 within thirty (30) days from the date of the Order, through and including January 17, 2003.

13. Pursuant to the December 18 Order, on or about December 24, 2003, the Trustee submitted his first set of bills to Purchasers paying premiums with the monies collected from the Purchasers.

14. On March 31, 2003, the Court entered its Order Granting Trustee's Omnibus Motion For Order Authorizing The Trustee: i) To Continue To Operate The Debtors' Businesses Pursuant To 11 U.S.C. §721 And ii) To Obtain Credit, *Nunc Pro Tunc*, Pursuant To 11 U.S.C. §364(b) (the "March 31 Order"), authorizing the Trustee to obtain credit, *nunc pro tunc*, to January 17, 2003 for the purpose of collecting monies remitted to him in payment of invoices submitted to purchasers on or about December 24 and February 6, 2003.

15. Pursuant to the March 31 Order, the Court also authorized the Trustee to collect monies from Purchasers for use in paying premiums on Policies in which the Purchasers claim

an interest. Monies collected by the Trustee pursuant to the March 31 Order are not entitled to administrative priority.

16. Although some Purchasers failed to remit any amounts for invoices requesting payment of premiums, the Trustee managed to keep the Policies in which they might claim an interest in force. To date, the Trustee is unaware of any post-conversion Policy lapses, although certain creditors dispute this claim.

The Settlement Agreement

17. The extensive settlement negotiations among the Trustee, Viatical Administrators, Inc. ("VAI"), the Denver Group and Viatical Liquidity, LLC ("Viatical Liquidity") resulted in the execution of that certain Settlement And Compromise Of Controversy Among The Trustee, Viatical Administrators, Inc., The Denver Group And Viatical Liquidity LLC dated April 10, 2003 (the "Settlement Agreement"). A true and correct copy of the Settlement Agreement is attached as Exhibit "1" to the Joint Motion To Approve Settlement And Compromise Of Controversy Among The Trustee, Viatical Administrators, Inc., The Denver Group And Viatical Liquidity, LLC And For Entry Of Related Orders dated May 1, 2003 (the "Joint Motion"). A True and correct copy of the Joint Motion with the attached Settlement Agreement[4] is being served simultaneously herewith. The Settlement Agreement is incorporated herein by this reference.

18. **THE TRUSTEE URGES ALL CREDITORS AND INTERESTED PARTIES TO REVIEW THE SETTLEMENT AGREEMENT IN ITS ENTIRETY IN CONJUNCTION WITH THIS MOTION. IN THE EVENT OF ANY DISCREPANCIES BETWEEN THIS MOTION AND THE TERMS OF THE SETTLEMENT**

[4] The voluminous exhibits to the Settlement Agreement are not attached and are available upon request to the Trustee's counsel.

AGREEMENT, THE TERMS OF THE SETTLEMENT AGREEMENT SHALL GOVERN.

19. The Settlement Agreement, *inter alia,* sets forth procedures for servicing the Policies and extinguishing the interests of Beneficiaries[5] These procedures are fully set forth in paragraphs 15 through 40 of the Settlement Agreement and summarized below.

Servicing of the Policies

20. The Settlement Agreement provides extensive procedures for servicing the Policies (the "Servicing Procedures").

21. The Trustee will be deemed the owner of all the Policies.

22. VAI shall act as the "Servicer" of the Policies, delegating certain specific functions to Viatical Liquidity or its designee. The Trustee shall collect and pay premiums and provide premium payment verification to VAI.

23. VAI's servicing responsibilities include verifying policy status, changing ownership where necessary, preparing premium due reports, responding to Purchaser inquiries and tracking Purchaser status and processing claims. A list of the specific servicing functions that VAI shall perform is attached as Exhibit "G" to the Settlement Agreement.

24. Viatical Liquidity's (or its designee) servicing responsibilities include those functions performed by VAI as to those Policies as may be agreed upon by VAI and Viatical Liquidity (or its designee.) A list of the specific servicing functions that Viatical Liquidity shall perform is attached as Exhibit "G" to the Settlement Agreement.

[5] As used in this motion, the terms "Beneficiary" or "Beneficiaries" shall mean and refer to the designated beneficiaries on each Policy at the time of the Insured's death, designated in accordance with the express terms and provisions of the Settlement Agreement.

Invoicing Purchasers for Premiums and Service Fees

25. VAI will assume responsibility for invoicing Purchasers (the "Premium Payment Invoice(s)") for their portion of premiums for Policies in which they claim an interest and their share of the costs incurred in servicing the Policies (the "Service Fee"), which Premium Payment Invoice(s) shall be furnished to the Purchasers no less that six (6) months prior to the date established by the Insurer for payment of premiums.[6] The Premium Payment Invoice(s) shall be due and payable 30 days from the date of such invoices. A Purchaser's failure to timely remit monies due pursuant to a Premium Payment Invoice will result in the issuance of a second notice ("Second Notice") which shall state that the Purchasers' interest in the Policy for which it has failed to make a premium payment will be terminated. The Second Notice shall indicate the premium payment is due and payable upon receipt. In the event the Second Notice is not paid within thirty (30) days of its date, VAI shall send a termination notice (the "Termination Notice") notifying the non-paying Purchaser that his/her interest in the Policy specified in the Termination Notice has been terminated for failure to pay the Premium Payment Invoice.

26. All amounts remitted pursuant to the Premium Payment Invoices shall be paid to the Trustee who shall remit the premiums to the Insurer and the Servicing Fee to VAI and Viatical Liquidity.

27. Disputes concerning the amounts due under Premium Payment Invoice(s) shall ultimately be determined by the Trustee whose decision shall be deemed binding and nonappealable.

[6] VAI shall bill Purchasers, as soon as reasonably practicable, for any premium payments due an Insurer during the six (6) months following the date of the Settlement Agreement which payments shall be deemed paid pursuant to the March 31 Order.

The Extinguishment of Purchasers' Beneficial Interest in Policies for Non-Payment Of Premium Payment Invoices

28. The Settlement Agreement provides a procedure for extinguishing Purchasers' claimed beneficial interests in Policies following their failure to pay amounts due under the Premium Payment Invoice(s) (the "Extinguishment Procedures").

