

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

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|-------------------------------------|---|--------------------------|
| SECURITIES AND EXCHANGE COMMISSION, |) | |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | Case No. 07-cv-10712-RGS |
| |) | |
| LYDIA CAPITAL, LLC; |) | |
| GLENN MANTERFIELD, and |) | |
| EVAN ANDERSEN, |) | |
| |) | |
| Defendants. |) | |

**RECEIVER'S MOTION FOR AUTHORIZATION TO
CEASE PREMIUM PAYMENTS ON POLICIES OF THE RECEIVERSHIP ESTATE**

COMES NOW H. Thomas Moran, II, Court-Appointed Receiver for Defendant Lydia Capital, LLC (the "Receiver"), and respectfully submits this Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate ("Motion to Cease Payments"). In support of this Motion to Cease Payments, the Receiver shows the Court as follows:

I. INTRODUCTION.

The Receivership Estate currently owns seventeen (17) life insurance policies (the "Policies"). Upon the Receiver's motion, the Court approved the sale of the Policies to Life Benefits, Inc. ("Life Benefits") and the terms of the asset purchase agreements between the Receiver and Life Benefits (the "Purchase Agreements"). As set forth in the Purchase Agreements approved by the Court, Life Benefits represented and warranted that it had "readily available and adequate financial resources to consummate the transactions contemplated by this Agreement and this Agreement is not subject to any financing contingencies."

After numerous delays in funding the purchase of the Policies – and despite repeated assurances that it would finalize the sale – Life Benefits recently informed the Receiver that it was canceling the Purchase Agreements. According to Life Benefits, "[t]he cancellation was due to the fact that we were unable to procure the necessary medical records and medical releases in order to complete one of the main requirements for our financing."

Since receiving Life Benefits' notice of cancellation on June 25, the Receiver has made formal demand on Life Benefits to proceed with its purchase of the Policies in accordance with the Purchase Agreements. Additionally, the Receiver and his counsel have had several discussions with Life Benefits and its counsel in an effort to move forward with the sale. However, it does not appear at this time that Life Benefits will finalize the sale.

The premiums on the Policies continue to accrue and, without a buyer for the Policies, any future payment of premiums would not be prudent in the Receiver's opinion. For these reasons, the Receiver believes that it is in the best interests of the Receivership Estate and the Investors to cease premium payments on the Policies as soon as possible, while providing the Investors with the opportunity to take an assignment of the Policies.

II. THE RELIEF REQUESTED BY THE RECEIVER IS WITHIN THE AUTHORITY OF THE COURT AND DISCRETION OF THE RECEIVER.

A. THE COURT'S JURISDICTION AND AUTHORITY.

The Court's authority to impose and administer this Receivership is derived from its inherent powers as a court of equity. See *S.E.C. v. Forex Asset Mgmt., LLC*, 242 F.3d 325, 331 (5th Cir. 2001); *United States v. Durham*, 86 F.3d 70, 72 (5th Cir. 1996). A federal court exercises "broad powers and wide discretion" in crafting relief in an equitable receivership

proceeding. *See S.E.C. v. Basic Energy & Affiliated Resources, Inc.*, 273 F.3d 657, 668 (6th Cir. 2001).

A court imposing a receivership assumes custody and control of all assets and property of the receivership and it has broad equitable authority to issue all orders necessary for the proper administration of the receivership estate. *See S.E.C. v. Credit Bancorp Ltd.*, 290 F.3d 80, 82-83 (2nd Cir. 2002); *S.E.C. v. Wencke*, 622 F.2d 1363, 1370 (9th Cir. 1980). The Court may enter such orders as may be appropriate and necessary for a receiver to fulfill his duty to preserve and maintain the property and funds within the receivership estate. *See e.g. Official Comm. of Unsecured Creditors of Worldcom, Inc. v. S.E.C.*, 467 F.3d 73, 81 (2nd Cir. 2006); *S.E.C. v. Fischbach Corp.*, 133 F.3d 170, 175 (2nd Cir. 1997).

B. APPOINTMENT OF THE RECEIVER.

On April 12, 2007, the United States Securities and Exchange Commission (the "S.E.C.") filed the present action against Defendants, Lydia Capital, LLC ("Lydia"), Glenn Manterfield and Evan Andersen. [Doc No. 1.] On April 13, 2007, the S.E.C. secured a Temporary Restraining Order freezing certain of the Defendants' assets. [Electronic Order dated April 13, 2007.] The Temporary Restraining Order was modified on April 17, 2007. [Electronic Order dated April 17, 2007.] On May 3, 2007, the Court entered two unopposed preliminary injunction Orders freezing certain of the Defendants' assets. [Doc. Nos. 20, 21 and 22.]

