

**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 MARCH 2022 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 as Exhibit “A” is an updated report of the information provided to the Court in accordance with the Wind Down Order since the Trustee’s last Status Report was filed on February 15, 2022 [D.E. 3079]. In addition, as directed by the Court in its *Order of Instructions for November 19, 2021 Status Conference [D.E. 3010]*, the report also includes as Exhibit “B”

historical information for categories 3a-3f of the report from June 2020 through the month of the report.

Progress on Wind Down Steps

The Trustee advises of the following steps taken in furtherance of the wind down of the Trust since the last Status Report:

- The Trustee has considered and responded to the objections filed by Acheron Capital [D.E. 3084] and Jonathan Majers [D.E. 3088] to the Trustee's *Motion to Approve Procedures for Sale of Policies in Connection with Trust Termination* ("Sale Procedures Motion") [D.E. 3065] on January 21, 2022. The Trustee's Reply [D.E. 3099] was filed on March 8, 2022. The Court has scheduled a hearing for March 16, 2022 to consider the Sale Procedures Motion and any objections.
- The Trustee has engaged in communications with several potential "stalking horse" bidders and addressed comments and requested edits to the Confidentiality and Non-Disclosure Agreement, Declaration of Non-Affiliation and Non-Collusion Affidavits.
- Acheron Capital did not submit an "Acheron Initial Bid" as the Trustee provided for in the proposed Sale Procedures by which Acheron Capital could identify and submit a bid on any policies in which it currently holds an interest.
- The Trustee continues to work with Wilmington Trust to implement the Securities Intermediary Agreement. The process of transferring nominal ownership of Trust policies and processing of Third Party Authorization forms is underway and ongoing. The Trustee has encouraged its servicer, Litai Assets, LLC, to promptly advise of any issues regarding communications with carriers so they may be efficiently resolved.

- The Trustee continues to work on resolving Litai's refusal to access the industry-standard document delivery system utilized by Wilmington Trust, and continues to reserve all rights and remedies for any failure or refusal by Litai to perform the services required of it under the Servicing Agreement.
- The Trustee has negotiated an agreement in principle with an institutional lender to provide financing to the Trust to complete Trust liquidation, following discussions with multiple potential lenders.
- The Trustee has continued to receive and respond to inquiries through the MBKPT investor portal, email, or phone from Keep Policy Investors. The communications during the past month generally have involved requested for updates on the status of the sale and queries about payment of annual premiums.

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Attorneys for Trustee

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on March 16, 2022 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

EXHIBIT A

Mutual Benefits Keep Policy Trust

As of March 1, 2022 ^[1]

3a The amount of Overpayment Balance account ^[2] 288,234

3b Amount of funds currently available to pay expenses

Overpayment Balance - Cash	288,234
Trust Additional Admin Fee Fund - Cash ^[3]	1,051,624
Total Funds Currently Available to Pay Expenses	1,339,858

3c The most recent total amount of monthly operating expenses paid ^[4] 72,511

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

	March 2022	April 2022
Operating Expenses ^[5]	196,550	41,300
Enhanced Oversight	17,400	17,400
Subtotal	213,950	58,700
Litigation	72,000	60,000
Estimated Average Monthly Run-Rate	285,950	118,700

3e Total amount of money owed to Trustee and other professionals ^[6] 614,389

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 ^[7]			949
Total Face Value	MBC Victims	Acheron ^[7]	Total
HIV	50,443,626	56,017,791	106,461,417
Non-HIV	23,821,087	61,051,519	84,872,606
Total	74,264,713	117,069,310	191,334,023
%	38.81%	61.19%	
Current number of policy interests the Trust is servicing			
	MBC Victims	Acheron	Total
	1,906	706	2,612

Mutual Benefits Keep Policy Trust

As of March 1, 2022 ^[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) During the month of January, the Trust advanced approximately \$57,057 in contingency loans and recovered approximately \$22,434 contingency loans receivable. As of February 28, 2022 the Trust had a Contingency Loan Receivable balance of \$446,329 per Litai Assets, LLC ("Litai"). Consistent with the Trust's ongoing operations, the Trust anticipates collecting most, if not all, of this balance upon the sale of policy interests and policies.
- 3) Represents funds collected from the \$400 Additional Administrative Fee per policy interest totaling \$1,051,600 deposited into a separate account established for the purpose of holding such funds on February 8, 2022.
- 4) Trust February 2022 operating expense disbursements in the amount of \$71,769 were paid in March 2022.
- 5) Estimated March 2022 Operating Expenses include replenishment of the retainer to the Trust's portfolio sale consultants.
- 6) Professional fees presented in the current report include fees incurred for the reporting period as well as the cumulative fees holdback. As of January 1, 2022 such professional fee holdbacks were increased from 20% to 40%. Cumulative holdbacks total approximately \$536,500 as of this filing.
- 7) Includes one policy in which Acheron owns 100% of the beneficial interests having a \$20,000 face value