29. Within ten (10) days of the date of the Termination Notice, the Trustee shall commence the procedures to hold an auction of the non-paying Purchasers' beneficial interest. The Trustee shall provide written notice of the auction to: (1) the Denver Group and VAI; (2) Viatical Liquidity; (3) each person to whom Notice is currently required pursuant to the Bankruptcy Court's Order limiting notice entered on January 8, 2003; (4) each beneficiary of the Policy which is being auctioned (other than the non-paying Purchaser(s)); and (5) such other persons as the Trustee may decide to give Notice or as the Court may require (the "Auction Notice"). The Auction Notice shall contain the following information: (1) the name of the insurance company; (2) the policy number; (3) the total face value of the entire policy; (4) the percentage of the face value to be sold at auction; (5) the amount of premiums owed for such beneficial interest being sold; (6) the Service Fees owed with respect to such beneficial interest being sold; (7) any additional amounts of premiums and/or Service Fees which must be deposited with the Trustee so that premiums and Service Fees are paid for a one (1) year period; (8) the date by which items 5, 6 and 7 must be paid; (9) the minimum bid for such beneficial interest; (10) notification that the successful bidder at the auction shall be subject to all of the provisions of this Agreement; (11) notification that the sale is "as is", "where is" without any representations, warranties or recourse whatsoever; (12) such other information as is permitted by applicable law and that the Trustee determines, in his sole discretion, is in the best interests of the estate to disclose; and (13) the date, time and place of the auction (telephonic conference is

permitted). Not less than fifteen (15) days after the date of the Auction Notice, the Trustee shall conduct an auction of the non-paying Purchaser's beneficial interest. The minimum bid shall be one dollar ($1.00), and the successful bidder shall be required to fund and pay to the Trustee the amounts specified in (5), (6) and (7) and shall sign an acknowledgement that he/she shall be subject to this Agreement, the Orders and any related orders entered by the Bankruptcy Court.

30. In the event a beneficial interest in a Policy is purchased at auction, the successful bidder shall then become the owner of the beneficial interest in the Policy which was auctioned. Thereafter, VAI shall take whatever action is necessary to change the designated beneficiaries with the insurer so as to reflect the beneficial interest acquired by the successful bidder.

31. In the event that there is no successful bidder at the auction, then the following provisions shall apply:

A. In the event the terms of the Policy permit the owner of the Policy to reduce the face value of the Policy and, thus, reduce the required premium payment, then VAI shall reduce the face value of the Policy and the Trustee shall remit to the insurer the premium amounts collected from the Purchasers who paid Premium Payment Invoices so that the Policy remains in effect for the benefit of holders of beneficial interest(s) who paid their proportionate share of the premium payments;

B. In the event the Policy does not permit the owner to reduce the face amount of the Policy, the Trustee shall have the right to pay the premium and shall assume the status of a beneficiary on that Policy;

C. In the event the Policy does not permit the owner to reduce the face amount of the Policy, and the Trustee elects not to pay the premium, then the Policy will be deemed abandoned.

Payments To VAI, Viatical Liquidity

32. The Settlement Agreement provides for VAI and Viatical Liquidity to be compensated at the rate of $18.40 and $1.60 per month per Policy serviced, respectively, from Service Fees collected by the Trustee. There shall be no recourse against the Debtors' bankruptcy estates if Purchasers fail to remit the Service Fee (although a Purchaser's failure to pay the Service Fee will trigger the Extinguishment Procedures discussed above.)

Debtors' Beneficial Interest, Trustee's Statutory Fee and Reduction of Beneficiary's Beneficial Interest

33. Pursuant to the Settlement Agreement, the Trustee agreed to reduce his statutory fee from 3% to 2.25% of the death benefit of all Polices (the "Statutory Fee"). To facilitate the servicing of the Policies, the Trustee agreed to permit the Insurers to distribute the death benefits, after deducting his Statutory Fee, directly to Purchasers. The Settlement Agreement provides that the estate of Reliance Financial shall be named an additional beneficiary on the Policies in the amount of the Statutory Fee (the "Debtor's Beneficial Interest"). The beneficial interest of each Beneficiary currently designated on each Policy must be reduced proportionately so that, upon designation of Reliance Financial as an additional Beneficiary entitled to receive two and one-quarter percent (2.25%) of the insurance proceeds payable upon the death of the Insured, the total beneficial interest in the Policy shall equal one hundred percent (100%) (the "Reduction In Beneficial Interest"). The Debtor's Beneficial Interest shall be distributed to the Reliance Financial estate directly by the Insurers. The Reliance Financial estate shall thereafter distribute the Statutory Fee to the Trustee subject to Bankruptcy Court approval. Thus, it is contemplated that the Debtors' Beneficial Interest will be utilized solely to pay the Trustee's Statutory Fee.

Requested Relief

34. The Settlement Agreement is contingent upon entry of a final, nonappealable Order authorizing, *inter alia*, the Servicing Procedures, Extinguishment Procedures and the Reduction in Beneficial Interest. The terms of the Settlement Agreement cannot be fully performed without binding the UAPs and other parties who may claim an interest in the Policies, including viatical settlement contract providers who may have sold VSCs to the Debtors, (collectively the "Third Parties") to those terms concerning their rights and interests in the Policies. Yet, the Third Parties may claim that they are not bound by the terms of the Settlement Agreement. *See In re Justice Oaks II, Ltd.*, 898 F.2d 1544, 1549 (11th Cir.), *cert. denied*, 498 U.S. 959 (1990).