On May 23, 2007, the S.E.C. filed a Motion seeking the appointment of a receiver for Lydia, as well as a Brief in Support of the Motion. [Doc. Nos. 25 and 26.] On June 1, 2007, the Court granted the S.E.C.'s request and appointed a Mr. Moran as Receiver for Lydia. [Doc. No. 28.]

In the June 1, 2007 Order for Appointment of Receiver, the Court directed the Receiver to, *inter alia*: (1) take and retain immediate possession, custody and control of the funds and assets of Lydia, and of all other entities which Lydia owned, controlled, or benefited from, including Lydia Capital Alternative Investment Fund, LP (the "Fund"), and (2) to take all steps the Receiver deems necessary to conduct an inventory of the assets and liabilities of Lydia and the Fund. [Doc. No. 28.] Further, the Court's Order for Appointment of Receiver states that the Receiver shall 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 for Appointment of Receiver, with due regard for the best long-term interests of the investors in the Fund ("Investors"). [Doc. No. 28.] The Receiver has been performing his duties and responsibilities consistent with the scope of the Order for Appointment of Receiver since its entry, and the relief sought in this Motion is in compliance with the Receiver's duties.

C. DISCRETION AND AUTHORITY OF THE RECEIVER.

The objective of a receiver charged with liquidating assets is to obtain the best value for the estate available under the circumstances. *Fleet Nat'l Bank v. H & D Entertainment, Inc.*, 926 F.Supp 226, 239-40 (D.C. Mass. 1996), *citing Jackson v. Smith*, 254 U.S. 586 (1921). Further, the paramount goal of the Receiver is to maximize the proceeds received by the estate. *See e.g. Four B. Corp. v. Food Barn Stores, Inc.*, 107 F.3d 558, 564-65 (8th Cir. 1997). Courts have also made it clear that in selecting the methods of achieving this principal aim, a receiver's business judgment is entitled to substantial deference.¹

¹ *See, e.g., In re JFD Enterprises, Inc.*, 2000 WL 560189, *5 (1st Cir. 2000) (it is not the court's "role to second-guess a trustee's determination not to sell an estate's assets at a given point in time so long as that determination reflects the trustee's business judgment. . . . The trustee has ample discretion to administer the estate, including authority to conduct public or private sales of

D. PRIOR DISPOSITION OF RECEIVERSHIP ASSETS.²

At the time of the Receiver's appointment, the Lydia Portfolio contained thirty-seven (37) life insurance policies with face values ranging from \$1,000,000 to \$10,000,000 on the lives of twenty-eight (28) individuals. The Receiver subsequently discovered that Lydia's purchase of the beneficial interest in one policy had not been completed when the S.E.C. filed this action. Pursuant to Court approval, the Receiver transferred ownership of the policy to the original assignee in return for reimbursement of the amount paid by Lydia for the policy. [Doc. No. 123] The Receiver also discovered that another policy was encumbered by a premium loan that exceeded the value of the policy. With the approval of the Court, the Receiver executed a release of any rights that Lydia may have had in the encumbered policy. [Doc. No. 196]

With his appointment, the Receiver and the Investors anticipated that the Receivership would sell the thirty-five (35) policies to which Lydia had clear title. However, insurance companies challenged the validity of thirteen (13) policies. With the initiation of the litigation to

estate property. Courts have much discretion on whether to approve proposed sales, but the trustee's business judgment is subject to great judicial deference."), *citing In re WPRV-TV, Inc.*, 143 B.R. 315, 319 (D.P.R.1991), *vacated on other grounds*, 165 B.R. 1 (D.P.R. 1992); *In re Bakalis*, 220 B.R. 525, 531-32 (Bankr. E.D.N.Y.1998) (noting discretion accorded to trustee in bankruptcy with regard to sale of assets); *In re Thinking Machs. Corp.*, 182 B.R. 365, 368 (Bankr. D. Mass.) (emphasizing "the high degree of deference usually afforded purely economic decisions of trustees"), *rev'd on other grounds*, 67 F.3d 1021 (1st Cir.1995); *Official Committee of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources, Inc.)*, 147 B.R. 650, 656-57 (Bankr. S.D.N.Y. 1992) (noting that overbid procedures and break-up fee arrangements that have been negotiated by a receiver are to be reviewed according to the deferential "business judgment" standard, under which such procedures and arrangements are "presumptively valid"); and *In re 295 Fifth Ave. Assocs., L.P.*, 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989) (same).