EXHIBIT B

Mutual Benefits Keep Policy Trust

Historical Trust Cash and Expenditures as of 03 2022

	As of 06/01/20	As of 07/01/20	As of 08/01/20	As of 09/01/20	As of 10/01/20	As of 11/01/20	As of 12/01/20	As of 01/01/21
3a. The amount of Overpayment Balance account	5,476,160	5,335,769	4,837,029	4,475,430	4,155,655	3,820,628	3,688,719	3,508,601
3b. Amount of funds currently available to pay expenses								
Cash / Money Market Accounts	900,020	863,916	383,842	881,352	767,966	664,369	663,109	482,991
Fixed Income Investments	4,576,140	4,471,853	4,453,187	3,594,078	3,387,689	3,156,259	3,025,610	3,025,610
Trust Additional Admin Fee Fund - Cash	-	-	-	-	-	-	-	-
<i>Total Funds Currently Available to Pay Expenses</i>	5,476,160	5,335,769	4,837,029	4,475,430	4,155,655	3,820,628	3,688,719	3,508,601
3c. The most recent total amount of monthly operating expenses	179,223	303,825	325,110	292,028	259,814	353,203	373,369	320,255
3d. Estimated average run-rate of monthly Trust operating expenses ^[1]								
Operating Expenses	72,385	72,385	72,385	72,385	72,385	72,385	67,400	67,400
Enhanced Oversight	29,167	29,167	29,167	29,167	29,167	29,167	29,000	29,000
Investor Subsidy ^[2]	29,816	29,816	29,816	29,816	29,816	29,816	51,800	51,400
Acheron Subsidy ^[3]	-	-	-	-	-	-	-	-
<i>Subtotal</i>	131,368	131,368	131,368	131,368	131,368	131,368	148,200	147,800
Litigation	97,500	97,500	97,500	97,500	97,500	97,500	97,500	97,500
Litai Extension Fee for 2020 Only ^[4]	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-
<i>Estimated Average Monthly Run-Rate</i>	353,868	353,868	353,868	353,868	353,868	353,868	370,700	245,300
3e. Total amount of money owed to Trustee and other professionals ^[5]	305,939	203,417	287,598	241,162	174,445	248,369	133,851	141,434

Notes:

- 1) Reflects the estimate for the current month of the monthly status reports filed with the Court. The July - November 2020 amounts are based on the June 2020 amounts as the Court did not require monthly status reports to commence until December 2020.
- 2) Effective May 2021, the Investor Subsidy for all Keep Policy Investors has been funded from the MBC Restitution Funds account.
- 3) The subsidy for Acheron policy interests was discontinued by August 2021.
- 4) This amount was not reflected on the prior Historical Trust Cash and Expenditures as of 11 2021 for the months of July to December 2020.
- 5) Effective with the September 2021 Status Report, this amount includes fees incurred for the reporting period as well as the cumulative 20% holdback from prior months. As of January 1, 2022 such professional fee holdbacks were increased from 20% to 40%.

Mutual Benefits Keep Policy Trust

Historical Trust Cash and Expenditures as of 03 2022

	As of 02/01/21	As of 03/01/21	As of 04/01/21	As of 05/01/21	As of 06/01/21	As of 07/01/21	As of 08/01/21	As of 09/01/21
3a. The amount of Overpayment Balance account	3,105,708	2,880,629	2,097,393	2,185,654	1,922,775	1,562,939	1,314,085	1,193,205
3b. Amount of funds currently available to pay expenses								
Cash / Money Market Accounts	412,509	1,224,620	993,494	1,282,847	1,420,745	1,061,654	813,460	1,193,205
Fixed Income Investments	2,693,199	1,656,009	1,103,899	902,807	502,030	501,285	500,625	-
Trust Additional Admin Fee Fund - Cash	-	-	-	-	-	-	-	-
<i>Total Funds Currently Available to Pay Expenses</i>	3,105,708	2,880,629	2,097,393	2,185,654	1,922,775	1,562,939	1,314,085	1,193,205
3c. The most recent total amount of monthly operating expenses	239,566	343,928	294,144	225,706	260,493	315,742	286,192	234,958
3d. Estimated average run-rate of monthly Trust operating expenses [1]								
Operating Expenses	67,400	67,400	67,400	67,400	67,400	167,400	47,400	47,400
Enhanced Oversight	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
Investor Subsidy	50,500	49,200	18,000	-	-	-	-	-
Acheron Subsidy	-	-	-	18,000	13,500	12,100	6,050	-
<i>Subtotal</i>	146,900	145,600	114,400	114,400	109,900	208,500	82,450	76,400
Litigation	97,500	97,500	48,750	48,750	97,500	95,000	125,000	165,000
Litai Extension Fee for 2020 Only	-	-	-	-	-	-	-	-
<i>Estimated Average Monthly Run-Rate</i>	244,400	243,100	163,150	163,150	207,400	303,500	207,450	241,400
3e. Total amount of money owed to Trustee and other professionals [5]	236,578	265,403	205,064	168,355	216,814	267,127	232,953	412,987

