

Frequently Asked Questions:

GENERAL INFORMATION REGARDING RECEIVERSHIP (MARCH 2004-2005)

H. Thomas Moran II was appointed Receiver of LifeTime Capital, Inc. by order of the United States District Court for the Southern District of Ohio, Western Division, on February 20, 2004. Quite understandably, many investors in the LifeTime Capital portfolio of life insurance policies have questions regarding the Receivership and/or their investment. To that end, we hope that the following will prove helpful.

WHAT IS A RECEIVER?

A Receiver is an individual appointed by a court in an equitable proceeding, as part of a claim for relief, whereby the Receiver/Officer takes custody and control of the assets of a struggling or failed company for the benefit of its creditors; in this case, the LifeTime Capital investors. The Receiver is empowered to pursue actions against those who may have damaged LifeTime Capital's investors and/or the recovery of assets that may have belonged to LifeTime.

IF I PAID A PREMIUM TO LIFETIME CAPITAL, WILL THE FUNDS BE RETURNED?

The Receiver is unsure at this time if the premium you paid will be returned. In any case, these funds will only be expended pursuant to a court order.

WILL I GET ANY OF MY INVESTMENT BACK?

The Receiver is making every effort to preserve your viatical investment, but has no further information at this time.

WHAT HAPPENED TO LIFETIME CAPITAL?

It is the understanding of the Receiver that LifeTime ceased actively doing business in early 2001, but continued to administer the existing life insurance policies for the benefit of the investors. It is also the Receiver's understanding that indictments were issued by a Federal Grand Jury in Northern Florida in January. At this time, information regarding the indictment is not available from the Receiver.

ARE THE PEOPLE AND THE POLICIES LEGITIMATE?

The Receiver believes there are approximately 190 policies in the portfolio and he is in the process of verifying the existence and status of each policy. The Receiver and his team are working to preserve and maintain the existing policies and to see that the premiums are paid.

Please understand that at this time the Receiver is not in a position to respond to specific inquiries concerning a particular insured/viator or policy.

IS MY MONEY SAFE?

All assets of LifeTime are under the protection and control of the Receiver, who is operating as an officer of the Federal court. The Receiver will take all reasonable necessary steps to protect these assets.

DO I NEED TO HIRE AN ATTORNEY?

The Receiver is not in a position to offer legal advice to individual investors.

CAN YOU PLEASE RETURN MY MONEY? I NEED IT NOW.

Unfortunately, due to the nature of this type of investment, there are no means for the Receiver to return your investment funds. At this time, the primary assets under the protection of the Receiver are life insurance policies, which will produce funds at some unknown time in the future.

WHO WOULD WANT TO BUY THIS PORTFOLIO OF POLICIES?

This is not the type of investment that is understood by or desirable to traditional investors. However, potential purchasers with an understanding of life settlements and viaticals, and who are familiar with this type of investment may be interested in the portfolio.

WHY CAN'T WE GET INFORMATION ON THE HEALTH, AGES AND LIFE EXPECTANCIES OF THE VIATORS?

This information is confidential and protected from disclosure by the Health Insurance Privacy and Accountability Act (HIPAA).

WHY WAS PHYLLIS LUCAS, THE PAST PRESIDENT OF LIFETIME CAPITAL, HIRED BY THE RECEIVER?

Ms. Lucas currently has a consulting agreement with the Receiver and has been helpful in orienting the Receiver and in facilitating the physical transfer of records to the Receiver. Prior to contracting with Ms. Lucas, her situation was discussed with the parties who have been involved in investigating LifeTime. The Receiver was informed that the authorities do not believe Ms. Lucas was involved in any of the activities for which other individuals were indicted. Please keep in mind that immediately upon his appointment as Receiver, Mr. Moran had all the cash assets at US Bank frozen. Without the assistance of Ms. Lucas, the Receiver's expenses would have been much greater in regard to the time and manpower needed during the critical transition period.

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ARE WE GOING TO BE REIMBURSED FOR THE PREMIUMS PAID TO LIFETIME CAPITAL?

Possibly. This is an issue that is being evaluated and will be addressed in the future. One of the first steps will be confirming how much was actually received from the investors. The Receiver is currently categorizing the premium payments into three groups: (1) premium funds received by LifeTime and used to pay premiums; (2) premium funds received by LifeTime but still in accounts at US Bank when the Receiver was appointed; and (3) premium funds received by US Bank after the appointment of the Receiver.

The Receiver plans to ask the Court for permission to reimburse the investors for premium payments received by US Bank after the Receiver's appointment. These funds are currently being held by the Receiver, pending further direction from the Court. Premium payments that were paid to LifeTime or US Bank prior to the appointment of the Receiver may be handled differently, but still subject to Court approval. Please note that even though the funds were deposited to pay the premiums for a particular policy, the Receiver has reason to believe that some of these funds were, at times, used to pay the premiums for other policies.