² A detailed summary of the disposition of the policies within the Receivership Estate can be found beginning on page five of the Receiver's Thirteenth Report to the Court. [Doc. No. 284]

rescind or void these policies, the policies were rendered unmarketable. Upon the approval of the Court, the Receiver has settled the litigation involving the validity of these policies, resulting in the payment of between \$3,700,000 and \$3,800,000 to the Receivership Estate.

In 2008, five (5) of the uncontested policies exited their contestability periods, enabling the Receiver to market and obtain a buyer for these policies. The Court approved the sale of the policies for \$1,400,000 on August 1, 2008. [Doc. No. 175.]

When the remaining seventeen (17) Policies exited the contestability periods, the Receiver began extensive efforts to market these Policies for sale. On February 3, 2010, the Receiver filed a Motion to Authorize Sale of Certain Assets of the Receivership for the sale of six (6) of the Policies. [Doc. No. 268.] On February 22, 2010, the Court entered an Order Approving the Motion. [Doc. No. 273.] However, the original purchaser of the 6 Policies failed to comply with the funding requirements of its asset purchase agreement with the Receiver. When the purchaser failed to cure its default, the Receiver negotiated an asset purchase agreement for the sale of the 6 Policies with Life Benefits, which had agreed to purchase the other eleven (11) Policies.

On May 5, 2010, the Receiver filed a Motion to Authorize Sale of Certain Assets of the Receivership for the sale of the 17 Policies. [Doc. No. 283.] On May 20, 2010, the Court entered an Order Approving the Motion and authorizing the sale of the Policies to Life Benefits. [Doc. No. 290.] The Purchase Agreements executed by Life Benefits, and approved by the Court, contain the following "Representations and Warranties of Buyer":

Financing. Buyer has readily available and adequate financial resources to consummate the transactions contemplated by the Agreement and this Agreement is not subject to any financial contingencies.

Mr. Moran relied on these, and other, representations, warranties and assurances of Life Benefits when he entered into the Purchase Agreements on behalf of the Receivership.

III. LIFE BENEFITS' TERMINATION OF THE PURCHASE AGREEMENTS.

Life Benefits executed a Purchase Agreement for the 11 Policies on April 13, 2010, and executed the Purchase Agreement for the 6 Policies on April 30, 2010. Since that time, the Receiver has provided Life Benefits with information and documents for the Policies, as requested by Life Benefits. As of June 11, Life Benefits represented that it was prepared to close on the sale of the 11 Policies. However, Life Benefits did not fund the purchase of the 11 Policies at that time or at any subsequent time. Nor has Life Benefits funded the purchase of the 6 Policies.

On June 25, 2010, Life Benefits informed the Receiver that it was canceling its agreement to purchase the 17 Policies. Copies of the letters notifying the Receiver of its cancellation are attached as Exhibit 1.³ The stated reason for Life Benefits' cancellation of the sale was "due to the fact that we were unable to procure the necessary medical records and medical releases in order to complete one of the main requirements for our financing." *Id.*

The Receiver has made formal demand on Life Benefits to complete the sale of the Policies in accordance with the terms of the Purchase Agreements. The Receiver and his counsel have also had several discussions with Life Benefits and its counsel, and have attempted to move forward with the sale. Under the terms of the Purchase Agreements, Life Benefits has a ten-day cure period. This cure period expires July 10, 2010.

³ Although dated "June 21, 2010," the Receiver did not receive the letters until June 25th as Life Benefits sent the letters by regular mail.

IV. IT IS IN THE BEST INTERESTS OF THE INVESTORS TO CEASE PREMIUMS PAYMENTS ON THE POLICIES.

In the opinion of the Receiver, the continued payment of premiums is not in the best interests of the Receivership Estate or the Investors. Despite the Receiver's significant and prolonged efforts to sell the Policies, the Receiver has been unable to locate other potential buyers for the Policies. Without a buyer, there is no way to accurately estimate how long the Receivership would be required to continue to make the very significant premium payments required by these Policies. **Consequently, the continued payment of premiums could conceivably exhaust all of the Receivership's cash within the next sixty (60) days.**

