

UPDATE FOR INVESTORS

On Tuesday, August 31, I took the sworn testimony of Reginald Parker, former chief operating officer and president of LifeTime Capital.

Mr. Parker was with LifeTime from July 1999 through January 2001. When he started working with LifeTime, the portfolio had already essentially been purchased and was still to some extent being marketed to investors.

He did not conduct an actuarial study on the portfolio nor did he examine the life expectancies that had been provided, although he indicated he does recall that the life expectancies of the viators generally ranged from about six months to 60 months.

He indicated that he met Ernest Bustos in 1999 at a meeting of LifeTime staff and agents in Hawaii. He did have contact with him on a number of occasions over the years.

He stated that in the summer of 2000 he was advised by the owners of the company that they would be closing LifeTime, at which time he made an offer to investigate purchasing the company and was rebuffed. He states that at that point in time the premium escrow was completely depleted but through various efforts prior to his leaving the employ of LifeTime, they were able to restore approximately \$500,000 to the premium escrow.

Upon leaving he had arranged for a trustee for the premium reserve, an accounting firm and a viator tracking service. The files of LifeTime were placed in banker's boxes in an air-conditioned storage facility and the keys were given to MXT Consulting, which is apparently another David Svete company.

Sometime after the closing of LifeTime he and some others formed a company known as Mosaic Management Group, which markets viatical settlements generally in the international market.

After founding Mosaic he made contact with Ernest Bustos regarding marketing his product in Mexico. He did meet with Mr. Bustos in July of 2004 in Florida at which time he indicates that Mr. Bustos told him that Mr. Moran was mishandling the Receivership of LifeTime, had mishandled the Receivership of Accelerated Benefits Company and provided other information, which generally concerned him. At that time he assisted in providing some information to Mr. Bustos that was contained in the July 30, 2004 letter to you. For instance, he did indicate that he thought the premium for the next seven years would be in the \$15,000,000 to \$20,000,000 range. He also indicated that a best-case scenario would result in approximately \$120,000,000 being available for distribution assuming all viators died in less than 10 years. He agreed that having not done an actuarial study or confirming the life expectancies of the viators, he cannot say whether the \$120,000,000 best-case scenario could ever occur and indicated that the figure was just that, a best-case scenario. As for the balance of the information contained in the Bustos letter to you, he stated that information came from Mr. Bustos and that he urged him a number of times to be sure of his facts. He is unaware as of yet whether Mr. Bustos has ever confirmed the facts set forth. He said he certainly did not tell Mr. Bustos that all of the viators

exceeded the age of 80, as Mr. Bustos has previously testified and indeed indicated that Mr. Bustos was the one who told him that. He stated that he has not had contact with Mr. Bustos since July of 2004, does not support the IP Fund in any fashion and bluntly stated that he wants nothing further to do with Mr. Bustos.

I hope this information is of assistance to you in deciding what position you will take regarding the IP Fund.

We have a status conference with the Judge set for September 9. I plan to provide an additional update for you at that point in time. Additionally, we will put the full text of both Mr. Moran and Mr. Bustos' sworn testimony on this website so that you can read for yourself how the testimony actually came out rather than merely relying upon my summary.

Andrew. C. Storar
Examiner