35. Section 105 of the Bankruptcy Code ("Code") provides the Court with broad authority to enter any orders necessary to carry out the provisions of the Code. 11 U.S.C. § 105. This Court recognizes the broad sweep of Section 105 and the Court's authority to modify creditor-debtor relationships. *In Re Grau*, 267 B.R. 896 (Bankr. S.D. Fla. 2001) (Hyman, J.) *citing United States v. Energy Resources Co.*, 495 U.S. 545, 549 (1990). *See In Re Ashford*, 235 B.R. 734 (S.D.N.Y. 1999). In *In Re Grau*, the Court was unwilling to allow a creditor's objection to a settlement agreement to "frustrate" the chapter 7 case and the "underlying objectives" of the Code. *Id.* at 899. The Court relied on Section 105 in issuing a bar order enjoining non-settling defendants from bringing further actions against the settling defendants. *Id.* at 900. The Court found that further objections by the objecting creditor would ultimately disrupt the administration of the case, depleting or possibly eliminating distribution to creditors. *Id.*

36. The denial of this motion will completely frustrate these chapter 7 cases resulting in the possible elimination of any distribution to the unsecured creditors. Conversely, the Court's exercise of its equitable powers to bind the Third Parties to the terms of the Settlement Agreement concerning their claimed rights and interests in the Policies will enable the efficient administration of these cases, thereby furthering the underlying objectives of Section 704 of the Code. *See* 11 U.S.C. § 704 (Trustee's duties in chapter seven cases). Undeniably, the granting of this motion will facilitate the servicing of the Policies thereby benefiting all Beneficiaries who elect to maintain their interests in the Policies by timely paying their Premium Payment Invoices. Other creditors in these cases will also benefit from the granting of this motion as the general claims against the estates should be reduced if Beneficiaries are able to preserve their interests in the Policies through implementation of the terms of the Settlement Agreement.

37. In the event the requested relief is denied, the Settlement Agreement will be deemed null and void and the Trustee will be forced to either sell Policies, wipe out the Beneficiaries' interest and/or abandon Policies, depending upon the terms of the Policy. In all likelihood, the Purchasers will lose any opportunity of preserving their claimed interests in the Policies and will receive little, if any, distribution in these cases.

Notice

38. A copy of this Motion is being sent to (i) all persons entitled to notice pursuant to this Court's Order limiting notice entered on January 8, 2003; (ii) all Purchasers claiming an interest in the Policies; iii) all Third Parties who may claim an interest in the Policies and (iv) the Office of the United States Trustee.

WHEREFORE, the Trustee requests entry of an Order authorizing the Servicing

Procedures, the Extinguishment Procedures, the Reduction in Beneficial Interests and binding the Third Parties to those terms of the Settlement Agreement concerning their rights and interests in the Policies and granting him such further relief as may be just and proper.

Attorney Certification

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida and I am in compliance with the additional qualifications to practice in this Court set forth in Local Rule 2090-1(A).

Dated: May 1, 2003

Respectfully submitted,

AKERMAN SENTERFITT
Counsel for the Trustee, John P. Barbee
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350 East Las Olas Boulevard
Fort Lauderdale, FL 33301-2229
Phone: (954) 463-2700
Fax: (954) 463-2224
Email: mgoldberg@akerman.com

By: _____
Michael I. Goldberg, Esq.
Florida Bar Number: 886620

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA

In re:

RELIANCE FINANCIAL & INVESTMENT GROUP, INC.,

Debtors.
_____/

Case No. 02-33249-BKC-PGH
Case No. 02-33250-BKC-PGH
Case No. 02-33251-BKC-PGH
Case No. 02-33252-BKC-PGH

Chapter 7 proceedings
(Jointly Administered)

ORDER GRANTING TRUSTEE'S MOTION FOR ORDER AUTHORIZING: *i)* PROCEDURES FOR SERVICING POLICIES AND TERMINATING BENEFICIAL INTERESTS FOR NON-PAYMENT OF PREMIUMS AND SERVICE FEES, *(ii)* REDUCTION OF BENEFICIAL INTERESTS TO ACCOUNT FOR DEBTORS' BENEFICIAL INTEREST, AND *iii)* BINDING THOSE PERSONS NOT PARTIES TO THE APRIL 10, 2003 SETTLEMENT AGREEMENT TO THE TERMS CONCERNING THEIR RIGHTS AND INTERESTS IN CERTAIN LIFE INSURANCE POLICIES

THIS CAUSE having come on to be heard on May 21, 2003, upon the motion (the "Motion") of John P. Barbee, the Chapter 7 trustee (the "Trustee") of the bankruptcy estates of Reliance Financial & Investment Group, Inc. ("Reliance Financial"), Reliance Administrators, Inc. ("Reliance Administrators"), The Reliance Program, Inc. ("Reliance Program"), Donald I. Goldstein ("Goldstein") (Reliance Financial, Reliance Administrators, Reliance Program and Goldstein are collectively referred to as the "Reliance Debtors"), Paragon Capital Group, Inc. ("Paragon"), Tap Industries, Inc. ("Tap"), New Wave Marketing Associates, Inc. ("New Wave"), Greystone Consulting Group, Inc. ("Greystone"), Gulfstream Funding Group, Inc. ("Gulfstream"), Winthrop Consulting Group, Inc. ("Winthrop"), Madison Financial Systems, Inc. ("Madison") (Paragon, Tap, New Wave, Greystone, Gulfstream, Winthrop and Madison are collectively referred to as the "Related Corporate Debtors"), Jamie Goldstein and Patricia Goldstein (The Reliance Debtors, the Related Corporate Debtors, Jamie Goldstein and Patricia Goldstein are collectively referred to as the "Debtors"), for entry of an Order authorizing:

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i) procedures for servicing policies and terminating beneficial interests for non-payment of premiums and service fees, *ii)* reduction of beneficial interests to account for Debtors' Beneficial Interest[1], and *iii)* binding those persons not parties to the Settlement And Compromise Of Controversy Among The Trustee, Viatical Administrators, Inc., The Denver Group And Viatical Liquidity LLC dated April 10, 2003 (the "Settlement Agreement") to the terms concerning their rights and interest in certain life insurance policies. The Court having determined that: *i)* granting the requested relief is in the best interests of the estates and their creditors; *ii)* entry of this Order is necessary to carry out the provisions of the Bankruptcy Code; *iii)* and good and sufficient notice of the Motion and the hearing on the Motion was provided to all parties entitled to such notice pursuant to Federal Rules of Bankruptcy Procedure 9019 and 2002 and this Court's order limiting notice entered on January 8, 2003 and these parties had a full and fair opportunity to object to the Motion; good cause appearing and the Court being otherwise duly advised of the premises does hereby

ORDER AND ADJUDGE:

1. The Motion is GRANTED.

2. Each and every term and condition of the Settlement Agreement concerning the rights and interests of the UAPs the ("UAPs") in the Policies and the rights and interests of any other persons who may claim an interest in the Policies (the "Additional Third Parties")[2], including without limitation, viatical settlement contract providers, are hereby deemed binding and enforceable against the UAPs and Additional Third Parties and those terms of the Settlement

[1] Unless specifically set forth herein, all defined terms contained in this Order shall have the same meaning set forth in the Settlement Agreement.