A. THE COST OF PREMIUMS.

The following is a schedule of premium payments for the Policies:

| Policy Code | Face Value | Premium Amount | Mode | Due Date | Lapse Date |
|--------------------|-------------------|-----------------------|-------------|-----------------|-------------------|
| LYD-3351-01 | \$7,500,000 | \$30,000.00 | Monthly | 6/12/2010 | 8/12/2010 |
| LYD-3365-01 | \$10,000,000 | \$61,000.00 | Monthly | 5/26/2010 | 7/26/2010 |
| LYD-3360-03 | \$2,000,000 | \$34,000.00 | Quarterly | 6/4/2010 | 8/4/2010 |
| LYD-3367-01 | \$3,150,000 | \$94,000.00 | Quarterly | 6/28/2010 | 8/28/2010 |
| LYD-3360-01 | \$2,000,000 | \$70,000.00 | Annual | 8/15/2010 | 10/15/2010 |
| LYD-3355-01 | \$3,000,000 | \$12,500.00 | Quarterly | 9/18/2010 | 11/18/2010 |
| LYD-3348-01 | \$5,000,000 | \$8,700.00 | Monthly | 6/1/2010 | 8/1/2010 |
| LYD-3342-01 | \$5,000,000 | \$22,500.00 | Monthly | 5/10/2010 | 7/10/2010 |
| LYD-3342-02 | \$5,000,000 | \$22,000.00 | Monthly | 5/10/2010 | 7/10/2010 |
| LYD-3349-01 | \$4,000,000 | \$47,250.00 | Quarterly | 6/26/2010 | 8/26/2010 |
| LYD-3355-02 | \$5,000,000 | \$28,000.00 | Quarterly | 5/10/2010 | 7/10/2010 |
| LYD-3355-03 | \$5,000,000 | \$28,000.00 | Quarterly | 5/10/2010 | 7/10/2010 |
| LYD-3354-01 | \$3,000,000 | \$61,500.00 | Quarterly | 5/16/2010 | 7/16/2010 |
| LYD-3360-02 | \$1,000,000 | \$14,000.00 | Quarterly | 5/21/2010 | 7/21/2010 |
| LYD-3346-02 | \$1,750,000 | \$36,000.00 | Quarterly | 5/24/2010 | 7/24/2010 |
| LYD-3347-01 | \$5,000,000 | \$90,579.00 | Quarterly | 5/27/2010 | 7/27/2010 |
| LYD-3366-01 | \$2,00,000 | \$18,000.00 | Quarterly | 5/28/2010 | 7/28/2010 |

Five (5) of the Policies have monthly premiums totaling \$144,200 a month. Ten (10) of the Policies have quarterly premiums totaling \$463,829 a quarter. One (1) Policy has an annual

premium of \$70,000 that will be due August 15, 2010. In July alone, premium payments will total \$381,579. Premiums payments in August will total an additional \$319,450.

B. LACK OF MARKETABILITY OF THE POLICIES.

The Receiver has utilized all of his efforts to obtain a buyer for the Policies. However, with Life Benefits' refusal to proceed with the sale, the Receiver is not aware of any buyer that is willing to purchase the Policies. The marketing and sale of the Portfolio as a whole presented unique and difficult challenges to the Receiver. Most of the policies were issued in 2007 and had two-year contestability provisions. These provisions allowed the insurance companies to challenge the validity of the Policies during the set contestable periods. After the contestability period for each policy ended, the insurer would be either prohibited from contesting the policy or allowed to contest the policy only on the limited grounds of fraud.

For these reasons, the Receiver concluded in 2007, upon consultation with the Investors, that it would be in the best interests of the Receivership Estate to hold the Policies in the Portfolio until they exited their contestability periods. After that time, the Receiver would market the Portfolio to obtain the highest possible price for the Policies.

Since the time the Receiver first analyzed the Portfolio in 2007, there have been significant changes in both the insurance industry and the life settlement market that have created a difficult environment in which to liquidate the Portfolio. These changes are due to a number of factors that have adversely impacted the marketability of the Policies, namely: (1) diminished market conditions caused by a worsening economy; (2) increased regulation and litigation by insurance companies seeking to void policies that are part of the life settlement market; and (3) the high cost of premiums for the Policies in the Portfolio and the longer life expectancies of the insureds.

1. Economic Conditions Affecting Marketability.

Unfortunately, by the time the Policies had exited their contestability periods, the United States and world economy as a whole had experienced an unprecedented financial collapse. This resulted in a severe recession and a seizing up of the credit markets in late 2008, from which the markets are still recovering. Private equity, to the extent it flowed at all, flowed away from non-traditional markets, like the life settlement market, and toward more traditional markets.

Thus, the number of participants in the life settlement market willing to buy policies has significantly diminished since 2007. Those who are still participating in the market can be, and are, much more selective about the types of policies they are willing to purchase. This heightened selectivity in the life settlement market has been driven by the current economic conditions, which have been beyond the control of the Receiver and the Investors. Furthermore, as discussed in the following section, these adverse conditions have been amplified by the insurance industry's attack on the life settlement market and the increasing threat of litigation that exists for purchasers of life settlement policies.

