

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

Case No. 04-60573-CIV-MORENO

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**MUTUAL BENEFITS CORP., JOEL
STEINGER a/k/a JOEL STEINER, LESLIE
STEINGER a/k/a LESLIE STEINER,
PETER LOMBARDI, and STEVEN K.
STEINER,**

Defendants,

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

Relief Defendants.

ORDER APPROVING SALE OF POLICIES TO SPCP GROUP, LLC

This matter came to be heard on April 16, 2007, upon the request of Roberto Martinez, the court appointed receiver (the "Receiver") of Mutual Benefits Corp. ("MBC"), Viatical Benefactors, LLC ("VBLLC"), Viatical Services, Inc. ("VSI"), and Anthony Livoti, Jr. and Anthony Livoti, Jr., P.A., solely in their capacity as trustee (collectively, the "Receivership Entities"), pursuant to the Receiver's Motion to Approve Stalking Horse Purchase Agreement and Bidding Procedures (the "Sale Motion"). The Court has considered the Sale Motion, the

attached Asset Purchase Agreement, the representations of the Receiver therein, the record in these cases, the relevant authorities, the statements on the record by counsel and any witnesses presented and any objections filed, and the Court makes the following findings and conclusions:

A. On February 9, 2007, the Court entered the Order Granting Receiver's Motion to Approve Stalking Horse Purchase Agreement and Bidding Procedures (the "Bidding Procedures Order"). Pursuant to the Bidding Procedures Order, the Court approved (a) the terms of the Asset Purchase Agreement (the "Asset Purchase Agreement" and attached hereto as Exhibit A)¹ between the Receiver and SPCP Group, LLC (the "Buyer") for the sale of insurance policies with a face value of approximately \$119,355,247.06 and all related rights (the "Purchased Assets") free and clear of all liens, claims, interests and encumbrances, including beneficial interests, for \$13,350,000² (subject to adjustment pursuant to the terms of the Asset Purchase Agreement), or to another higher bidder at auction, subject to final approval by the Court at a hearing subsequently set for April 16, 2007 (the "Sale Hearing"), (b) the bidding procedures to be utilized by the Receiver in an effort to obtain a higher and better offer for the Purchased Assets (the "Bidding Procedures"), (c) a termination fee payable to the Buyer under certain circumstances, (d) forms of notices and notice procedures to be utilized by the Receiver in providing notice of the sale of the Purchased Assets, the Bidding Procedures, the Sale Hearing and the opportunity to object to the sale of the Purchased Assets to interested parties, including insurers and beneficiaries of the insurance policies included in the Purchased Assets, and (e)

¹ Capitalized terms used herein but not defined herein shall have the meanings given in the Asset Purchase Agreement.

² Pursuant to that certain Amendment No. 1 To Asset Purchase Agreement entered into by the Receiver and by the Buyer, the Stated Purchase Price for the Purchased Assets was increased from \$13,350,000 to \$13,600,000. This Amendment No. 1 To Asset Purchase Agreement is attached hereto as Exhibit B and is hereby approved in its entirety. For purposes of this Sale Order, references to the Asset Purchase Agreement shall include such agreement as amended by the Amendment No. 1 To Asset Purchase Agreement.

April 6, 2007 as the date (the "Auction Date") to hold an auction (the "Auction") for the Purchased Assets to the extent bids were received in accordance with the Bidding Procedures.

B. Pursuant to the affidavits of service and publication filed by the Receiver, the Receiver complied with the notice procedures set forth in the Bidding Procedures Order and due and adequate notice of the sale of the Purchased Assets on the terms set forth in the Asset Purchase Agreement has been provided to all interested parties, including the insurers and beneficiaries of the policies included in the Purchased Assets. No further notice or opportunity to object is required.

C. In accordance with the Bidding Procedures, the Receiver sent out more than 45 solicitation packages and received at least seven inquiries regarding the Purchased Assets from prospective bidders other than the Buyer. Of those persons making inquiries, three became Overbidders pursuant to the terms of the Bidding Procedures. No Overbidder submitted Bid. Therefore, no Auction was conducted and the Buyer is the highest and best bidder for the Purchased Assets pursuant to the terms of the Asset Purchase Agreement.