[2] The insurers listed on Exhibit "B" shall not be included in the definition of Additional Third Parties.

Agreement shall be deemed an Order of this Court. A true and correct copy of the Settlement Agreement is attached hereto as Exhibit "A"[3].

3. The Order For Administration of Life Insurance Policies entered herein is hereby deemed binding and enforceable against the UAPs and Additional Third Parties.

4. The Order Granting Joint Motion To Approve Settlement And Compromise Of Controversy Among The Trustee, Viatical Administrators, Inc., The Denver Group And Viatical Liquidity LLC And For Entry Of Related Orders And Authorizing, *Inter Alia*, Trustee To Enter Into Settlement (the "Order Approving Settlement"), entered herein is hereby deemed binding upon the UAPs and Additional Third Parties.

5. The procedures for servicing, invoicing and terminating Purchasers' beneficial interests set forth in paragraphs 20 through 32 of the Motion are hereby approved.

6. The beneficial interest of each Beneficiary currently designated on each Policy shall be reduced proportionately so that, upon designation of Reliance Financial as an additional Beneficiary entitled to receive two and one-quarter percent (2.25%) of the insurance proceeds payable upon the death of the Insured, the total beneficial interest in the Policy shall equal one hundred percent (100%). Each Beneficiary is hereby deemed to have consented to the foregoing change and reduction of beneficial interest, including without limitation those Beneficiary(ies) claiming a beneficial interest that is designated as "irrevocable", without the necessity or requirement to obtain the signatures or consents of the then presently designated Beneficiary(ies) for such change of beneficiary.

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[3] In an effort to eliminate significant administrative expenses and because copies of the Settlement Agreement were previously served on all creditors and interested parties, the conformed copy of this Order served on the creditors and interested parties shall exclude Exhibit "A". Any person desiring a copy of the Settlement Agreement shall be provided same upon request to Trustee's counsel.

7. In the event of any discrepancies or inconsistencies between the terms of the Settlement Agreement and the terms of this Order, the terms of the Settlement Agreement shall govern unless such term(s) was specifically amended herein or in the Order Approving Settlement.

8. In the event of any discrepancies or inconsistencies between the terms of this Order and the terms of the Order Approving Settlement, the terms of the Order Approving Settlement shall govern.

9. This Order shall constitute a final judgment on the merits.

10. The Court reserves jurisdiction to enforce and interpret the Settlement Agreement and any other related motions or Orders.

11. Neither the Settlement Agreement, the Order Approving the Settlement Agreement nor this Order shall be deemed binding on any insurer listed on Exhibit "B" hereto and nothing contained in this Order shall constitute a res judicata finding or bind any insurer set forth on Exhibit "B" to this Order. Further, all of the Exhibit "B" Insurers' rights and remedies are preserved, including but not limited to, the right to contest the jurisdiction of this Court and the validity of any Policy or their obligations thereunder.

ORDERED in the Southern District of Florida on May 29, 2003

HONORABLE PAUL G. HYMAN
UNITED STATES BANKRUPTCY JUDGE

Copies to:
Michael I. Goldberg, Esquire
(For service upon all interested parties.)

RELIANCE FINANCIAL & INVESTMENT GROUP, INC.
COMPANIES REPRESENTED BY STEEL HECTOR & DAVIS

1. Aetna Life Insurance Co.

2. American General Life and Accident Ins. Co.
American General Life Insurance Company
AI Life Insurance Company
All American Life Insurance Company
American International Assurance Company
Old Line Life Insurance Company
The Franklin Life Insurance Company
United States Life Insurance Company
United States Life Insurance Co. of New York

3. AEGON USA, Inc.
Academy Life Insurance Company,
Bankers United Life Assurance Company n/k/a Life Investors Insurance Company Of America
JC Penney Life Insurance Company n/k/a Stonebridge Life Insurance Company
Life Investors Insurance Company of America
Monumental Life Insurance Company
Transamerica Assurance Company
Transamerica Life Insurance Company
Veterans Life Insurance Company
Western Reserve Life Assurance Co. Of Ohio

4. Valley Forge Life Insurance Company
CNA Life
Continental Casualty Company

5. The Equitable Life Assurance Society of The United States

6. Massachusetts Mutual Life Insurance Company and Connecticut Mutual through its Successor in Interest Massachusetts Mutual Life Insurance Company

7. New York Life Insurance Company

8. Pacific Life Insurance Company

9. Sun Life Assurance Company of Canada

EXHIBIT
B

Exhibit D
(Trust Agreement – Dedicated Resources)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
West Palm Beach Division

IN RE: DEDICATED RESOURCES, INC., et al., Debtor(s).	Chapter 11 Case Nos. 01-36036-BKC-PGH and 01-36037-BKC-PGH JOINTLY ADMINISTERED

DEDICATED RESOURCES, INC. AND DEDICATED TRUSTEES, INC.
LIQUIDATING TRUST AGREEMENT

Miami, Florida

_____, 2003

DEDICATED RESOURCES, INC., n/k/a
DEDICATED RESOURCES OF SOUTH FLORIDA, INC.
LIQUIDATING TRUST AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 2003, by and between Dedicated Resources, Inc. and Dedicated Trustees, Inc., as Debtors and Debtors-in-Possession (collectively, the "Debtors"), and Michael Moecker of Michael Moecker and Associates, Inc., as Liquidating Trustee, including any other person serving as trustee hereunder at such time in his capacity as trustee (the "Trustee").