2. Adverse Affect of Increasing Regulation and Litigation.

Since the establishment of this Receivership, there has been increased regulation of the life settlement market by state regulators and legislators. The insurance industry has also aggressively pursued litigation to contest policies that have been sold in the life settlement market. In general, the increased regulation and litigation have had a chilling effect on the life settlement market and the price purchasers are willing to pay for life settlement policies. This has not only impaired the Receiver's ability to obtain a willing buyer for the Portfolio, but has also adversely affected the price that buyers are willing to pay for the Policies.

Further, the litigation against this Receivership had an immediate and direct impact on the value of the Portfolio. The Litigation rendered over one-third of the Policies in the Receivership Estate essentially worthless and reduced the total face value of the Portfolio by one-half of its original value. The litigation has also adversely impacted the value of the Policies that were not contested. With a third of the Portfolio mired in Litigation, potential purchasers viewed the remainder of the Portfolio as tainted.

3. *Effect of High Premiums and Longer Life Expectancies on Value of the Policies.*

In the current market, the most desirable life settlement policies can still be sold, albeit at a diminished market value. The types of policies most desirable to investors are those with shorter life expectancies of the insureds and the lowest premiums. Life expectancy is the calculation, based upon the age, gender and medical history of an insured, used to estimate the remaining life of that insured. The life expectancy estimate is used to determine the selling price of a life insurance policy being sold. For an investor, the longer the time until the death benefit is paid, the less the investor will pay for the policy. In other words, investors in life settlement Policies obtain the highest return on their investment when making the fewest number of premium payments prior to maturity of the policy.

Therefore, investors look for policies with the most desirable ratio of premiums payments and life expectancy. Policies that are less desirable – those with higher premium carrying costs and longer life expectancies of the insureds – are less likely to sell. Consequently, those less desirable policies have a substantially lower market value, if any value at all, in today's market.

As shown above, the 17 Policies remaining in the Portfolio carry significant premium payments. Further, when the Receivership was established, the average age of the insureds on

the Policies was 82.53 years, with life expectancies ranging from between 45 to 170 months. In the Receiver's opinion, the length of the life expectancies of the insureds and high premium carrying costs for the Policies, combined with the reluctance and heightened selectivity of investors, has had a significant and negative impact on the Receiver's ability to obtain offers.

4. Efforts to Sell Remaining 17 Policies.

As discussed above, the Policies were not marketable until each Policy exited its contestable period. For this reason, the Policies could not be sold for nearly two (2) years after the Receiver was appointed. In May 2009, the Policies had exited their contestable period and the Receiver began actively soliciting bids on these Policies.

The Receiver began by placing a notice about the Policies and their availability for sale in the following industry publications: THE LIFE SETTLEMENT REVIEW, a publication of the Life Insurance Settlement Association, and THE LIFE SETTLEMENT REPORT, a publication of DealFlow Media. The Receiver also reached out in various ways to his numerous industry contacts, and sent basic information about the Portfolio to at least 158 different insurance brokers, providers and industry-specific individuals potentially interested in purchasing all or some of the 17 Policies (the "Initial Contacts"). The Receiver was contacted by and received initial interest from approximately 20% of these Initial Contacts (the "Prospects"). The Receiver's staff took numerous calls and e-mails from these Prospects and provided them with basic information about the Portfolio.

If, after this initial exchange of information, a Prospect was still interested in buying any of the Policies, the Receiver would have the Prospect execute a confidentiality agreement, and then give access to an online data room that contained detailed information about the Policies for sale. Extensive due diligence was performed by several Prospects and the Receiver's staff

continually followed up with the Prospects, but most of the Prospects ultimately made no offers on any of the Policies.

As discussed above, the Receiver received an offer to purchase 6 of the Policies from another purchaser and obtained Court approval of the sale to this buyer in February of 2010. The buyer subsequently defaulted and, as a result, the Receiver entered into the Purchase Agreements with Life Benefits for the sale of the 6 Policies as well as the 11 Policies. However, Life Benefits' agreement to purchase the 6 Policies was for less than the previous purchaser had agreed to pay. Additionally, the purchase price for the 11 Policies was not comparable to that for the 6 Policies. Based upon the valuations obtained by the Receiver, the 11 Policies have little or no market value.

With Life Benefit's cancellation of its agreement to purchase the Policies, the Receiver is unaware of any other potential purchasers.

