

***THE RECEIVER'S ANSWERS TO FREQUENTLY ASKED QUESTIONS
REGARDING THE IP FUND AND ERNEST BUSTOS
October 5, 2005***

As some investors know, a LifeTime sales agent named Ernest Bustos has been criticizing the LifeTime Capital Receivership and advising certain investors not to submit their claim forms to the Receiver and not to contribute to the payment of premiums as recently requested by the Receiver with the approval of the Court. A number of investors have asked for information concerning Mr. Bustos and the IP Fund he has established and through which he has solicited money from some of you. The purpose of these answers to frequently asked questions is to address some of Mr. Bustos' allegations and criticisms of the Receiver and to help all interested investors with an understanding of Mr. Bustos and the IP Fund and an appreciation of the risk associated with following their advice.

WHO IS ERNEST BUSTOS AND WHAT IS HIS RELATIONSHIP TO LIFETIME CAPITAL?

Mr. Bustos is an insurance agent based in San Antonio, Texas who sold LifeTime Capital viaticals to a number of investors. According to LifeTime Capital records, Mr. Bustos solicited more than a million dollars from LifeTime Capital investors and generated a substantial commission for himself as a result.

WHAT IS THE IP FUND?

The IP Fund is an entity established by Mr. Bustos through which he has, in the Receiver's view, wrongfully solicited contributions and powers-of-attorney from LifeTime Capital investors for the alleged purpose of posing a challenge to the LifeTime Capital Receivership.

HAVE ERNEST BUSTOS OR THE IP FUND PURSUED ANY KIND OF RELIEF FOR LIFETIME CAPITAL INVESTORS?

Mr. Bustos and the IP Fund send letters to investors demeaning the Receiver and the Court and attempting to convince investors to follow certain courses of conduct which, the Receiver believes, are potentially harmful to those investors. Neither Mr. Bustos nor the IP Fund has filed any constructive motion with the Court overseeing the LifeTime Capital Receivership or taken any other positive steps to resolve any of the many issues facing the Receiver or the investors.

HOW DID MR. BUSTOS AND IP FUND GET MY NAME AND ADDRESS?

Based upon the sworn deposition testimony of a former LifeTime Capital officer, the Receiver knows that Mr. Bustos was given a list of LifeTime Capital investor names and their contact information. This was done without the knowledge, approval or consent of the Court or the Receiver.

DOES MR. BUSTOS HAVE A CRIMINAL RECORD AND/OR ANY HISTORY OF INVOLVEMENT IN FRAUDULENT INVESTMENT SCHEMES?

Yes. Mr. Bustos is a convicted felon, having been convicted of participating in organized crime in the 1970's in Bexar County, Texas. Additionally, a civil judgment was entered against him in recent years by a Federal Court in the State of Oregon due to his participation in a pay phone investment scheme. Furthermore, the Receiver has recently served Mr. Bustos with a Complaint against him alleging, among other things, improprieties in his sale of LifeTime Capital viaticals.

HAS ERNEST BUSTOS OR THE IP FUND BEEN APPOINTED OR ENDORSED IN ANY WAY BY ANY COURT?

While the Receiver and Court-appointed Examiner have both been appointed by the Federal Court in Dayton, Ohio, the IP Fund and Mr. Bustos have not been appointed by the Court or otherwise endorsed by any Court. It is also worth noting that Mr. Bustos is not a lawyer while the Court-appointed Examiner, Andrew Storar, is a highly regarded and experienced attorney with specific experience in viatical company receiverships.

AS A LIFETIME CAPITAL INVESTOR, SHOULD I SEND ANY MONEY TO MR. BUSTOS OR THE IP FUND?

As stated earlier, neither Mr. Bustos nor the IP Fund have been appointed or endorsed by the Court. Given this, the Receiver would recommend that investors considering sending money to Mr. Bustos or the IP Fund consult with their attorney or an independent financial advisor before doing so.

IF MR. BUSTOS OR THE IP FUND ADVISES ME NOT TO SEND MY PROOF OF CLAIM FORM AND RELATED MATERIALS TO THE RECEIVER, WHAT SHOULD I DO?

Any investor failing to submit his or her proof of claim and related documents to the Receiver, risk losing or impairing his or her opportunity to participate in any future distribution of funds. The Receiver would recommend that any investors considering not sending their proof of claim form and related materials to the Receiver consult with their attorney or an independent financial advisor.

IF MR. BUSTOS OR THE IP FUND ADVISES ME NOT TO SEND IN MY SHARE OF PREMIUM PAYMENTS, WHAT SHOULD I DO?