Mutual Benefits Keep Policy Trust

Historical Trust Cash and Expenditures as of 03 2022

	As of 10/01/21	As of 11/01/21	As of 12/01/21	As of 01/01/22	As of 02/01/22	As of 03/01/22
3a. The amount of Overpayment Balance account	852,529	777,763	560,599	504,663	449,961	360,003
3b. Amount of funds currently available to pay expenses						
Cash / Money Market Accounts	852,529	777,763	560,599	504,663	449,961	288,234
Fixed Income Investments	-	-	-	-	-	-
Trust Additional Admin Fee Fund - Cash	-	-	-	-	-	1,051,624
<i>Total Funds Currently Available to Pay Expenses</i>	852,529	777,763	560,599	504,663	449,961	1,339,858
3c. The most recent total amount of monthly operating expenses	216,634	207,062	229,149	6,658	173,217	72,511
3d. Estimated average run-rate of monthly Trust operating expenses ^[1]						
Operating Expenses	47,400	47,400	47,400	41,300	41,300	196,550
Enhanced Oversight	29,000	29,000	29,000	17,400	17,400	17,400
Investor Subsidy	-	-	-	-	-	-
Acheron Subsidy	-	-	-	-	-	-
<i>Subtotal</i>	76,400	76,400	76,400	58,700	58,700	213,950
Litigation	125,000	165,000	125,000	72,000	72,000	72,000
Litai Extension Fee for 2020 Only	-	-	-	-	-	-
<i>Estimated Average Monthly Run-Rate</i>	201,400	241,400	201,400	130,700	130,700	285,950
3e. Total amount of money owed to Trustee and other professionals ^[5]	496,642	585,709	503,921	514,571	583,644	614,389

Mutual Benefits Keep Policy Trust

Historical Policies and Interests as of 03 2022

	As of 06/01/20	As of 07/01/20	As of 08/01/20	As of 09/01/20
Number of Policies the Trust is Servicing	1,334	1,329	1,327	1,319
Face Value				
MBC Victims				
HIV	55,342,910	55,009,470	54,880,095	54,621,535
Non-Hiv	34,869,728	34,795,054	34,718,088	34,152,523
Total MBC Victims Face Value	90,212,638	89,804,524	89,598,184	88,774,058
	33.45%	33.32%	33.30%	33.72%
Acheron				
HIV	79,900,526	80,081,430	79,767,441	79,343,431
Non-Hiv	99,559,113	99,633,802	99,710,764	95,153,342
Total Acheron Face Value	179,459,639	179,715,232	179,478,205	174,496,773
	66.55%	66.68%	66.70%	66.28%
Total Face Value	269,672,277	269,519,755	269,076,389	263,270,831
	100.00%	100.00%	100.00%	100.00%

Number of Policy Interests the Trust is Servicing

Current				
MBC Victims	2,310	2,265	2,259	2,238
Acheron	1,587	1,568	1,525	1,453
Total	3,897	3,833	3,784	3,691

The June 2021 Report also reflected estimated policy interests after the merger of Acheron-owned policy interests. This estimated post-merger amount was not separately reported on subsequent reports to the Court as the merging of the Acheron-owned interests had commenced and was ongoing when the monthly reporting to the Court commenced with the December 2020 report.

Mutual Benefits Keep Policy Trust

Historical Policies and Interests as of 03 2022

	As of 10/01/20	As of 11/01/20	As of 12/01/20	As of 01/01/21
Number of Policies the Trust is Servicing	1,316	1,313	1,307	1,306
Face Value				
MBC Victims				
HIV	54,470,413	54,337,043	53,590,504	53,507,470
Non-Hiv	33,828,866	33,569,375	32,649,946	32,179,750
Total MBC Victims Face Value	88,299,279	87,906,418	86,240,450	85,687,220
	33.91%	33.83%	33.29%	33.24%
Acheron				
HIV	79,394,557	79,417,930	79,394,129	79,412,325
Non-Hiv	92,677,052	92,532,216	93,451,663	92,671,866
Total Acheron Face Value	172,071,608	171,950,146	172,845,792	172,084,191
	66.09%	66.17%	66.71%	66.76%
Total Face Value	260,370,888	259,856,564	259,086,242	257,771,411
	100.00%	100.00%	100.00%	100.00%

Number of Policy Interests the Trust is Servicing

Current				
MBC Victims	2,212	2,207	2,188	2,183
Acheron	1,414	1,350	1,279	1,260
Total	3,626	3,557	3,467	3,443

