

Alternative Investment Fund, LP (the "Fund"), and to take all steps the Receiver deems necessary to conduct an inventory of the assets and liabilities of Lydia and the Fund. Further, the Order of Appointment directed the Receiver to undertake the liquidation of any, or all, of the assets of Lydia or the Fund in connection with the exercise of his powers granted by the Order of Appointment, with due regard for the best long-term interests of the investors in the Fund. *Id.*

4. Notice of the Sale Motion and the proposed Order thereto was provided to: (1) all parties to this action, (2) the investors in Lydia and/or the Fund, and (3) those creditors of Lydia and/or the Fund of which the Receiver is aware. Additionally, the Receiver provided notice by posting a copy of the Receiver's Sale Motion and the proposed Order thereto on the Receiver's website: <http://www.lydiacapital.com>.

5. The Court finds that this notice, as carried out by the Receiver, is sufficient and reasonable in light of the circumstances and nature of the relief requested in the Sale Motion.

6. The policies that are the subject of the Purchase Agreement are as follows ("Policies"):

No.	Insured Code	Face Value
1	LYD-3351-01	\$ 7,500,000.00
2	LYD-3355-01	\$ 3,000,000.00
3	LYD-3360-01	\$ 2,000,000.00
4	LYD-3360-03	\$ 2,000,000.00
5	LYD-3365-01	\$ 10,000,000.00
6	LYD-3367-01	\$ 3,150,000.00

7. The Court finds that (1) the Receiver has adequately marketed the Policies; (2) the purchase price and other consideration contained in the Asset Purchase Agreement ("Purchase Agreement") provides fair and reasonable consideration for such policies; (3) the sale will provide a greater recovery for the Receivership's investors and creditors than would be provided

by any other practical available alternative; (4) no other party has offered to purchase the Policies for greater economic value to the Receivership; and (5) the purchase price and other consideration constitute fair consideration under the laws of the United States, any state, territory, possession or the District of Columbia.

8. The Receiver has negotiated a Purchase Agreement with Avon Capital, LLC ("Buyer") for the sale of six of the Policies within the Lydia portfolio, on the terms and conditions set forth in the Purchase Agreement between Receiver and Buyer. A copy of the Purchase Agreement was attached as Exhibit A to the Sale Motion.

9. The Court finds that the sale of the Policies proposed by the Sale Motion, as described in the Purchase Agreement is reasonable and in the best interests of the Receivership estate, the creditors and the investors in Lydia and/or the Fund.

10. The Court finds that good cause exists for granting the Sale Motion, and accordingly, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

(a) The Purchase Agreement in Exhibit A to the Sale Motion is hereby approved as reasonable and in the best interests of the Receivership estate, the creditors and the investors in Lydia and/or the Fund.

(b) The Receiver has demonstrated good, sufficient and sound business purpose and justification for the sale to Buyer and that compelling circumstances for the sale exist as the value of the Policies could be harmed by any delay. Therefore, time is of the essence in consummating the sale.

(c) The Purchase Agreement was negotiated, proposed and entered into by the Receiver and Buyer in good faith and from arms-length bargaining positions. Further, Buyer, as

the purchaser of the Policies, has acted in good faith, and is a good faith purchaser, entering into the Purchase Agreement without collusion.

(d) The Receiver has full power and authority to execute and deliver the Purchase Agreement and other instruments and agreements to be executed and delivered by the Receiver to consummate the transactions contemplated by the Purchase Agreement, including, without limitation, the right to assign to Buyer all of the Receiver's right, title, and interest in and to certain medical information and records applicable to the insureds of the respective insurance Policies, consisting of all rights which the Receiver has to: (i) obtain medical and health records in respect of the insureds under the Policies; (ii) contact from time to time at least one designated representative of such insureds to monitor their respective health status and life status; and (iii) obtain death certificates, as applicable, with respect to any such deceased insureds under the Policies.

(e) The Purchase Agreement and such other instruments and agreements when duly executed will constitute the binding obligation of the Receiver.

(f) The Receiver is the sole owner and sole beneficiary of all options, privileges, rights, title and interest in and to the insurance Policies which are the subject of the Purchase Agreement, and any and all proceeds thereof.

(g) Given the Receiver's extensive marketing of the Policies, the third-party offers the Receiver obtained from disinterested bidders in the marketplace, and the notices provided to all interested parties, neither an independent appraisal or publication is necessary under 28 U.S.C. §§ 2001 and 2004.

(h) The sale of the Policies in accordance with the terms of the Purchase Agreement, attached as Exhibit A to the Sale Motion, is approved and the Receiver is directed to execute the Purchase Agreement and perform all obligations thereunder.

(i) The sale of the Policies shall be free and clear of all liens, claims, encumbrances and other interests, (collectively the "Liens") other than Assumed Liabilities, as that term is defined in Section 9 of the Purchase Agreement. Liens shall mean, without limitation, any and all liens (statutory or otherwise), claims, rights, interests (including any interest of the investors in the Fund), charges, security interests, rights of first refusal, or options to purchase, including any of the foregoing which may arise under any Order entered by this Court, together with any and all debts, losses, claims (including successor liability claims), damages, costs, expenses, demands, fines, judgments, penalties, liabilities, commitments, sales, commissions, contracts, responsibilities, and obligations of any kind or nature whatsoever, direct or indirect, absolute or contingent, other than the Assumed Liabilities, as that term is defined in Section 9 of the Purchase Agreement.

(j) The Receiver shall deliver and Buyer shall acquire the Policy Files, as that term is defined in Section 4.2 of the Purchase Agreement, which delivery and acquisition shall be accomplished within 15 days after closing.

(k) Upon Closing, as that term is defined in paragraph 7 of the Purchase Agreement, Buyer shall indemnify and hold the Receiver harmless from any claims or demands resulting from or arising out of the Assumed Liabilities, as that term is defined in Section 9 of the Purchase Agreement.

(l) The sale of the Policies in the Purchase Agreement are not precluded by or contrary to any prior Order issued by the United States District Court, District of Massachusetts,

filed in these receivership proceedings, and no further consents by any party are required to convey the Policies to Buyer in accordance with the Purchase Agreement.

(m) Upon Closing, Buyer will accept the Policies which are the subject of the Purchase Agreement in their "as is" condition and there shall be no right of rescission or other remedy, except as provided for in the Purchase Agreement; and the purchase price as defined in the Purchase Agreement shall be paid to the Receiver, free and clear of any claims of Buyer.

(n) The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

(o) The requirement that any motion or other request for relief be accompanied by a memorandum of law is hereby deemed satisfied by the contents of the Sale Motion, or otherwise waived.

(p) The ten-day stay of effectiveness of this Order pursuant to Fed. R. Civ. P. 62(a) is waived. Due to the fluctuations in value in the market and the cost of future premium payments due on the Policies, the Receiver and Buyer need to consummate the sale as soon as possible.

(q) To the extent this Order is inconsistent with any prior order or pleading with respect to the Sale Motion in this case, the terms of this Order shall govern. In the event that this Order is inconsistent with the Purchase Agreement, however, the Purchase Agreement shall govern.

(r) The Court shall retain jurisdiction to resolve any disputes relating to the interpretation of the terms or conditions of this Order. Further, the Court shall retain jurisdiction to interpret, construe and enforce the Purchase Agreement in Exhibit A to the Sale Motion.

WHEREFORE, Receiver's Motion to Authorize the Sale of Certain Assets of the Receivership Estate, and Brief in Support, is hereby granted.

DATED this 22^d day of February, 2010.



RICHARD G. STEARNS,
UNITED STATES DISTRICT JUDGE