C. IT IS IN THE BEST INTERESTS OF THE INVESTORS AND RECEIVERSHIP ESTATE TO CEASE PREMIUM PAYMENTS.

The Receiver has made formal demand on Life Benefits to perform under the terms of the Purchase Agreements. The Receiver and his counsel are also considering the legal remedies available to the Receivership for Life Benefits' refusal to close on the sale of the Policies, including the retention of counsel on a contingency fee basis to pursue damages for breach of contract and misrepresentation.

In consideration of the upcoming premium payments, and the substantial detriment to the Receivership Estate if it should continue to make these and future payments, the Receiver believes that it is in the best interests of the Receivership and the Investors to cease the payment of premiums and to allow the Policies to lapse. Allowing the Policies to lapse, and retaining the

Receivership funds that might be spent on premiums, now represents the greatest return for the Investors given the circumstances.

The Receiver does not believe that it would be beneficial to the Investors or the Receivership Estate to continue making premium payments in order to re-market the Policies and seek another buyer. The Receiver has already engaged in extensive marketing of these remaining 17 Policies and he knows of no other marketing avenues to pursue that would result in another purchaser for the Policies. The sale of the 17 policies to Life Benefits represented the best and only serious offer received on the Policies.

Counsel for the Receiver has contacted the attorney representing a group of Investors, and has advised her of Life Benefits' refusal to close on the sale of the Policies and of the filing of this Motion to Cease Payments. The Receiver's counsel also offered her group of Investors the opportunity to take an assignment of the Policies and assume the premium obligations on the Policies. Through this Motion, the Receiver advises all other interested Investors of the same offer.

V. CONCLUSION.

The Receiver respectfully requests that an Order be entered by the Court allowing the Receiver to cease making premium payments on the 17 remaining Policies in the Lydia Portfolio, and to allow the Policies to lapse. The Receiver has made extensive efforts to market and sell the Policies and obtain the highest and best value for the assets of the Receivership Estate. However, rather than continue to pay the high premium costs for the Policies, the Receiver believes the lapse of the Policies is in the best interests of the Investors given the circumstances at issue.

A copy of this Motion to Cease Payments, as well as a copy of the proposed Order, is being 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 will provide notice by posting a copy of the Motion to Cease Payments and the proposed Order thereto on the Receiver's website: <http://www.lydiacapital.com>.

WHEREFORE, H. Thomas Moran, II, Court-Appointed Receiver for Lydia Capital, LLC, respectfully requests that the Court enter an Order authoring the Receiver to immediately cease paying premiums on the remaining Policies, to allow the Policies to lapse or to assign the Policies to any Investors willing to take assignment of one or more of the Policies, and to grant such other and further relief as is just and proper.

Respectfully submitted,

/s/ Melvin R. McVay, Jr.

Melvin R. McVay, Jr. (admitted *pro hac vice*)

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Dated: July 2, 2010

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of July, 2010, I electronically transmitted the attached document to the Clerk of Court using the ECF System for filing and transmittal of a Notice of Electronic Filing to the following ECF registrants:

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Melvin R. McVay, Jr.

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

| | | |
|-------------------------------------|---|--------------------------|
| SECURITIES AND EXCHANGE COMMISSION, |) | |
| |) | |
| Plaintiff, |) | |
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| v. |) | Case No. 07-cv-10712-RGS |
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| LYDIA CAPITAL, LLC; |) | |
| GLENN MANTERFIELD, and |) | |
| EVAN ANDERSEN, |) | |
| |) | |
| Defendants. |) | |

**RECEIVER'S EMERGENCY MOTION FOR EXPEDITED RULING
ON THE MOTION FOR AUTHORIZATION TO CEASE PREMIUM PAYMENTS
ON CERTAIN POLICIES OF THE RECEIVERSHIP ESTATE**

COMES NOW H. Thomas Moran, II, Court-Appointed Receiver for Defendant Lydia Capital, LLC (the "Receiver"), and with respect to his Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate ("Motion to Cease Payments") [Doc. No. 298], moves the Court to set an expedited deadline for filing any objections to Receiver's Motion to Cease Payments, and respectfully requests a ruling on Receiver's Motion to Cease Payments prior to July 9, 2010. In support of this request for an expedited hearing, the Receiver shows the Court as follows:

1. On July 2, 2010, the Receiver filed his Motion to Cease Payments, seeking an Order from the Court allowing the Receiver to cease premium payments on the remaining seventeen (17) insurance policies in the Receivership Estate, and allowing those policies to lapse. As detailed in the Receiver's Motion to Cease Payments, the Receiver submits that ceasing premium payments, and allowing the policies to lapse is in the best interest of the investors and the Receivership Estate because premiums are continuing to accrue and, without a buyer for the policies, it would be imprudent to continue paying the premiums.