D. As demonstrated by (i) the testimony and other evidence adduced or proffered at the Sale Hearing, (ii) the pleadings and other documents filed in connection with the Bidding Procedures Order, the Sale Motion, the Order on Disposition of Policies and Proceeds (DE #1339) and the Order Clarifying Disposition Order and Approving Form of Notice (DE #1474), (iii) the record of the Receivership Proceeding, and (iv) the representations and arguments made by counsel on the record at the Sale Hearing: (1) the sale of the Purchased Assets to the Buyer on the terms and conditions set forth in the Asset Purchase Agreement is in the best interest of the Receivership Entities, the investors in the Receivership Entities and the beneficiaries of the insurance policies included in the Purchased Assets and those other persons

and entities with an interest in the Receivership Proceeding, (2) the Bidding Procedures were designed to obtain the highest and best offer for the Purchased Assets and the sale to the Buyer on the terms of the Asset Purchase Agreement constitutes the highest and best offer for the Purchased Assets, (3) the consideration provided by the Buyer for the Purchased Assets and the terms of the Asset Purchase Agreement (a) are fair and reasonable, (b) constitute the highest and best offer for the Purchased Assets, and (c) constitute reasonably equivalent value for the Purchased Assets, and (4) the sale of the Purchased Assets to the Buyer pursuant to the Asset Purchase Agreement is in the best interest of the Receivership Entities, the creditors thereof, the investors therein and the holders of beneficial interests in the Policies and should be authorized and approved.

E. The Buyer has at all times acted without collusion and in good faith in bidding on, and negotiating the purchase of, the Purchased Assets and is a good faith purchaser of the Purchased Assets and is entitled to all of the protections under law accorded to a party with such status. The Asset Purchase Agreement was negotiated, proposed and entered into by the Receiver and the Buyer without collusion and in good faith and is the end result of arms' length bargaining in which the Receiver was represented by competent counsel.

F. By virtue of the Order Appointing Receiver (DE #26), "[t]itle to all property, real or personal, all contracts, rights of action and all books and records of MBC, VBLLC and VSI and their principals, wherever located within or without this state, is vested by operation of law in the Receiver." By virtue of the Order Appointing Receiver, other orders entered in the Receivership Proceeding and the operation of law, the Receiver has the sole and absolute authority to convey all claims, options, privileges, right, title and interest in, to and

under the Purchased Assets, including all beneficial interests, free and clear of all Encumbrances and otherwise as set forth in the Asset Purchase Agreement and this Sale Order.

G. On March 15, 2007, a group of insurers filed the Intervening Insurers Objection to Motion to Approve Stalking Horse Purchase Agreement and Bidding Procedures (Docket #1851) (the "Intervening Insurers' Objection"). This group of insurers (defined as the "Intervening Insurers" in Docket #1851) had previously filed the Intervening Insurers' Motion and Memorandum in Support of Motion for Reconsideration of this Court's Order Granting Receiver's Motion to Approve Stalking Horse Purchase Agreement and Bidding Procedures (Docket # 1844) (the "Reconsideration Motion"). Pursuant to the Order Granting in Part Intervening Insurers' Motion for Reconsideration of Approval of Stalking Horse Purchase Agreement (Docket # 1870) (the "Reconsideration Order"), the Court granted the Reconsideration Motion for the purpose of reconsidering the objections raised therein and upon reconsideration overruled such objections on the grounds and for the reasons set forth in the Reconsideration Order.

Accordingly, it is **HEREBY ORDERED, ADJUDGED AND DECREED** as follows:

1. The Court approves the sale of the Purchased Assets to the Buyer on the terms and conditions contained in the Asset Purchase Agreement. The Court overrules the Intervening Insurers' Objections upon the grounds set forth in, and for the reasons stated in, the Reconsideration Order. Any other objections to the sale which have not been withdrawn or specifically addressed in this Sale Order have been overruled on the merits.
2. The Asset Purchase Agreement and all terms contained therein are approved. The Receiver is authorized and directed to (i) execute and deliver, and is empowered

to perform under, consummate and implement, the Asset Purchase Agreement and any additional instruments or agreements or documents that may be reasonably necessary or desirable to implement the Asset Purchase Agreement, (ii) take all further actions as may be reasonably requested by the Buyer for the purpose of assigning, transferring, granting, conveying and conferring to the Buyer and its assigns or reducing to possession, the Purchased Assets, and (iii) timely comply with all of its obligations under the Asset Purchase Agreement and any such additional instruments, agreements or documents.

3. The consideration for the Purchased Assets provided by the Buyer pursuant to the Asset Purchase Agreement constitutes reasonably equivalent value and fair consideration under the laws of the United States, both state and federal.

