

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MUTUAL BENEFITS CORP., *et al.*,

Defendants,

VIATICAL BENEFACTORS, LLC, *et al.*,

Relief Defendants.

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**NOTICE OF RECEIVER'S AND CLASS COUNSEL'S  
SETTLEMENT WITH PETER J. LOMBARDI**

Roberto Martínez, as court-appointed Receiver (the "Receiver") of Mutual Benefits Corp., Viatical Benefactors, LLC, Viatical Services, Inc., and Anthony Livoti, Jr. and Anthony Livoti, Jr., P.A., solely in their capacity as trustee, and Lead Counsel for the Investor Class Action (*Scheck Investments, LP, et al. v. Kensington Management, Inc., et al.*) ("Class Counsel"), give notice that they have reached a settlement-in-principle with defendant Peter J. Lombardi, and state as follows:

1. Both the Receiver and Class Counsel have filed lawsuits against defendant Peter J. Lombardi, the former President of MBC.

2. On December 1, 2005, the SEC filed with this Court a Notice of Settlement with Peter J. Lombardi, Joel Steinger and Leslie Steinger (and their

**Colson Hicks Eidson**

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

associated consulting companies). The principal terms of the settlement with Peter Lombardi are that Lombardi will pay to the SEC a total of \$6 million (\$5,880,000 in disgorgement and \$120,000 in civil penalties) within 15 days of the entry of Final Judgment by the Court. Although the payment is not due for 15 days, the SEC settlement provided for the immediate vacating of the Court's Asset Freeze Order. The settlements with Joel and Leslie Steinger contain identical provisions (though different disgorgement and civil penalty amounts). The Court signed the Final Judgments against Peter Lombardi, Joel Steinger and Leslie Steinger on that same day.

3. Immediately upon becoming aware of the entry of the Final Judgments, the Receiver filed a Motion for 10-Day Stay of Enforcement of Final Judgments, pursuant to the 10-day automatic stay provision in Fed.R.Civ.P. 62(a). One of the Receiver's primary concerns is that the lifting of the Asset Freeze Order will allow the Defendants to secret their assets before the investors' interests in recovering from them are fully vindicated. (In fact, the Receiver has been advised by banks holding frozen accounts that the Steingers have already contacted them seeking to have all of their funds withdrawn from the banks.) The Receiver and Class Counsel are eager to see the Defendants pay their disgorgement and fines to the SEC immediately, but will request that any asset not used for this purpose remain frozen.

4. The Receiver and Class Counsel have been engaged in extensive settlement negotiations with counsel representing Lombardi in the Receiver's action against him and in the Class Counsel's action against him. These negotiations were accelerated after the entry of the Final Judgments, and on December 7, 2005, the

parties reached a settlement-in-principle. The principal terms of the settlement are as follows:

a. Lombardi has agreed to pay to the Receivership Estate an amount in addition to the amounts agreed to in the SEC settlement to settle the Receiver's and Class Counsel's claims against him;

b. Lombardi has agreed to provide a sworn financial statement identifying all of his personal assets and has agreed to a forfeiture provision such that if it is later determined that he has failed to disclose any asset, that asset will be subject to forfeiture and assignment to the Receivership Estate;

c. Lombardi has agreed to provide his cooperation to the Receiver and Class Counsel in their prosecution of pending litigation against other defendants; and

d. Upon execution of formal settlement documentation, the Receiver and Class counsel have agreed to withdraw any objection to the lifting of the Asset Freeze Order against Lombardi other than with respect to certain properties that Lombardi has agreed to sell and assign the proceeds to the Receivership Estate.

4. The parties to the settlement agreement will prepare and execute formal settlement documentation as soon as practicable. The proposed settlement agreement will be submitted to the Court for preliminary and final approval in accordance with the Receiver's obligations under the Order Appointing Receiver and Class Counsel's obligations under Fed.R.Civ.P. 23.

5. Although formal settlement documentation has not been prepared, this Notice of Settlement has been submitted to the Court at this time in light of the recent entry of Final Judgments in the SEC Action, and the Receiver's and Class Counsel's filings regarding those Final Judgments. Upon execution of formal settlement documentation (and preliminary approval by the Court), any objections to the SEC settlement with Lombardi will be withdrawn.

6. Receiver and Class Counsel have submitted this Notice of Settlement with the authorization of Michael Band, Esq., counsel for Peter Lombardi in the Receiver's and Class Counsel's pending actions. Mr. Band has also indicated that he intends tomorrow to file a Notice of Appearance and Notice of Substitution for Counsel in the SEC Action for Lombardi as well.