2. Many of the policies have lapse dates that occur on July 10, 2010, and the policies will lapse if a premium payment is not made. As detailed in the Receiver's Motion to Cease Payments, to prevent the policies from lapsing, the Receiver will be required to make approximately \$381,579.00 in premium payments during the month of July, with many of those being due by July 9, 2010.

3. Should the Court deny the Receiver's Motion to Cease Payments, then it will be necessary that the Receiver make these payments in order to prevent the policies' lapse. However, should the Court grant the Receiver's Motion to Cease Payments, then doing so on an expedited basis will save the Receivership Estate over \$380,000.00 in premium payments.

4. The Receiver believes that the policies cannot be sold to a willing buyer, and continuing premium payments is not in the best interest of the Receivership Estate since the amount of the premium payments are greater than any amount for which the Receivership Estate may eventually be able to sell the policies.

5. The Receiver will provide a copy of Receiver's Motion for Expedited Ruling on the Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate to (1) the SEC; (2) Defendant Evan Andersen; (3) Defendant Glenn Manterfield; and (4) the Investors in Lydia and/or the Lydia Capital Alternative Investment Fund LP (the "Fund"). Additionally, the Receiver will provide notice by posting a copy of the Emergency Motion for Expedited Ruling on the Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate, and the proposed Order thereto, on the Receiver's website, <http://www.lydiacapital.com/>.

6. A Proposed Order setting the time period for filing written objections is attached hereto as Exhibit "A".

WHEREFORE, the Receiver respectfully requests that the Court set an expedited deadline for filing any objections to the Receiver's Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate and the Receiver respectfully requests the Court issue an Order on Receiver's Motion prior to July 9, 2010.

Dated: July 2, 2010

Respectfully submitted,

/s/ Melvin R. McVay, Jr.

Melvin R. McVay, Jr. (admitted *pro hac vice*)

PHILLIPS MURRAH P.C.

Corporate Tower, Thirteenth Floor

101 North Robinson Avenue

Oklahoma City, Oklahoma 73102

Telephone: (405) 235-4100

Facsimile: (405) 235-4133

mrmcvay@phillipsmurrah.com

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of July, 2010, I electronically transmitted the attached document to the Clerk of Court using the ECF System for filing and transmittal of a Notice of Electronic Filing to the following ECF registrants:

Martin F Healey
healeym@sec.gov

Deena Bernstein
BernsteinD@sec.gov

Silvestre A. Fontes
fontess@sec.gov

Attorneys for Securities and Exchange Commission

Mauro M. Wolfe
wolfem@dicksteinshapiro.com

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Attorneys for Evan Andersen

Glenn Manterfield
36 Fossdale Road
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United Kingdom
bladesman@eircom.net

Pro Se

Christopher Michael Condon
cmc@hanify.com

Douglas Marc Marrano
dmarrano@donovanhatem.com

/s/ Melvin R. McVay, Jr.
Melvin R. McVay, Jr.

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

| | | |
|-------------------------------------|---|--------------------------|
| SECURITIES AND EXCHANGE COMMISSION, |) | |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | Case No. 07-cv-10712-RGS |
| |) | |
| LYDIA CAPITAL, LLC; |) | |
| GLENN MANTERFIELD, and |) | |
| EVAN ANDERSEN, |) | |
| |) | |
| Defendants. |) | |

**ORDER SETTING TIME PERIOD FOR FILING WRITTEN OBJECTIONS
TO RECEIVER'S MOTION FOR AUTHORIZATION TO CEASE PREMIUM
PAYMENTS ON CERTAIN POLICIES OF THE RECEIVERSHIP ESTATE**

NOW before the Court is the Receiver's Emergency Motion for Expedited Ruling on the Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate [Doc. No. ____] of H. Thomas Moran, II, Court-Appointed Receiver for Defendant Lydia Capital, LLC. Upon review of the Receiver's Motion, and for good cause shown, the Court finds that the Motion should be, and is hereby granted.

The deadline for submitting written objections to the Receiver's Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate, shall be the ____ day of _____, 2010 (the "Objection Deadline").

The Receiver is directed to provide a copy of this Order to: (1) the SEC; (2) Defendant Evan Andersen; (3) Defendant Glenn Manterfield; and (4) the investors in Lydia and/or the Lydia Capital Alternative Investment Fund LP (the "Fund").