Mutual Benefits Keep Policy Trust

Historical Policies and Interests as of 03 2022

	As of 02/01/21	As of 03/01/21	As of 04/01/21	As of 05/01/21
Number of Policies the Trust is Servicing	1,304	1,294	1,289	1,254
Face Value				
MBC Victims	53,504,016	53,400,402	52,986,094	52,726,399
HIV	32,064,940	29,436,321	28,866,985	28,788,985
Non-Hiv	85,568,956	82,836,723	81,853,079	81,515,384
<i>Total MBC Victims Face Value</i>	34.00%	34.72%	34.54%	34.76%
Acheron	79,335,863	78,981,114	79,545,911	77,516,143
HIV	86,770,820	76,799,508	75,584,654	75,507,657
Non-Hiv	166,106,683	155,780,622	155,130,565	153,023,800
<i>Total Acheron Face Value</i>	66.00%	65.28%	65.46%	65.24%
<i>Total Face Value</i>	100.00%	100.00%	100.00%	100.00%

Number of Policy Interests the Trust is Servicing

Current				
MBC Victims	2,175	2,138	2,089	2,083
Acheron	1,210	1,080	1,064	1,006
<i>Total</i>	3,385	3,218	3,153	3,089

Mutual Benefits Keep Policy Trust

Historical Policies and Interests as of 03 2022

	As of 06/01/21	As of 07/01/21	As of 08/01/21	As of 09/01/21
Number of Policies the Trust is Servicing	1,065	982	982	974
Face Value				
MBC Victims				
HIV	52,131,891	51,992,253	51,992,253	51,633,015
Non-Hiv	28,187,699	27,339,789	27,399,789	26,661,997
Total MBC Victims Face Value	80,319,590	79,332,042	79,392,042	78,295,012
	37.83%	39.26%	39.27%	39.86%
Acheron				
HIV	62,539,623	56,868,992	56,868,992	56,280,354
Non-Hiv	69,447,340	65,892,260	65,892,260	61,835,609
Total Acheron Face Value	131,986,963	122,761,252	122,761,252	118,115,963
	62.17%	60.74%	60.73%	60.14%
Total Face Value	212,306,553	202,093,294	202,153,294	196,410,975
	100.00%	100.00%	100.00%	100.00%

Number of Policy Interests the Trust is Servicing

Current				
MBC Victims	2,055	2,024	2,024	1,990
Acheron	815	731	731	724
Total	2,870	2,755	2,755	2,714

Mutual Benefits Keep Policy Trust

Historical Policies and Interests as of 03 2022

	As of 10/01/21	As of 11/01/21	As of 12/01/21	As of 01/01/22
Number of Policies the Trust is Servicing	969	964	961	955
Face Value				
MBC Victims				
HIV	51,336,208	51,187,176	51,165,770	50,929,989
Non-Hiv	25,151,939	25,026,939	25,001,439	23,978,288
Total MBC Victims Face Value	76,488,147	76,214,115	76,167,209	74,908,277
	39.61%	39.60%	39.59%	39.05%
Acheron				
HIV	56,519,441	56,152,441	56,151,841	56,028,725
Non-Hiv	60,095,667	60,095,667	60,075,572	60,894,318
Total Acheron Face Value	116,615,108	116,248,108	116,227,413	116,923,043
	60.39%	60.40%	60.41%	60.95%
Total Face Value	193,103,255	192,462,223	192,394,622	191,831,320
	100.00%	100.00%	100.00%	100.00%

Number of Policy Interests the Trust is Servicing

Current				
MBC Victims	1,967	1,947	1,944	1,931
Acheron	721	718	717	712
Total	2,688	2,665	2,661	2,643

**Mutual Benefits Keep Policy Trust
Historical Policies and Interests as of 03 2022**

	As of 02/01/22	As of 03/01/22
Number of Policies the Trust is Servicing	951	949
Face Value		
MBC Victims		
HIV	50,721,534	50,443,626
Non-Hiv	23,825,714	23,821,087
<i>Total MBC Victims Face Value</i>	<u>74,547,248</u>	<u>74,264,713</u>
	38.93%	38.81%
Acheron		
HIV	55,887,958	56,017,791
Non-Hiv	61,051,297	61,051,519
<i>Total Acheron Face Value</i>	<u>116,939,255</u>	<u>117,069,310</u>
	61.07%	61.19%
<i>Total Face Value</i>	<u><u>191,486,503</u></u>	<u><u>191,334,023</u></u>
	100.00%	100.00%

Number of Policy Interests the Trust is Servicing

Current	
MBC Victims	1,922
Acheron	706
<i>Total</i>	<u><u>2,629</u></u>
	1,906
	706
	<u><u>2,612</u></u>