RECITALS

Reference is made to Section 1 of this Agreement for the definition of certain terms used herein. On November 11, 2001 (the "Petition Date"), the Debtors filed petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §101 et seq. (the "Code") (Case Number 01-36036-BKC-PGH), in the United States Bankruptcy Court for the Southern District of Florida (the "Court"). On ____ ___, 2003, the Debtors filed with the Court their Second Amended Joint Chapter 11 Plan of Reorganization (as it may be amended, supplemented, or otherwise modified from time to time in accordance with the provisions thereof and the Code; the "Plan"). This Agreement is being delivered in order to facilitate implementation of the Plan. The corpus of the Trust and all income earned thereon shall be used for the purposes of: (a) holding the Trust Assets for the benefit of the holders of Allowed Claims, (b) liquidating the Trust Assets, making distributions to the holders of Allowed Claims in accordance with this Agreement and the Plan, and to provide a mechanism for implementing the settlement procedures relating to the Actions as contemplated in Article VI of the Plan.

DECLARATION OF TRUST

NOW, THEREFORE, in order to declare the terms and conditions hereof, and in consideration of the Recitals, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions of the Plan and this Agreement, pursuant to the Plan, each of the Debtors absolutely and irrevocably transfers, assigns, and delivers to the Trustee hereby, and to his successors and assigns, all right, title and interest of such Debtor in and to the Trust Assets;

TO HAVE AND TO HOLD unto the Trustee and his successors in trust;

PROVIDED, HOWEVER, that upon termination of the Trust in accordance with Section 8 hereof, this Agreement shall cease, terminate and be of no further force and effect.

IT IS HEREBY FURTHER COVENANTED AND DECLARED, that the Trust Assets are to be held and applied by the Trustee solely for the benefit of the holders of Allowed Claims as defined in and provided for in the Plan (collectively, the "Beneficiaries") and for no other party, subject to the further covenants, conditions and terms hereinafter set forth.

SECTION 1.

DEFINITIONS

(a) Certain Terms Defined. As used in this Agreement, the following terms shall have the respective meanings specified below:

"After Notice and Hearing" shall have the meaning ascribed to "after notice and a hearing" in Section 102(1) of the Code as of the date of this Agreement; provided that any relief requested by the Trustee after notice may be granted without a hearing unless an objection to such relief is actually received by the Trustee and filed with the Court not less than five (5) days prior to the hearing date specified in the notice of request thereof; and provided further that, unless otherwise provided herein or in the Plan, notice for such purpose shall be considered adequate if given in writing to the holders of the Class 1 and 2 Claims (whether or not such Claims are Allowed) not less than twenty (20) days prior to the proposed date of hearing or, if applicable, the proposed date of submission specified in such notice.

"Agreement" means this Liquidating Trust Agreement, as amended, modified, or supplemented from time to time..

"Court" has the meaning set forth in the Recitals.

"Debtors" have the meaning set forth in the Preamble.

"Plan" has the meaning set forth in the Recitals.

"Trust" means the trust created by this Agreement.

"Trustee" has the meaning set forth in the Preamble.

"U.S. Trustee Fees" means all fees and charges assessed against the bankruptcy estate of the Debtors by the United States Trustee and due pursuant to section 1930 of title 28 of the United States Code.

(b) All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them under the Plan.

SECTION 2.

PURPOSES OF THE TRUST

The Trust is established for the sole purpose of liquidating its assets for the benefit of the Claimants as contemplated herein and in the Plan, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective or authority to continue or engage in the conduct of a trade or a business. The Trust is intended as a liquidating trust for federal tax purposes.

SECTION 3.

TRUSTEE'S ACCEPTANCE

(a) *Transfer and Acceptance of the Trust Assets.* The Trustee accepts the Trust created by this Agreement and the transfer and assignment to the Trust, on behalf of and for the benefit of the holders of Allowed Claims, of the Trust Assets as set forth in the Plan, and agrees to observe and perform the obligations under this Trust has been established pursuant to the Plan for the benefit of the Beneficiaries.

(b) For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Trustee and the Beneficiaries shall treat the transfer of Trust Assets to the Trust, as set forth in this Section 3(b) and in accordance with the Plan, as a transfer to the Beneficiaries followed by as transfer by such holders to the Trust, and the Beneficiaries shall be treated as the settlors and owners hereof.

SECTION 4.

TRUST ASSETS AND TRUSTEE'S DUTIES

(a) *Holding of the Trust Assets.* The Trust shall hold the Trust Assets for the benefit of the holders of Allowed Claims, liquidate the Trust Assets and distribute the proceeds, all in accordance with the Plan and the terms of this Agreement.

(b) Immediately upon the Effective Date, the Trustee shall have the power and authority to perform, and shall perform, as applicable, the following acts:

(i) Perfect and secure the right, title, and interest of the Plan Trust in and to the Trust Assets;

(ii) Reduce all Trust Assets to the possession of the Trust and to hold the same;

(iii) Manage, administer and protect the Trust Assets pending prosecution, sale or conversion into cash thereof, or the payment in full of the benefits under the Investor Policies, including the residual interests constituting a portion of the Trust Assets, as applicable.

(iv) (A) pay and discharge any costs, expenses, Trustee's fees or obligations deemed necessary to preserve the Trust Assets or any part thereof or to preserve the Trust, including without limitation U.S. Trustee Fees, (B) grant options to purchase, and sell by option, contract or auction the Trust Assets or any part or parts thereof for such purchase price and for cash or on such terms as deemed appropriate, (C) exchange and re-exchange the Trust Assets or any part or parts thereof for other real or personal property, (D) release, convey or assign any right, title or interest in or about the Trust Assets, (E) sell and otherwise convert the Trust Assets into cash, maintain the cash proceeds of such sales in demand and short term deposits in any FDIC insured bank until such time as said funds are distributed as specified under the Plan, and

(F) employ and have such attorneys, accountants, engineers, agents, real estate brokers, tax specialists and clerical and stenographic assistance as may be deemed necessary, and pay from the liquidation proceeds the reasonable costs and expenses of such persons;

(v) Sue and be sued and settle, compromise or adjust by arbitration or otherwise any disputes, claims, or controversies in favor of or against the Trust, including with respect to the Actions;

(vi) Prepare and file tax returns and other filings on behalf of the Trust, including, without limitation, the Final Report and seek the entry of a Decree closing the Debtors' Cases;

(vii) Authorize and make interim distributions to holders of Allowed Claims under the Plan;

(viii) Institute on behalf of the Trust, any objections to Claims or the filing of causes of action which could be brought by a trustee or debtor in possession under the Bankruptcy Code;

(ix) Administer the Investor Policies and provide the Administrative Services as provided in the Plan;

(x) Take all appropriate action to dissolve the Debtor entities pursuant to applicable law as soon as the Trustee deems such action to be practicable in the course of the performance by the Trustee of the duties set forth herein and in the Plan; and

(xi) Take any other action reasonably necessary to cause the liquidation of all of the Trust Assets to cash pursuant to the Plan, or abandon any assets deemed burdensome or of inconsequential value to the Trust.