Respectfully submitted,

PODHURST ORSECK, P.A.  
*Co-Lead Counsel for the Class*  
Victor M. Diaz, Jr.  
25 West Flagler Street, Suite 800  
Miami, FL 33130

- and -

COLSON HICKS EIDSON  
*Counsel for the Receiver*  
255 Aragon Avenue  
Coral Gables, FL 33134-5008  
Telephone: (305) 476-7400  
Facsimile: (305) 476-7444  
E-Mail: [curt@colson.com](mailto:curt@colson.com)

By: s/ Curtis B. Miner  
CURTIS MINER  
Fla. Bar No. 885681

**Colson Hicks Eidson**

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

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via electronic mail, as set forth on the Receiver's Service List, on this 8th day of December 2005.

s/ Curtis B. Miner  
Curtis B. Miner

**Colson Hicks Eidson**

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

**SERVICE LIST OF RECEIVER**

Case No.: 04-60573 CIV-Moreno

<b>VIA ELECTRONIC MAIL</b>		
<p>Alise Meredith Johnson, Esq. Linda Schmidt, Esq. Securities &amp; Exchange Commission 801 Brickell Avenue, Suite 1800 Miami, FL 33131 Fax: (305) 536-4154 E-mail: <a href="mailto:johnsona@sec.gov">johnsona@sec.gov</a> <a href="mailto:schmidtls@sec.gov">schmidtls@sec.gov</a> <a href="mailto:almonti@sec.gov">almonti@sec.gov</a> <i>Counsel for Securities &amp; Exchange Commission</i></p>	<p>Michael A. Hanzman, Esq. Kenvin Love, Esq. Hanzman Criden Chaykin &amp; Rolnick Commercebank Center 220 Alhambra Circle, Suite 400 Coral Gables, FL 33134 Fax: (305) 357-9050 E-mail: <a href="mailto:mhanzman@hanzmancriden.com">mhanzman@hanzmancriden.com</a> <a href="mailto:klove@hanzmancriden.com">klove@hanzmancriden.com</a> <i>Counsel for Scheck Investments LP, et al.</i></p>	<p>Brian J. Stack, Esq. Stack Fernandez Anderson &amp; Harris, P.A. 1200 Brickell Avenue, Suite 950 Miami, FL 33131-3255 Fax: (305) 371-0002 E-mail: <a href="mailto:bstack@stackfernandez.com">bstack@stackfernandez.com</a> <i>Counsel for Traded Life Policies Ltd.</i></p>
<p>Laurel M. Isicoff, Esq. Kozyak Tropin &amp; Throckmorton 2525 Ponce de Leon, Suite 900 Coral Gables, Florida 33134 Fax: (305) 372-3508 E-mail: <a href="mailto:lni@kttlaw.com">lni@kttlaw.com</a> <i>Co-counsel for Receiver</i></p>	<p>Victor M. Diaz, Jr., Esq. Podhurst Orseck Josefsberg et al. City National Bank Building 25 West Flagler St., Suite 800 Miami, FL 33130 Fax: (305) 358-2382 E-mail: <a href="mailto:vdiaz@podhurst.com">vdiaz@podhurst.com</a> <a href="mailto:ndagher@podhurst.com">ndagher@podhurst.com</a> <i>Counsel for Scheck Investments LP, et al.</i></p>	<p>J. David Hopkins, Esq. Lord, Bissell &amp; Brook LLP Suite 1900, The Proscenium 1170 Peachtree Street, N.E. Atlanta, Georgia 30309 Fax: (404) 872-5547 E-mail: <a href="mailto:dhopkins@lordbissell.com">dhopkins@lordbissell.com</a> <i>Counsel for Traded Life Policies Ltd.</i></p>