As the Receiver has indicated in previous website postings and written correspondence to investors, those investors who pay their invoices as required will receive a greater return than the investors who do not. Conversely, investors who do not pay their invoices will have their distribution percentage reduced and could lose their investment completely, depending upon, among other things, how much the Receiver needs to pay back to

lenders, the amount of priority payments and whether policies lapse. For any investors considering not sending their share of premium payments in to the Receiver, the Receiver would recommend they consult with their attorney or an independent financial advisor.

IS THERE A WRITTEN RECORD OF MR. BUSTOS' TESTIMONY I COULD READ?

Yes, Mr. Bustos was deposed on August 13, 2004. A deposition is a written record of testimony given under oath. For investors desiring to read Mr. Bustos' deposition, the link to that deposition can be found below.

WHO REVIEWS THE RECEIVER'S ACTIONS AND PROPOSED TRANSACTIONS AND HOW OFTEN?

Oversight of the Receiver is an ongoing process. The Court and Court-appointed Examiner review the Receiver's actions and proposed transactions on an on-going basis. Additionally, approximately once a month, status conferences involving the Receiver, Court-appointed Examiner and the Court are held for the purpose of updating the Court and Examiner and allowing them to ask questions of the Receiver.

WHY WOULD THE RECEIVER FILE MOTIONS UNDER SEAL IF THERE IS NOTHING TO HIDE?

Mr. Bustos, in recent correspondence, alleged that there was something deceiving about the fact the Receiver had filed certain documents under seal with the Court. Mr. Bustos grossly overstates what has been sealed in this case, stating that the Receivership itself has been sealed. In fact, only certain documents deemed confidential due to proprietary financial or private medical information have been sealed. The vast majority of documents filed with the Court are open to all members of the public to review.

WHY WOULD THE RECEIVER USE VIATICALS TO BUY REAL ESTATE?

Mr. Bustos apparently questions a transaction the Receiver is considering involving swapping certain life insurance policies for real estate. Though certain aspects of this potential transaction have been sealed due to the confidential nature of certain pieces of information, the Receiver has made no secret of his interest in pursuing this opportunity, or any opportunity that may maximize the value of Receivership assets to the eventual benefit of all investors. This transaction, as all transactions, will need to be specifically approved by the Court before it can be completed.

WILL ANY OF MY PREMIUM PAYMENTS BE USED TO PAY FOR LOANS AND/OR ADMINISTRATIVE EXPENSES?

No. The investor premium payments will be made solely for the payment of policy premiums. The Receiver, as set out in earlier website postings and written

correspondence to the investors, deemed it important to seek contribution from the investors to alleviate some of the burden associated with third party financing.

MR. BUSTOS HAS QUESTIONED THE FINANCING PURSUED BY THE RECEIVER. WHAT IS THE BEST FINANCING DEAL CURRENTLY AVAILABLE TO THE RECEIVER?

Maintaining the LifeTime Capital portfolio of insurance policies and doing the work associated with that job and related matters is not an easy endeavor to finance. The Receiver is seeking out financing, and open to suggestions regarding financing, on an on-going basis. Generally speaking, finding short term, lower amount financing is somewhat easier with terms that, though not at a prime rate of interest, the Receiver and the Court view as appropriate given the nature of this venture. Unfortunately, at this time, nobody knows how long premiums (which average between \$400,000 and \$500,000 a month) will need to be paid. This uncertainty requires the Receiver to explore longer term/higher dollar amount financing. The long term/higher amount financing options available to the Receiver and similar receiverships are limited and generally do not take the form of a simple loan but, rather, include giving the lender an ownership stake in receivership assets. Though such terms may be viewed as burdensome, such arrangements are not unusual in high risk situations such as this Receivership that has no definite payoff date.

MR. BUSTOS HAS IMPLIED THAT THE BEST COURSE OF ACTION MIGHT BE TO SELL THE ENTIRE PORTFOLIO OF POLICIES, "AT ONCE." WHY CAN'T THE RECEIVER FIND A BUYER FOR THE ENTIRE PORTFOLIO IMMEDIATELY?

As the Receiver has indicated in prior correspondence with investors, selling some or all of the policies in the LifeTime Capital portfolio is an option the Receiver must, with the guidance of counsel and the Court, continuously consider. However, concerning the marketing of LifeTime Capital insurance policies, the question is not whether they can be sold, but for how much? The Receiver could sell the entire portfolio of policies at any time. However, the price he currently could get for the policies is projected to be too far below the true value of the policies to make the sale option an attractive one. Again, the Receiver continuously monitors opportunities and may, from time to time, sell certain policies and perhaps eventually the entire portfolio. For the time being, however, it is the Receiver's firm belief that it is in the investors' best interests to maintain a substantial portion of the policies.

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[Please see the following to read Mr. Bustos' deposition:
http://lifetimeReceiver.com/docs/bustos_deposition.pdf](http://lifetimeReceiver.com/docs/bustos_deposition.pdf)