(c) *Regulatory Authorities.* The functions of the Trustee pertaining to the Investor Policies shall be performed in accordance with all applicable law in the State of Florida and all other applicable jurisdictions, and all applicable regulations of all Regulatory Authorities, including, without limitation, with respect to all confidentiality laws and regulations pertaining to the Insureds.

(d) *Tax Matters.* The Trustee shall pay out of the Trust Assets any and all income taxes imposed on this Trust, and shall file, or cause to be filed, any returns, statements or other disclosures relating to the Trust as required by any governmental authority. Except as otherwise required by law, the Trustee shall report and pay tax in accordance with the "complex trust" provisions of the Internal Revenue Code of 1986, as amended (Sections 641 et seq.), and any comparable provisions under state and local law. The Trustee shall not make any election under Section 643(e)(3) of the Internal Revenue Code of 1986, as amended (or any successor provision), and any comparable provisions of the state or local law. The Trustee may withhold from amounts otherwise distributable hereunder all amounts, determined in the Trustee's reasonable discretion, to be required to be so withheld by any law, regulation, rule, ruling, directive or other governmental requirement.

(e) Settlements by the Trustee involving amounts of $250,000 or more shall only be effective after Notice and Hearing.

SECTION 5.

DISTRIBUTIONS TO BENEFICIARIES

(a) *Allowed Claims.* The Trustee shall make distributions to the holders of Allowed Claims pursuant to and in accordance with the terms of the Plan. The maximum aggregate Distributions to the holders of such Allowed Claims shall be payment in full of the Allowed Claims, plus interest thereon at the rate of six percent (6%) per annum from and after the Petition Date. The Trustee shall distribute at least one time each year to the Beneficiaries the net income accrued on the Trust Estate through the date of such distribution plus all of the net proceeds from the sale of the Trust Assets (other than cash) after taking into account of the requirements for maintaining the Reserve.

(b) *Unclaimed Distribution.* If the Beneficiary fails to negotiate a check issued to such Beneficiary pursuant to the provisions of the Plan and this Agreement within ninety (90) days of the date such check was issued, then the amount of cash attributable to such check shall be deemed to be an unclaimed distribution in respect of such Claim and the Beneficiary in question shall have no further Claim in respect of such check, and, further, shall not participate in any further distributions under the Trust or the Plan.

(c) *Inaccurate Address.* If a distribution of cash made pursuant to the Plan and this Trust to any Beneficiary is returned to the Trustee due to an incorrect or incomplete address for the holder of such Beneficiary, then the Trustee shall use reasonable efforts to obtain an accurate address for such Beneficiary. If, after ninety (90) days from the initial mailing by the Trustee, such reasonable efforts have not produced an accurate address for such Beneficiary, then the cash to be distributed to such Beneficiary shall be deemed to be an unclaimed distribution with respect of such Claim and such Beneficiary shall be deemed to have no further Claim in respect of such distribution and shall not participate in any further distributions under the Trust or the Plan.

(d) *Use of Unclaimed Distributions.* In the event that there are unclaimed distributions, the amount of such unclaimed distributions shall remain Trust Assets for purposes of distribution to other Beneficiaries pursuant to the terms of the Plan and Trust.

(e) *De Minimis Amount.* In the event that a distribution on account of an Allowed Claim is less than Twenty Dollars ($20), the Trust need not make such de minimis distribution but may accumulate such distributions and make the distribution to the claimant on a Distribution Date when the amount exceeds $20. In the amount of the Final Distribution is less than $20, then the Trustee shall make the distribution at that time.

SECTION 6.

REPORTS; NOTICES; CONSENT OF BENEFICIARIES

(a) *Financial Reports.* The Trustee shall from time to time, but not less than once per year, deliver to all holders of Allowed Claims a written report regarding the financial condition of the Trust. The Trustee must provide any reports as required by the Plan.

(b) *Trust Action Status Report.* The Trustee shall from time to time, but not less often than once per year, deliver to all holders of Allowed Claims a written report of the status of all pending Actions.

(c) *Notice of Change of Address.* Each holder of an Allowed Claim, shall be responsible for providing the Trustee with written notice of any change in address. The Trustee is not obligated to make any effort to determine the correct address of a holder of an Allowed Claim.

(d) *Beneficiary Consent; Notices.* Wherever the consent of the Beneficiaries is required under this Agreement, such Consent shall be deemed to have been met when a vote of the Classes affected is taken and a majority in number and two-thirds in dollar amount of the Beneficiaries who vote, vote in favor of the relief requested. For voting purposes each Beneficiary shall have one vote notwithstanding the number of claims he may have and the dollar amount of such Beneficiary shall be the dollar amount of the Beneficiary's interest in the Trust as of the date of the vote. Notices hereunder shall be given to all Beneficiaries, or such limited number thereof and/or Class as the Court may permit.

SECTION 7.

THE TRUSTEE

(a) *Resignation.* The Trustee may resign as such by an instrument in writing signed by the Trustee and filed with the Court with notice to all Beneficiaries, provided that the Trustee shall continue to serve as Trustee after his resignation until the time when appointment of a successor Trustee shall become effective in accordance with Section 7(c) hereof.

(b) *Removal.* The Court may remove the Trustee at any time, (i) without "cause," after obtaining the consent of the Beneficiaries or (ii) with cause; provided, that the Trustee shall continue to serve as Trustee after his removal until the earlier of (i) the time when appointment of a successor Trustee shall become effective in accordance with Section 7(c) or (ii) upon such earlier date as the Court shall otherwise order. Cause shall be limited to fraud, embezzlement, conviction of a felony, breach of fiduciary duty, gross negligence in performance of duties as Trustee, willful misconduct, or physical or mental disability which prevents the Trustee from properly discharging his duties as Trustee for a period of time which materially and adversely affects the Trust and its operations.