Again, one of the first steps will be to verify the total amount of premium funds that each investor paid to LifeTime. The Receiver has filed a Motion to Approve Claims Procedure with the Court. Assuming the Court approves the Motion, a claims packet including Claim Forms will be mailed to each investor for completion.

LIFETIME SAID THAT IF AN INVESTOR DID NOT PAY HIS/HER SHARE OF THE PREMIUM WHEN BILLED, THEY WOULD FORFEIT THEIR SHARE OF THE POLICY. WHAT HAPPENED WHEN SOME OF THE INVESTORS DID NOT PAY THEIR SHARE OF THE PREMIUMS?

It does not appear that LifeTime revoked the investments of individuals who did not pay their share of the premiums, nor does the Receiver have any such plans. The Receiver does not want to penalize these investors, as many of them had no financial means to pay their share of the premiums. The Receiver would prefer to work out a plan, subject to Court approval, to reimburse the investors that did pay their share of the premiums. The Receiver believes this option to be the most fair.

WHAT IF I AM MATCHED TO A POLICY THAT DOES NOT EXIST?

The Receiver has found evidence of policies that appear to have been purchased by LifeTime but are not in the LifeTime portfolio. It appears that these policies either lapsed or were rescinded by the insurance companies. The situations surrounding these policies and the possibility that investors may have been matched to these policies is being investigated.

The most important step in this process will be a review by the Receiver of the Claim Forms that each investor will be asked to complete and submit to the Receiver in the next few months. As previously indicated, a claims process has been submitted to the Court for review and approval.

WHAT IS THE PORTFOLIO WORTH?

It is impossible to determine or estimate the value of the portfolio at this time. However, the Receiver is continuously working on this. As part of the ongoing evaluation process, the Receiver has engaged a firm to evaluate the portfolio. However, more information is still needed for a good actuarial study to be completed.

As most of you are aware, the life expectancies that LifeTime used are for the most part, not accurate. The Receiver is in the process of attempting to obtain updated medical records for all the viators. A request for medical records was made to the viators' physicians of record; however, many of the files do not contain any medical records or medical information for the viators. Many of the doctors who did receive our requests have not seen the viator in years, and were therefore unable to comply with our requests. The next logical step, which has been initiated, was to send a request for updated medical provider information to each viator. Once we receive updates from the viators, requests will be sent to any new doctors whose names were provided.

WILL THE PORTFOLIO BE SOLD?

It is too early to tell at this time. The Receiver still believes that continuing to service and maintain the portfolio will result in generating the highest possible amount to be distributed to the investors.

IS ANYBODY LOOKING AFTER THE MONEY THAT DAVID SVETE SUPPOSEDLY STOCKPILED?

All of the funds that were in the LifeTime accounts the day the Receiver was appointed have been frozen and will be released only under the direction of the Court.

As far as funds that Mr. Svete allegedly removed from LifeTime, to date, \$3,000,000 has been located and the Receiver is working with the appropriate parties to bring those funds into the Receivership. The Receiver and his team are continuing to search for additional funds.

WHEN WILL I RECEIVE MORE INFORMATION FROM THE RECEIVER?

Please be assured that the Receiver and his team are working diligently to protect your interests. When there are any significant developments, written notice will be sent to each investor. For the duration of the case, updates will also be posted on the website (www.lifetimereceiver.com) and on the telephone recording at (877) 847-8525.

GENERAL INFORMATION REGARDING POOLING

HOW MUCH IN LIFE INSURANCE IS THERE IN THE LIFETIME CAPITAL PORTFOLIO?

The face value of all policies in the entire portfolio as of the date of the Receiver's appointment by the Court totaled approximately \$150 Million.

HOW MUCH WAS INVESTED BY INVESTORS WHO HAVE NOT YET BEEN PAID BACK?

Investors like you are believed to have invested approximately \$97 Million in LifeTime Capital viatical contracts. This amount does not include additional premiums paid by some investors.

DOESN'T THE FACT THAT THERE IS APPROXIMATELY \$150 MILLION IN INSURANCE POLICIES AND \$97 MILLION INVESTED MEAN THAT EVERYONE WILL GET THEIR INVESTMENT BACK, PLUS A RETURN ON THAT INVESTMENT?

That is unknown. In order to receive the death benefits from the policies, premiums will need to be paid for an unknown period of time. When you take into account these premiums, the costs of administering the portfolio and the amount of time it will likely take for all policies to mature, the overall return will likely be substantially less than \$150 Million.

HOW MUCH ARE THE PREMIUMS ON THESE POLICIES?

The annual premiums are expected to be between \$4.5 Million and \$5.0 Million and are likely to increase over time due to various factors. For example, many of the policies are term policies that call for increased premiums as the viator gets older.

WHAT ARE THE "COSTS OF ADMINISTERING THE PORTFOLIO?"

