

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
Miami Division**

CASE NO. 04-60573-CIV-MORENO/STRAUSS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MUTUAL BENEFITS CORP., *et al*,

Defendants.

TRUSTEE’S STATUS REPORT REGARDING WIND DOWN

Barry Mukamal, as Trustee (“Trustee”) of the Mutual Benefits Keep Policy Trust (“Trust”), submits this Status Report in accordance with the Court’s *Report and Recommendation on Motion by Acheron Capital, Ltd. for Order Directing (A) the Wind Down and End of the Mutual Benefits Keep Policy Trust and (B) Disbursement of Certain Assets to the Non-Acheron Related Investors in Keep Policies (“Acheron’s Wind Down Motion”) (DE 2593) and on Trustee’s Amended Motion to Authorize the Initiation of Trust Wind Down and Termination (“Trustee’s Amended Wind Down Motion”) (DE 2640) [D.E. 2723]*, and the Court’s *Order Adopting Magistrate Judge’s Report and Recommendation and Denying Acheron’s Wind Down Motion and Granting the Trustee’s Amended Motion to Authorize Initiation of Trust Wind Down and Termination [D.E. 2825]* (collectively, the “Wind Down Order”).

Attached hereto is an updated report of the information provided to the Court at the June 10, 2020 Status Conference, as directed by the Wind Down Order. Since the Wind Down Order was entered, the Trustee’s preparatory efforts in connection with the eventual wind down of the Trust have been primarily directed to (a) securing servicing for the Trust’s assets beyond the

termination of the existing servicing agreement; and (b) securing the delivery of all of the Trust's data to the Trust by the existing servicer. Those matters have been addressed in greater detail in other filings with the Court. With regard to securing servicing for the Trust's assets, the Trustee has an agreement for a new servicer, and the status of arbitration of Acheron's objections thereto is addressed in the *Joint Status Report Regarding Arbitration* filed on December 8, 2020 [D.E. 2831]. With regard to securing the Trust's data, that matter was tried by the Court and addressed in its *Report and Recommendation to Grant in Part and Deny in Part Motion to Compel (DE 2653)* [D.E. 2830], as to which Litai filed an Objection [D.E. 2833], and the Trustee has responded to Litai's Objection [D.E. 2838].

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on December 16, 2020 on counsel for all the parties by using the CM/ECF system. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

s/ David L. Rosendorf
David L. Rosendorf

Mutual Benefits Keep Policy Trust

As of December 1, 2020 ^[1]

3a The amount of Overpayment Balance account 3,688,719

3b Amount of funds currently available to pay expenses

Cash / Money Market Accounts	663,109
Fixed Income investments	3,025,610
Total Overpayment Funds	<u>3,688,719</u>

3c The most recent total amount of monthly operating expenses ^[2] 373,369

Average 2020 Monthly OpEx ^[3] 283,664

3d Estimated average run-rate of monthly Trust operating expenses

	Dec-20	Jan 2021 - March 2021	Apr 2021 - Jun 2021	Jul 2021 - Dec 2021
Operating Expenses ^{[4] [5]}	67,400	67,400	65,000	65,000
Enhanced Oversight	29,000	29,000	-	-
Investor Subsidy ^[6]	51,800	51,800	51,800	51,800
Backup Servicing ^[7]	-	-	8,900	8,900
Subtotal	<u>148,200</u>	<u>148,200</u>	<u>125,700</u>	<u>125,700</u>
Litigation	97,500	97,500	97,500	-
Litai Extension Fee	125,000	-	-	-
Estimated Average Monthly Run-Rate	<u>370,700</u>	<u>245,700</u>	<u>223,200</u>	<u>125,700</u>

3e Total amount of money owed to Trustee and other professionals 133,851

3f Estimated minimum number of policy interests needed to rationalize costs for those interests 150 - 300

The current number of policies and policy interests the Trust is servicing			
Current # of policies the Trust is servicing			1,307
Total Face Value	MBC Victims	Acheron ^[8]	Total
HIV	53,590,504	79,394,129	132,984,633
Non-HIV	32,649,946	93,451,663	126,101,609
Total	<u>86,240,450</u>	<u>172,845,792</u>	<u>259,086,242</u>
%	33.29%	66.71%	
Current number of policy interests the Trust is servicing	MBC Victims	Acheron ^[9]	Total
	2,188	1,279	3,467

Mutual Benefits Keep Policy Trust

As of December 1, 2020 ^[1]

Notes:

- 1) Provided pursuant to the Court's Report and Recommendation dated July 27, 2020 (ECF #2723) affirmed and adopted by the Court November 16, 2020 (ECF #2825).
- 2) Includes Litai \$125K monthly extension fee.
- 3) Includes Litai extension fees of \$125K per month from May to November 2020.
- 4) December 2020 - March 2021 Operating Expenses excludes costs that were being incurred or anticipated to be incurred as reflected in the June 2020 submission to the Court (e.g. - Backup Servicing, Life Expectancy Project, and portfolio valuation). Backup Servicing is anticipated to commence in April 2021 after transition to Q Capital as primary servicer. It is currently unclear if the other previously anticipated costs may be incurred.
- 5) Operating expenses exclude policy disposition commissions which had been incorporated in the Operating Expense amounts reflected in the June 2020 submission to the Court. Policy disposition commissions will reduce the Trust's net proceeds on sale of policy interests. Given the current state of uncertainty regarding the amounts which the Trust can expect to realize from such transactions, policy disposition commissions have not been incorporated into this set of projections.
- 6) Assumes that the Trust will continue providing the Investor Subsidy.
- 7) Backup servicer not selected. Negotiation for backup servicing has not commenced.
- 8) Includes policies 100%-owned by Acheron which have not yet been removed from the Trust pending resolution of Acheron's Motion for Court to Reconsider Order Granting Trustee's Motion to Remove all 100% Acheron Owned Policies from the Trust. (ECF #2761)
- 9) Some policy interests owned by former Acheron entities Avernus Portfolio Trust, Lorenzo Tonti 2006 Trust and Styx Portfolio Trust have not yet been retitled as and merged with Acheron Portfolio Trust by the Servicer. The Servicer has advised that the retitling/merger will occur as applicable policies are billed to investors.