(c) *Appointment of Successor Trustee.* In the event of the death, resignation, disability or removal of the Trustee, the Court shall have the authority, After Notice and Hearing, to appoint a successor Trustee. Such appointment may specify the date on which such

appointment shall be effective. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Court and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the rights, powers, trusts, and duties of the retiring Trustee.

(d) *Trust Continuance.* The death, resignation, disability, or removal of the Trustee shall not operate to terminate the Trust or to revoke any existing agency created pursuant to the terms of this Agreement or invalidate any action theretofore taken by the Trustee. In the event of the resignation or removal of the Trustee, such Trustee shall promptly: (i) execute and deliver such documents, instruments and other writings as may be reasonably requested by the successor Trustee, or as ordered by the Court, to effect the termination of the Trustee's capacity as such under this Agreement and the conveyance of the Trust Assets then held by the Trustee to his successor; (ii) deliver to the successor Trustee all documents, instruments, records and other writings related to the Trust as may be in the possession of the Trustee; (iii) and otherwise assist and cooperate in effecting the assumption of its obligations and functions by such successor Trustee.

(e) *Compensation and Billing.* Annually, the Trustee shall receive compensation for the Administrative Services in the amount of $250 per Investor Policy, which amount shall, in the aggregate, constitute the Administrative Fees and shall be subject to adjustment as set forth herein below. The Trustee shall bill and collect from the Investors annually for the Administrative Fees and, in the case of Multiple Investor policies, shall bill and collect such amount from the Multiple Investors in proportion to the respective interests of such Investors in the Policies, which bills shall not be due and payable on notice less than twenty (20) days from the date of mailing. The Trustee shall have recourse solely to the Investors to pay the Administrative Fees and not to the Trust Assets for such Fees. Additionally, the Trustee shall be entitled to the compensation for recoveries of Trust Assets as provided in Section 5.12, Compensation, of the Plan. However, the proceeds of the Multiple Investor Policies and Single Investor Policies, except for those policies belonging to the Debtors, are not subject to compensation by the Trustee. In addition, the Trustee shall receive as reasonable compensation a percentage of the net proceeds recovered from the Trust Assets according to the following formula, which mirrors the statutory formula for compensation to bankruptcy trustees contained in Section 326 of the Bankruptcy Code: 25 percent on the first $5,000 or less of net proceeds from the Trust Assets recovered by the Trust, 10 percent on any such proceeds in excess of $5,000 but not in excess of $50,000, 5 percent on any such proceeds in excess of $50,000 but not in excess of $1,000,000, and 3 percent of such proceeds in excess of $1,000,000. However, the proceeds of the Investor Policies and payments made pursuant to the class action settlement with certain insurance companies shall not be deemed proceeds recovered by the Trust for purposes of determining any percentage compensation due to the Trustee.

The Administrative Fees may be adjusted by the Trustee on January 1st of each year but only to reflect any out-of-pocket actual and necessary incurred costs of performing the Administrative Services based upon actual experience but in no event shall the profit percentage earned by the Trustee for performing the Administrative Services increase over the percentage earned during the first year after the Effective Date.

In addition, the Trustee may be entitled to reimbursement from the Trust of reasonable out-of-pocket expenses, if such expenses incurred are outside the scope of providing Administrative Services to Investors as set forth in the Plan. If the Trustee shall resign, be removed for cause or otherwise no longer serve, further compensation payable to him (or to his/its successor) shall be determined by the Court After Notice and a Hearing. If the Trustee is a corporation, or is engaged by one, then such corporation shall not bill the Trust for the time of the Trustee or for its general or overhead expenses. Any successor Trustee shall receive compensation from the Administrative Fees for his/her services and will also be entitled to reimbursement from the Trust for expenses reasonably incurred in performing his duties as Trustee which are outside the scope of providing Administrative Services to Investors as shall be determined by the Court After Notice and a Hearing if he/she was the original Trustee.

(f) *Standard of Care; Exculpation.* The Trustee shall not be personally liable to the Trust or the Beneficiaries except for such of his own acts as shall constitute bad faith, gross negligence, willful misconduct, or willful disregard of his duties. Except as aforesaid, the Trustee shall be entitled to be exonerated and indemnified from time to time from the Trust Assets against any and all losses, claims, costs, expenses and liabilities arising out of or in connection with the Trust Assets or the affairs of the Trust, including, but not limited to, liability for taxes and expenses (including legal fees) incurred due to the defense of any such. The foregoing provisions of this Section 7(f) shall also extend to the employees, representatives and agents of the Trustee, as the case may be. The Trustee shall not be obligated to give any bond or surety or other security for the performance of any of his/its duties.

(g) *Reliance by the Trustee.* The Trustee may conclusively rely, and shall be fully protected personally in acting, upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order or other instrument or document which it/he has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties, or, in the case of cables, telecopies, and facsimiles, to have been sent by the proper party or parties, in each case without obligation to satisfy himself that the same was given in good faith and without responsibility for errors in delivery, transmission or receipt. In the absence of bad faith, willful misconduct, or willful disregard of his duties, the Trustee may conclusively rely as to the truth of statements and correctness of the facts and opinions expressed herein and shall be fully protected personally in the acting thereon. The Trustee may consult with legal counsel and shall be fully protected in respect to any action taken or suffered in accordance with the opinion of legal counsel. The Trustee has the right (but not the duty) at any time to seek instructions from the Court concerning the acquisition, management or disposition of the Trust Assets or his duties hereunder.