4. The transfer of the Purchased Assets to the Buyer will be a legal, valid and effective transfer of the Purchased Assets and will vest the Buyer and its assigns with good and valid title and all right, title and interest in and to the Purchased Assets. The sale of the Purchased Assets is free and clear of all Encumbrances other than Permitted Encumbrances described in clause (i) of the definition of Permitted Encumbrances. Any Person, including, without limitation, any creditor of or investor in the Receivership Entities, any beneficial interest holder or other interest holder of any Policy and any insurance company or other entity which issued or is obligated under any Policy and the successors or assigns of any of the foregoing, asserting or having an Encumbrance of any kind or nature against or in any Receivership Entity or any of the Purchased Assets arising out of, in connection with, or in any way relating to the Receivership Entities, the Purchased Assets or the transfer of the Purchased Assets to Buyer and its assigns, shall be, and hereby are, forever barred, estopped and permanently enjoined from

asserting, prosecuting or otherwise pursuing such Encumbrance against the Buyer and its assigns or any subsequent owner of a Policy or the Purchased Assets.

5. From and after the Closing, Buyer and any subsequent owner of a Policy shall have the right, from time to time, to obtain updated contact and medical information regarding the viator/insured under each Policy, including (i) pursuant to 45 C.F.R. § 164.512(e)(1)(i), all health care providers who are served with a copy of this Sale Order and a written request by Buyer or any subsequent owner of a Policy shall be authorized and compelled to immediately release copies to Buyer or such subsequent owner of such Policy, as the case may be, of all records relative to the care, treatment and health of the insured/viator under such Policy so requested by Buyer or such subsequent owner thereof, as the case may be, for the purpose of predicting health and life expectancy and (ii) each insured/viator under a Policy being required to provide Buyer and any subsequent owner of such Policy with current contact information for such insured/viator, Health Insurance Portability and Accountability Act of 1996 compliant medical authorizations and contact information for all physicians and other medical providers who have treated such insured/viator since December 31, 2000, and any and all medical information generated since December 31, 2000 pertaining to such insured's/viator's health and medical condition. Buyer and each subsequent owner of a Policy shall be entitled to seek enforcement of this paragraph 5 as to any person, including by way of example, and not limitation, an application for a finding of contempt.

6. This Sale Order and the Asset Purchase Agreement shall be binding in all respects upon all creditors of the Receivership Entities, any investor in any Receivership Entity, any beneficial interest holder or other interest holder of a Policy, any insurance company or other

entity which issued or is obligated under any Policy and any other party in interest in the Receivership Proceeding and any of the successors or assigns of the foregoing.

7. This Court retains jurisdiction to enforce and implement the terms of the Asset Purchase Agreement, including, but not limited to, retaining jurisdiction to (a) compel delivery of the Purchased Assets to the Buyer and its assigns, or performance of any other obligations owed to the Buyer; (b) compel delivery of the Purchase Price or performance of other obligations owed to the Receiver; (c) resolve any disputes arising under the Asset Purchase Agreement; and (d) interpret, implement, and enforce the provisions of this Sale Order.

8. The failure to specifically include any particular provision of the Asset Purchase Agreement in this Sale Order shall not impair or diminish the effectiveness of such provision, it being the intent of the Court that the Asset Purchase Agreement be authorized and approved in its entirety.

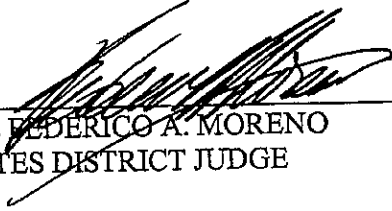
9. The Asset Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by parties thereto, in a writing signed by both parties, and in accordance with the terms thereof, without further notice or order of the Court, provided that any such modification, amendment or supplement does not constitute a material modification of the Asset Purchase Agreement.

10. The sale of the Purchased Assets is not precluded by any previous order of the Court and no further consents by any Person or entity (including any Governmental Authority) are required to convey the Purchased Assets to the Buyer in accordance with the Asset Purchase Agreement.

11. This Sale Order constitutes an interlocutory or a final judgment in a receivership action and thus this Sale Order shall become effective immediately upon its entry as provided in Rule 62(a) of the Federal Rules of Civil Procedure.

12. The provisions of this Sale Order are non-severable and mutually dependent.

DONE AND ORDERED in the Southern District of Florida on April 30, 2007



HONORABLE FEDERICO A. MORENO
UNITED STATES DISTRICT JUDGE

cc: All Counsel of record by electronic means