Any person or entity filing a written objection to the Receiver's Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate shall also serve a copy of said objection upon (a) Phillips Murrah P.C., counsel to the Receiver, Corporate Tower,

101 N. Robinson, 13th Floor, Oklahoma City, Oklahoma 73102, Attn: Melvin R. McVay, Jr.;
(b) the SEC, c/o Deena Bernstein, 33 Arch Street, 23rd Floor, Boston, Massachusetts 02110-
1424; (c) Defendant Evan Andersen c/o Mauro M. Wolfe, Dickstein Shapiro LLP, 1177 Avenue
of the Americas, 3rd Floor, New York, New York 10036; and (d) Defendant Glenn Manterfield,
28 Elm Crescent, Mosbrough, Sheffield S20 5AT, United Kingdom, so as to be received no later
than 4:00 p.m. (prevailing Eastern Time) on the Objection Deadline.

IT IS SO ORDERED this ___ day of _____, 2010.

RICHARD G. STEARNS,
UNITED STATES DISTRICT JUDGE



Life Benefits, Inc.

1400 Gannon Drive 2nd. Fl Hoffman Estates, IL 60194
847-310-1400 • 847-310-1239 Fax

June 21, 2010

H. Thomas Moran II
Receiver
Lydia Capital, LLC
521 W. Wilshire
2nd Floor
Oklahoma City, OK 73116

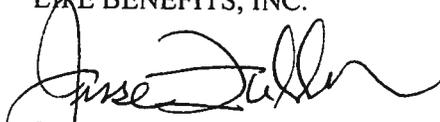
Re: Lydia Capital, LLC
Case #:07-CV-10712-RGS

Dear Mr. Moran,

Please be advised that Life Benefits, Inc. hereby gives notification that it is cancelling its agreement with H. Thomas Moran II, as receiver for Lydia Capital, LLC, dated May 3, 2010 covering the purchase of eleven policies, case # 07-CV-10712-RGS.

This cancellation is due to the fact we were unable to procure the necessary medical records and medical releases in order to complete one of the main requirements for our financing. I would like to thank you and your staff for the assistance you have given us in this matter. Thank you.

Respectfully,
LIFE BENEFITS, INC.



Jesse Fuller
President

cc. Phillips Murrah, P.C.



Life Benefits, Inc.

1400 Gannon Drive 2nd. Fl Hoffman Estates, IL 60194
847-310-1400 • 847-310-1239 Fax

June 21, 2010

H. Thomas Moran II
Receiver
Lydia Capital, LLC
521 W. Wilshire
2nd Floor
Oklahoma City, OK 73116

Re: Lydia Capital, LLC
Case #:07-CV-10712-RGS

Dear Mr. Moran,

Please be advised that Life Benefits, Inc. hereby gives notification that it is cancelling its agreement with H. Thomas Moran II, as receiver for Lydia Capital, LLC, dated May 3, 2010 covering the purchase of six policies, case # 07-CV-10712-RGS.

This cancellation is due to the fact we were unable to procure the necessary medical records and medical releases in order to complete one of the main requirements for our financing. I would like to thank you and your staff for the assistance you have given us in this matter. Thank you.

Respectfully,
LIFE BENEFITS, INC.

Jesse Fuller
President

cc. Phillips Murrah, P.C.

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

| | | |
|-------------------------------------|---|--------------------------|
| SECURITIES AND EXCHANGE COMMISSION, |) | |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | Case No. 07-cv-10712-RGS |
| |) | |
| LYDIA CAPITAL, LLC; |) | |
| GLENN MANTERFIELD, and |) | |
| EVAN ANDERSEN, |) | |
| |) | |
| Defendants. |) | |

**ORDER GRANTING RECEIVER'S MOTION FOR AUTHORIZATION TO CEASE
PREMIUM PAYMENTS ON CERTAIN POLICIES OF THE RECEIVERSHIP ESTATE**

NOW before the Court is the Receiver's Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate [Doc. No. 298] of H. Thomas Moran, II, Court-Appointed Receiver for Defendant Lydia Capital, LLC. Upon review of the Receiver's Motion, and for good cause shown, the Court finds that the Motion should be, and is hereby granted.

The Receiver is hereby authorized to cease making premium payments on the 17 policies described in the Receiver's Motion for Authorization to Cease Premium Payments on Certain Policies of the Receivership Estate, and to allow the policies to lapse, and/or to offer the investors the opportunity to take an assignment of the policies and assume the premium payments.

IT IS SO ORDERED this ____ day of _____, 2010.

RICHARD G. STEARNS,
UNITED STATES DISTRICT JUDGE