(h) *Powers and Rights of the Trustee.* Legal title to all of the Trust Assets shall be vested in the Trustee, except that the Trustee shall have the power to cause legal title to any of the Trust Assets to be held by any nominee or person, on such terms, in such manner and with such power as the Trustee may determine in his sole and absolute discretion. Subject to the provisions of this Agreement, the Trustee shall have the continuing absolute discretionary power to deal with the Trust Assets, to the same extent as if the Trustee was the sole owner of the Trust Assets in its own right. Subject to the provisions of this Agreement, such power may be exercised independently and without the prior or subsequent approval of any third party or court or judicial authority, and no person dealing with the Trustee shall be required to inquire as to the

propriety of any the Trustee's actions. In addition to the foregoing, and not by way of limitation thereof, the Trustee shall have the power (i) to engage attorneys, accountants, consultants, experts and other advisors or agents, at the expense of the Trust (subject to subsection (c) hereinabove), to assist the Trustee in the affairs of the Trust, (ii) to execute and deliver all written instruments which are deemed advisable to carry out the Trustee's powers, and (iii) to pay Trust expenses when they become due.

(i) *Requirement of Undertaking.* The Trustee may request any court to require, and any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Agreement, or in any suit against the Trustee for any action taken or omitted by the Trustee, and the filing party litigant in such suit of an undertaking to pay the costs of such suit, and such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such, having due regard to the merits and good faith of the claims or defenses made by such party litigant.

SECTION 8.

RETENTION OF JURISDICTION

Retention of Jurisdiction. The Court shall retain jurisdiction over this Agreement and the Trust established hereby as set forth in the Plan, including, without limitation, the enforcement, modification and interpretation of its provisions, for the purpose of determining all amendments, applications, claims or disputes with respect to this Agreement, the substitution of the Trustee, and all applications, claims and disputes related thereto.

SECTION 9.

TERMINATION

Term of the Trust. The Trust shall be created as of the Effective Date and shall remain and continue in full force and effect for a period of no later than five (5) years from the Effective Date or until all of the following have occurred: (1) the Trust Assets have all been converted to cash; (2) all costs, expenses and obligations incurred in administering the Trust have been fully paid and discharged; (3) all remaining income, proceeds and avails of the Trust have been distributed to the creditors entitled to receive distributions under the Plan; and (4) the Final Reports have been filed and a final decree of the Court closing the Cases has been entered. However, if warranted by the facts and circumstances provided for in the Plan, and subject to the approval of the Bankruptcy Court upon a finding that an extension is necessary for the purpose of the Trust, the term of the Trust may be extended, one or more times for a finite period, based on the particular circumstances at issue, provided that any such extension must be approved by the Bankruptcy Court within six (6) months prior to the beginning of the extended term with notice thereof to all of the known then unpaid Beneficiaries of the Plan Trust.

SECTION 10.

MISCELLANEOUS

(a) *Further Assurances.* The Debtors and the Trustee shall promptly execute and deliver such further acts as may be necessary or proper to more effectively transfer to the Trustee any portion of the Trust Estate intended to be conveyed pursuant to the Plan and this Agreement to otherwise carry out the intentions of this Agreement and the Plan.

(b) *Filing Documents.* This Agreement shall be filed or recorded in such office or offices as the Trustee may determine to be necessary or desirable. A copy of this Agreement and all amendments thereof shall be filed in the office of the Trustee and shall be available during regular business hours for inspection by any Beneficiary or his duly authorized representative. The Trustee shall file or record any amendment of this Agreement in the same places where the original Agreement is filed or recorded. The Trustee shall file or record any instrument which relates to any change in the office of the Trustee in the same places where the original Agreement is filed or recorded.

(c) *Intention of Parties to Establish Trust.* This Agreement is not intended to create and shall not be interpreted as creating an association, partnership, or joint venture of any kind.

(d) *Laws as to Construction.* This Agreement shall be governed and construed in accordance with the internal laws of the State of Florida, without giving effect to the principles of conflicts of law.

(e) *No Assignment.* Except as otherwise provided herein, the obligations, duties or rights of the Trustee under this Agreement shall not be assignable, voluntarily, involuntarily or by operation of law, and any such attempted assignment shall be void.

(f) *Calendar Year.* The Trust will utilize the calendar year for tax and financial accounting purposes.

(g) *Inconsistency with Plan.* In the event of any inconsistency between the provisions of the Plan and this Agreement, the terms of the Plan shall prevail and govern.

(h) *Effectiveness.* This Agreement shall become effective on the Effective Date.

(i) *Notices.*

(i) All notices, requests, or other communications required or permitted to be made in accordance with this Agreement shall be in writing and shall be delivered personally or by facsimile or other telegraphic means or mailed by first class mail:

(A) If to the Trustee, at:

(1) Michael Moecker, President

Michael Moecker & Associates, Inc.
6861 S.W. 196 Avenue
Suite 201-04
Ft. Lauderdale, FL 33332

(B) If to the Holders of Allowed Claims, to their respective addresses on file with the Trustee.

(ii) Any entity may change the address at which it is to receive notices under this Agreement by furnishing written notice in accordance with the provisions of this Section 10(i) to the entity to be charged with knowledge of such change.

(j) *Governing Law.* This Agreement shall be governed by, construed under and interpreted in accordance with the laws of the State of Florida, exclusive of conflict of laws.

(k) *Headings.* Sections, subheadings and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

(l) *Severability.* Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable any such provision in any other jurisdiction.

(m) *Amendments.* This Agreement may be amended from time to time by the Trustee with the approval of the Court After Notice and a Hearing; provided, however, no Court approval shall be required if the proposed amendment is ministerial or technical in nature or otherwise does not materially affect the rights of any of the holders of Allowed Class 1 Claims and Allowed Claims. The Trustee shall file with the Court any amendment to this Agreement and shall also provide copies thereof to the then existing holders of Allowed Claims.

(n) *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

(m) *Zadoffs' Access To Records.* Pursuant to this Agreement, Michael and Jeffry Zadoff shall have reasonable access to all of the Debtors' records.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be duly executed by their respective officers thereunder duly authorized as of the day and year first above written.

Witnesses:

Print Name: Toby Karlyn
Dated: 8-15-03

Print Name: Toby Karlyn
Dated: 8-15-03

Print Name: Ronald Kopf
Dated: 8-15-03

Settlors:

Dedicated Resources, Inc.

By: _____
Michael Ziloff, President

Dedicated Trustees, Inc.

By: _____
Michael Ziloff, President

Trustee

By: _____
Michael Moecker