In order for any investor to receive any money, the LifeTime Capital portfolio needs to be maintained. Of course, maintaining the policies in the portfolio and addressing the various needs of all investors costs money over and above payment of premiums. These administrative costs include, among other things, the Receiver's fees and the normal costs associated with running any business, such as postage, telephones, etc. There are also attorneys' fees for court-appointed

counsel to the Receiver as an officer of the Court, pursuing other sources of recovery besides the insurance policies, and dealing with investors and creditors of LifeTime. The Receiver's and attorneys' fees and expenses are submitted to the Court for approval and posted on the Receiver's website when submitted to the Court.

WHERE DOES THE MONEY TO PAY PREMIUMS AND THE ADMINISTRATIVE COSTS COME FROM?

When the Receiver was appointed, there was very little money left in LifeTime's bank accounts and approximately \$18 Million worth of policies were about to lapse due to non-payment of premiums. The Receiver, with the approval of the Court, entered into a financing arrangement with Oxxford Investors, Inc. to provide financing as needed. The Receiver has borrowed from Oxxford to pay premiums and administrative expenses. The Receiver may ask the Court for authority to use policy proceeds as policies mature to avoid the finance charges associated with borrowing money in the future.

HOW LONG WILL IT BE UNTIL THE POLICIES IN LIFETIME'S PORTFOLIO PAY OFF?

This is an unknown. Certainly, the health condition of the individual viators is not something that can be made public. However, there are strong indications that life expectancies provided to investors were not accurate and that many viators are likely to live for many more years. Some people affiliated with LifeTime have been criminally indicted in Florida for, among other things, allegations of fraud related to the life expectancies given to investors.

I DID NOT UNDERSTAND THE "PRO RATA INTEREST" THAT WAS MENTIONED IN THE "NOTICE TO INVESTORS" I RECEIVED. COULD YOU PLEASE EXPLAIN THAT?

If the policies are pooled, every investor will get a portion of any money available for distribution as policies mature or other sources of money are found. The amount an investor receives will depend on how much he or she invested compared to the total amount invested by all investors, which was approximately \$97 Million.

For example, if John Doe invested \$100,000 in LifeTime, then he would receive approximately .103% (\$100,000 divided by \$97 Million) of any money available for distribution to the investors. If the total amount available for distribution in the future is \$10,000,000, then John Doe will receive approximately \$10,300. If the amount available is \$50,000,000, John Doe will receive approximately \$51,500. If the amount is \$100,000,000, John Doe will receive approximately \$103,000.

On the other hand, if Jane Doe invested twice as much as John Doe, \$200,000, then she would receive approximately .206% (\$200,000 divided by \$97 Million) of any money available for distribution to the investors. If the total amount available is \$10,000,000, then Jane Doe will receive \$20,600. If the amount available is \$50,000,000, Jane Doe will receive \$103,000. If the amount is \$100,000,000, Jane Doe will receive \$206,000.

Here are some other calculations to help with an understanding of this approach. Keep in mind that these are approximations based upon the information the Receiver has to date:

IF \$10 MILLION IS AVAILABLE FOR DISTRIBUTION

<i>You Invested</i>	<i><u>You Would Receive</u></i>
\$25,000	\$2,577
\$50,000	\$5,155
\$75,000	\$7,732
\$250,000	\$25,773
\$500,000	\$51,546

IF \$50 MILLION IS AVAILABLE FOR DISTRIBUTION

<i><u>You Invested</u></i>	<i>You Would Receive</i>
\$25,000	\$12,887
\$50,000	\$25,773
\$75,000	\$38,660
\$250,000	\$128,866
\$500,000	\$257,732

IF \$100 MILLION IS AVAILABLE FOR DISTRIBUTION

<i>You Invested</i>	<i>You Would Receive</i>
\$25,000	\$25,733
\$50,000	\$51,546
\$75,000	\$77,320
\$250,000	\$257,732
\$500,000	\$515,464

It is believed that this approach, which gets back to all investors an equal share of their investment, is the fairest and overall most efficient means of administering the assets of LifeTime Capital. Note that if there is more than \$97 Million available for distribution, all of that money will be available to pay expenses as well as for distribution to the investors. Note also that those investors who paid premiums after their initial investment will receive a credit for those payments as well.

HOW MUCH COULD THE RECEIVER SELL THE PORTFOLIO FOR?

This is unknown at this time. If the Court pools the policies in the portfolio, the Receiver will be free to more fully investigate and negotiate a possible sale. There is currently an actuarial study being done which will give the Receiver and the Court some guidance concerning the possible fair market value of the portfolio.

HOW WOULD THE RECEIVER SELL THE PORTFOLIO?

These types of sales happen either as a result of negotiations with possible buyers or at auction. Based upon his experience, the Receiver would envision a negotiated sale of the portfolio if a sale made more sense than retaining the policies, subject to a competing bid procedure. Any sale of any part of the portfolio will require the approval of the Court after notice is given to the investors.