<p>George Mahfood, Esq. Ferrell Schultz Carter &amp; Fertel 201 South Biscayne Boulevard 34th Floor, Miami Center Miami, Florida 33131 Fax: (305) 371-5732 E-mail: <a href="mailto:gmahfood@ferrellschultz.com">gmahfood@ferrellschultz.com</a> <i>Counsel for Joel Steinger, Leslie Steinger, Peter Lombardi, P/L Consulting Co., Kensington Consulting Co.</i></p>	<p>Robert C. Gilbert, Esq. 220 Alhambra Circle, Suite 400 Coral Gables, FL 33134-5174 Fax: (305) 529-1612 E-mail: <a href="mailto:rgilblaw@aol.com">rgilblaw@aol.com</a> <i>Special Counsel for Scheck Investments LP, et al.</i></p>	<p>Hilarie Bass, Esq. Jacqueline Becerra, Esq. Greenberg Traurig P.A. 1221 Brickell Avenue Miami, Florida 33131 Fax: (305) 579-0717 E-mail: <a href="mailto:becerraj@gtlaw.com">becerraj@gtlaw.com</a> <a href="mailto:bassh@gtlaw.com">bassh@gtlaw.com</a> <i>Counsel for Union Planters Bank, N.A</i></p>
<p>Faith E. Gay, Esq. White &amp; Case LLP 4900 Wachovia Financial Center 200 So. Biscayne Blvd. Miami, FL 33131-2352 Fax: (305) 358-5744 E-mail: <a href="mailto:fgay@whitecase.com">fgay@whitecase.com</a> <i>Counsel for Camden Consulting, Inc.</i></p>	<p>Edward M. Mullins, Esq. Daniella Friedman, Esq. Astigarraga Davis Mullins &amp; Grossman, P.A. 701 Brickell Ave., 16<sup>th</sup> Floor Miami, FL 33131 Fax: (305) 372-8202 E-mail: <a href="mailto:emullins@astidavis.com">emullins@astidavis.com</a> <a href="mailto:dfriedman@astidavis.com">dfriedman@astidavis.com</a> <i>Co-counsel for Life Settlement Holding, A.G.</i></p>	<p>David Levine, Esq. Jeffrey Schneider, Esq. Tew Cardenas LLP The Four Seasons Tower, 15<sup>th</sup> Floor 1441 Brickell Avenue Miami, FL 33131 Fax: (305) 536-1116 E-mail: <a href="mailto:jcs@tewlaw.com">jcs@tewlaw.com</a> <a href="mailto:dml@tewlaw.com">dml@tewlaw.com</a> <i>Counsel Patricia Cook, et al</i></p>
<p>J. Raul Cosio, Esq. Holland &amp; Knight 701 Brickell Avenue, Suite 3000 Miami, FL 33131 Fax: (305) 789-7799 E-mail: <a href="mailto:raul.cosio@hklaw.com">raul.cosio@hklaw.com</a> <i>Counsel for Northern Trust Bank of Florida</i></p>	<p>Gary Timin, Esq. Mayra Calzadilla, Esq. Squire, Sanders &amp; Dempsey, LLP 200 S. Biscayne Blvd, 41<sup>st</sup> Floor Miami, FL 33131 Fax: (305) 577-7001 E-mail: <a href="mailto:gary.timin@steelhector.com">gary.timin@steelhector.com</a> <a href="mailto:mayra.calzadilla@steelhector.com">mayra.calzadilla@steelhector.com</a> <i>Counsel for Transamerica Occidental Life</i></p>	<p>Mark S. Shapiro, Esq. Akerman Senterfitt 1 S.E. 3<sup>rd</sup> Avenue, 28<sup>th</sup> Floor Miami, FL 33131 Fax: (305) 374-5095 E-mail: <a href="mailto:mark.shapiro@akerman.com">mark.shapiro@akerman.com</a> <i>Counsel for American General Life Ins. Co</i></p>
<p>Joseph A. Paella, Esq. Andrew &amp; Kurth, LLP 450 Lexington Avenue New York, NY 10017 <a href="mailto:JosephPaella@andrewskurth.com">JosephPaella@andrewskurth.com</a> <i>Counsel for American Express Tax &amp; Business Services, Inc.</i></p>	<p>Christopher J. Klein Baur &amp; Klein, P.A. 100 N. Biscayne Blvd. 21st Floor Miami, FL 33132 Fax: (305) 371-4380 E-mail: <a href="mailto:cklein@worldwidelaw.com">cklein@worldwidelaw.com</a> <i>Co-counsel for Life Settlement Holding, A.G.</i></p>	<p>Amy S. Rubin, Esq. Michael J. Pike, Esq. Ruden, McClosky, Smith, Schuster &amp; Russell 222 Lakeview Avenue, Suite 800 West Palm Beach, FL 33401 Fax: (561) 514-3447 E-mail: <a href="mailto:amy.rubin@ruden.com">amy.rubin@ruden.com</a> <i>Counsel for Primerica Life Insurance Co.</i></p>

