Frequently Asked Questions:

POOLING (2004)

A number of investors have had questions concerning the Receiver's Motion to Pool Viaticals. The following FAQ feature is designed to answer their most frequently asked questions and any related background information which may help investors better understand the Motion to Pool and other aspects of the Receivership. Investors with questions not addressed here may wish to contact the Examiner, Andrew Storar, or consult with an attorney.

Drafted from Motion to Pool Viaticals Hearing
September 23, 2004

Following the testimony of the Receiver on September 23, 2004, at the Motion to Pool Hearing, Judge Ovington addressed the investors in attendance with the following:

> *I see that there are a number of individuals present in the courtroom, and what I'd like to do is invite anyone who is interested in coming up to the podium, approaching the podium if you care to make a statement to the Court regarding the pending motion. I understand that this is something very important to your lives, and I want you to understand that the Court is interested in your position, and I have been endeavoring, along with counsel, and I do believe the receiver and the examiner, to protect the best interests of the investors in this matter.*
>
> *So with that, if there is anyone who would like to make a statement, or if anyone has brought counsel with them to make a statement, the Court is here, available and ready to listen*

I'M NOT SURE I UNDERSTAND. HOW WOULD THE POOLING WORK?
If the Motion to Pool Viaticals is approved by the Court, each investor would receive a share of the portfolio based on the amount of money they invested as compared to the total amount invested with LifeTime by all investors. Funds will NOT be distributed in equal shares to all investors. For example:

Suppose there are 10 investors and they invested a total of $1,000,000 in the following amounts:

INVESTOR	AMOUNT INVESTED	PERCENT OF POOL
A	$200,000	20%
B	$200,000	20%
C	$100,000	10%
D	$100,000	10%
E	$100,000	10%
F	$100,000	10%
G	$100,000	10%
H	$50,000	5%

I	$40,000	4%
J	$10,000	1%
Total	$1,000,000	100%

Now, suppose, the Receiver has $100,000 which he can distribute; the pro-rata share to each investor would be as follows:

INVESTOR	PERCENT OF POOL	AMOUNT DUE THIS INVESTOR
A	20%	$20,000
B	20%	$20,000
C	10%	$10,000
D	10%	$10,000
E	10%	$10,000
F	10%	$10,000
G	10%	$10,000
H	5%	$5,000
I	4%	$4,000
J	1%	$1,000
Total	100%	**$100,000**

Note: *The charts above are merely examples. At this time, the Receiver has no idea how much will be distributed or when a distribution might take place. This will be determined by the Court.*

HOW MUCH MONEY WILL I GET IF THERE IS NO POOLING?

This is difficult to answer. The best prediction is that a small minority of people (those who were matched to policies that mature soon) will get a return but many if not most investors will lose their investment. This is due to the fact that many investors are financially unable to pay additional premiums, while others are unwilling given the uncertain life expectancies of the viators. Without additional funds to pay premiums, from the investors or other sources, many policies are likely to lapse if there is no pooling. In any event, if there is no pooling, the Court will determine what is to be done with any money received by LifeTime.

WHEN WILL I GET MY MONEY IF THERE IS NO POOLING?

Again, this will depend on the life insurance policy to which you were matched. Some policies may pay off in the near future, but it is clear that many policies will not mature for a number of years. Given the life expectancy uncertainties and continuing cost of premiums, it is believed that if there is not a pooling, many may not receive any money. The timing of any distribution will be up to the Court.

HOW MUCH MONEY WILL I GET IF THE POLICIES ARE POOLED?

Though it is not possible at this time to say how much any single investor will get if the policies are pooled, pooling will result in investors being treated in an equal fashion. Each investor will receive a pro rata share of any money the Court allows the Receiver to distribute, based upon the amount they invested.

IF I SENT PREMIUM PAYMENTS IN AFTER MY INITIAL INVESTMENT, WILL THOSE COUNT AS PART OF MY PRO RATA INTEREST ONCE THERE IS A POOLING OF THE POLICIES?

If there is a pooling, any additional premium payments you made will be included as an additional claim. The Court will provide guidance on how these additional claims are to be handled.

WHEN WILL I GET MY MONEY IF THE POLICIES ARE POOLED?

This depends upon what the Receiver and the Court view as the best use of the portfolio. If all or a portion of the portfolio is sold, the terms of that sale will dictate when payments are received by the Receiver and then distributed to investors. If the Receiver recommends retaining some or all of the policies, then distributions will be made as policies mature and money becomes available for distribution, subject to the approval of the Court.

IF THE POLICIES ARE POOLED, WILL THE RECEIVER SELL THEM OR HOLD THEM UNTIL THEY MATURE?

The Receiver, who reports to and must seek authority from the Federal Court, will review the options and recommend what he concludes is best for LifeTime's investors. Of course a sale will not generate as much money as holding on to the policies may eventually generate. But there is a lot of cost and uncertainty involved in holding on to the policies, which may mean that a sale (which would be more certain and put an end to the premium payments) may be in the collective best interest of the investors. If the Receiver does recommend a sale, notice of that recommendation will be given to all investors and any sale will require the approval of the Court.

WHAT IF THERE IS A MATURITY PRIOR TO THE COURT APPROVING A POOLING?

Any maturities will be held in separate accounts and subject to the order of the Court. If the Court approves of pooling, the money in these accounts will be part of the pool.

IF THERE IS A POOLING AND A MATURITY OCCURS BEFORE THE PORTFOLIO IS SOLD, WHAT HAPPENS TO THOSE PROCEEDS?

Again, these proceeds would be part of the pool. It is the Receiver's intention to have all proceeds of the LifeTime policies added to the pool for the benefit of all investors.

IF THE POLICIES ARE POOLED DOES THE COURT HAVE TO APPROVE ANY DISPOSITION OF OR PLAN FOR THE PORTFOLIO?

Yes. Magistrate Judge Sharon Ovington must approve any proposal of the Receiver, whether it involves retaining or selling any of the insurance policies or some combination thereof.

RATHER THAN POOLING, CAN I TAKE OVER MY POLICY?

This is not a practical alternative for many reasons. First, the policy to which you were matched is not truly your policy. Typically, investor money was not used to buy a specific policy to which that investor was then matched. Instead, the matching was completely arbitrary. Second, some policies were overmatched, meaning there are more investor claims than there will eventually be proceeds. Third, there are indications that LifeTime general funds were used to pay some premiums on some policies and not on others. Further, assigning a given policy to those investors matched to it would raise numerous practical and legal issues (e.g., privacy and securities laws would likely be violated in such a situation).

ARE THERE OTHER SOURCES OF MONEY BESIDES THE INSURANCE POLICIES AND WHAT WILL HAPPEN TO THAT MONEY IF THERE IS A POOLING?

There may be other sources of money and if there are, any money that is found will be added to the distribution pool. In addition to administering the LifeTime Capital portfolio of insurance policies, the Receiver has also been given authority by the Court to pursue these other possible sources of money.