

## *H. Thomas Moran II, Receiver for Lydia Capital, LLC*

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### *Frequently Asked Questions (Premium Proposal - December, 2007)*

❖ ***When is the deadline for returning the Premium Proposal?***

It is imperative that we receive the investors' responses regarding the premium payment proposal as soon as possible.

❖ ***How long do you anticipate we will be paying premiums?***

If investors are billed for premiums, the Receiver anticipates that it would continue for no more than 18 months. However, it is possible that it could continue for a longer period of time. Please keep in mind, the Receiver is exploring other options to determine the most cost effective manner to finance the premium expense.

❖ ***Why does the fund suddenly have no money to maintain premiums?***

As of the date the Receiver was appointed, there were insufficient funds to maintain the insurance portfolio into the future. At this time, the Receiver is investigating the pre-receivership activity of the Fund and the bank accounts.

❖ ***Why has it never been mentioned that the Receiver doesn't have enough money to pay premiums? The December letter stated that there was sufficient funds to maintain the portfolio until sometime in January 2008. What has changed?***

The lack of funds to maintain the portfolio into the future has been stated in previous correspondence, reports to the Court and various documents filed with the Court that have been posted on the Receiver's website.

❖ ***If some investors say "yes" and some say "no", what will happen?***

The Receiver will seek direction from the Court regarding this possibility. It may result in the non-participating investors receiving a reduced amount upon distribution of funds to the investors.

- ❖ ***There are conflicting figures related to the portfolio valuation and the premium expense on the October report versus the December letter. Why?***

The Receiver continually gathers new information regarding the portfolio. Additional data was provided to the actuarial firms to value the portfolio and updated reports were prepared.

- ❖ ***How much cash was in the Fund at the end of November 2007?***

Please see the periodic reports that the Receiver files with the Court. These reports are posted to the Receiver's website ([www.lydiacapital.com](http://www.lydiacapital.com)) for your convenience.

- ❖ ***Once death benefits are received, what will you do with that money?***

Any money received from death benefits will become an asset of the Receivership Estate. The Receiver will request the direction of the Court to determine the best way to continue to pay the expenses of the Receivership, including maintaining the other insurance policies while working toward distributing the net proceeds to the investors.

- ❖ ***What other options is the Receiver considering besides billing the investors for premiums?***

The Receiver is exploring all options at this time. Due to the unique nature of these assets, there are no easy answers. One possibility is to seek bank financing. However, that option necessitates the Receiver taking on more expenses which will have to be paid out of the Receivership Estate.

- ❖ ***Is there any guarantee of how much money I can get back from my investment?***

The Receiver is making every effort to preserve your investment, but it is not possible to make any estimates at this time.