**Colson Hicks Eidson**

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

<p>Charles H. Lichtman, Esq. Berger Singerman, Suite 1000 350 East Las Olas Blvd. Fort Lauderdale, FL 33301 Fax: (954) 523-2672 E-mail: <a href="mailto:clightman@bergersingerman.com">clightman@bergersingerman.com</a> <i>Counsel for Mutual Benefits Japan Co.</i></p>	<p>Stanley H. Wakshlag, Esq. Akerman Senterfitt SunTrust International Center One S.E. 3<sup>rd</sup> Avenue, 28<sup>th</sup> Floor Miami, Florida 33131-1704 Fax: (305) 374-5095 E-mail: <a href="mailto:swakshlag@akerman.com">swakshlag@akerman.com</a> <a href="mailto:brian.miller@akerman.com">brian.miller@akerman.com</a> <a href="mailto:samantha.kavanaugh@akerman.com">samantha.kavanaugh@akerman.com</a> <a href="mailto:scott.cosgrove@akerman.com">scott.cosgrove@akerman.com</a> <i>Counsel for RBC Centura Bank</i></p>	<p>Wendy L. Furman, Esq. Pett, Furman &amp; Jacobson, P.L. 2101 N.W. Corporate Boulevard Suite 316 Boca Raton, FL 33431 Fax: 994-4311 E-mail: <a href="mailto:wfurman@pfllaw.com">wfurman@pfllaw.com</a> <i>Counsel for American United Life Insurance Co.</i></p>
<p>J. Randolph Liebler, Esq. Liebler, Gonzalez &amp; Poruoundo, P.A. 44 West Flagler Street, 25<sup>th</sup> Floor Miami, Florida 33130 Fax: (305) 379-9626 E-mail: <a href="mailto:jrl@lgplaw.com">jrl@lgplaw.com</a> <i>Counsel for Bank of America</i></p>	<p>Rick Critchlow, Esq. Harry R. Schafer, Esq. Kenny Nachwalter, PA 201 South Biscayne Blvd. 1100 Miami Center Miami, Florida 33131 Fax: (305) 372-1861 Email: <a href="mailto:rcritchlow@kennynachwalter.com">rcritchlow@kennynachwalter.com</a> <a href="mailto:hschafer@kennynachwalter.com">hschafer@kennynachwalter.com</a> <i>Counsel for Citibank</i></p>	<p>Glenn Berger Joshua Reitzas Jaffe &amp; Asher LLP 600 Third Avenue New York, NY 10016 E-mail: <a href="mailto:GBerger@jaffeandasher.com">GBerger@jaffeandasher.com</a> <i>Counsel for American Express Travel Related Services Company, Inc.</i></p>
<p>Daniel Small, Esq. Duane Morris, LLP 200 So. Biscayne Blvd., Suite 3400 Miami, FL 33131 Fax: (305) 960-2201 E-mail: <a href="mailto:dsmall@duanemorris.com">dsmall@duanemorris.com</a> <i>Counsel for Dr. Christine Walsh, et al. (the "Investors Group")</i></p>	<p>Bruce A. Zimet Esq. 100 S.E.3rd Avenue, Suite 2612 Ft. Lauderdale, FL 33394 Fax: (954) 760-4421 E-mail: <a href="mailto:bazimetlaw@aol.com">bazimetlaw@aol.com</a> <i>Counsel for Leslie Steinger</i></p>	<p>William L. Petros, Esq. Petros &amp; Elegant 4090 Laguna Street, 2<sup>nd</sup> Floor Coral Gables, FL 33146 Fax:(305) 446-2799 E-mail: <a href="mailto:wlpetros@aol.com">wlpetros@aol.com</a> <i>Counsel for William Mills</i></p>
<p>John H. Genovese, Esq. Genovese Joblove &amp; Battista, P.A. 100 S.E. 2<sup>nd</sup> Street, 36<sup>th</sup> Floor Miami, Florida 33131 Fax: (305) 349-2310 <i>Counsel for Great West Growth, LLC, et al.</i></p>	<p>Craig Rasile, Esq. Hunton &amp; Williams E-Mail: <a href="mailto:azaron@hunton.com">azaron@hunton.com</a> <a href="mailto:crasile@hunton.com">crasile@hunton.com</a> <a href="mailto:rutkowskik@whiteandwilliams.com">rutkowskik@whiteandwilliams.com</a> <a href="mailto:ggitomer@mkbattorneys.com">ggitomer@mkbattorneys.com</a> <i>Counsel for Charitable Concepts, Inc., et al.</i></p>	<p>Eric Ellsley, Esq. Krupnick Campbell Malone Roselli Buser et al 700 SE 3rd Ave Ste 100 Fort Lauderdale Florida 33161 E-Mail: <a href="mailto:eellsley@krupnicklaw.com">eellsley@krupnicklaw.com</a> <i>Counsel for Certain Investors</i></p>
<p>Maurice M. Garcia, Esq. Greenspoon Marder Hirschfeld Rafkin Ross Berger &amp; Abrams Anton, PA 2021 Tyler Street PO Box 229010 Hollywood, Florida 33022-9010 Fax: (954) 925-7013 Email: <a href="mailto:many.garcia@greenspoonmarder.com">many.garcia@greenspoonmarder.com</a> <i>Counsel for Brinkley, McNerney, Morgan, Solomon &amp; Tatum, LLP</i></p>	<p>Claudia Barrow, Esq. Pardo, Gainsburg &amp; Barrow, LLP One Biscayne Tower, Suite 2475 2 South Biscayne Blvd. Miami, FL 33131 E-Mail: <a href="mailto:cbarrow@pgblaw.com">cbarrow@pgblaw.com</a> <i>Counsel for Claimants Maria Antonieta Mejia, et al.</i></p>	<p>Jack Dempsey, Esq. Susan Guerrieri, Esq. Drinker Biddle &amp; Reath, LLP One Logan Square 18<sup>th</sup> &amp; Cherry Streets Philadelphia, PA 19103 <a href="mailto:John.Dempsey@dbr.com">John.Dempsey@dbr.com</a> <a href="mailto:Susan.guerrieri@dbr.com">Susan.guerrieri@dbr.com</a> <i>Counsel for American United Life Insurance Co.</i></p>
<p>Charles E. Ray, Esq. 887 E. Prima Vista Blvd. Port St. Lucie, FL 34952 Email: <a href="mailto:charlescrav@aol.com">charlescrav@aol.com</a> <i>Counsel for Aurora Bifulco</i></p>	<p>Edward Montoya, Esq. Montoya Law Firm, PA 2600 Douglas Road Penthouse 7 Coral Gables, FL 33134 Email: <a href="mailto:emontoya@fnclaw.com">emontoya@fnclaw.com</a> <i>Attorney for the Class</i></p>	<p>David P. Hartnett, Esq. Hinshaw &amp; Culbertson 9122 S. Dadeland Blvd., Suite 1600 Miami, FL 33156 E-mail: <a href="mailto:dhartnett@hinshawlaw.com">dhartnett@hinshawlaw.com</a> <i>Counsel for Connecticut General, et al.</i></p>
<p>Carla M. Barrow, Esq. Pardo, Gainsburg &amp; Barrow, LLP One Biscayne Tower – Suite 2475 2 South Biscayne Blvd. Miami, FL 33131 Email: <a href="mailto:cbarrow@pgblaw.com">cbarrow@pgblaw.com</a> <i>Attorney for NAI</i></p>	<p>Jay S. Blumenkopf, Esq. Adorno &amp; Yoss 700 S. Federal Highway, suite 200 Boca Raton, FL 33432 E-mail: <a href="mailto:jblumenkopf@adorno.com">jblumenkopf@adorno.com</a> <i>Counsel for Allmerica Financial Life, et al.</i></p>	<p>Charles Wachter, Esq. Fowler white Boggs Banker 501 E. Kennedy Boulevard, Suite 1700 Tampa, FL 33602 E-mail: <a href="mailto:cwachter@fowlerwhite.com">cwachter@fowlerwhite.com</a> <i>Counsel for John Hancock Life Ins.</i></p>
<p>Thomas "Chip" Munroe, Esq. Foley &amp; Lardner, LLP 777 s. Flagler Drive, Suite 901W West Palm Beach, FL 33401 E-mail: <a href="mailto:tmunro@foleylaw.com">tmunro@foleylaw.com</a> <i>Counsel for Teachers Insurance</i></p>	<p>John N. Buso, Esq. 1645 Palm Beach Lakes Blvd., Suite 450 West Palm Beach, Florida 33401 E-mail: <a href="mailto:johnbuso@aol.com">johnbuso@aol.com</a> <i>Counsel for Monumental Life Insurance</i></p>	<p>Kenneth D. Post, Esq. Shutts &amp; Bowen 1500 Miami Center 201 S. Biscayne Boulevard Miami, FL 33131 E-mail: <a href="mailto:kpost@shutts-law.com">kpost@shutts-law.com</a> <i>Counsel for William Penn Life Insurance</i></p>

**Colson Hicks Eidson**

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