

**THIS IS AN IMPORTANT NOTICE THAT AFFECTS
YOUR INTEREST IN POLICIES OWNED BY THE
MUTUAL BENEFITS KEEP POLICY TRUST**

**NOTICE TO KEEP POLICY INVESTORS REGARDING INTENT TO SELL POLICIES
AND WIND DOWN THE MUTUAL BENEFITS KEEP POLICY TRUST**

- **The Trustee plans to wind down the Mutual Benefits Keep Policy Trust because the Trust lacks the resources to continue operating on investors' behalf past the end of this calendar year.**
- **The Trustee plans to sell the remaining policies held by the Trust, and then allocate and distribute the net sale proceeds to the investors in the policies.**
- **This notice contains preliminary information about the proposed wind down and sale and advises how you can obtain additional information.**
- **The Trustee will be providing monthly updates on the wind down process and will provide those updates to investors through an investor portal and through the Trust's website *MBCKeepTrust.com*.**

What is happening?

- The Trustee intends to sell all policies held by the Mutual Benefits Keep Policy Trust by the end of 2021. As a result of the sale, you will receive a share of the net sale proceeds and have no obligation to continue paying premiums. Upon a sale, your right to receive a share of the death benefit on the policy, after your payment of all premiums until maturity, would terminate.
- The Trust is retaining third-party industry consultants with prior experience to run the policy sale process.
- The goal of the sale is to obtain the maximum market price attainable at the time the policies are sold. The Trustee intends to have the industry consultants package the policies, compile as much information as practicable for each policy and expose the policies to the marketplace to relevant institutional investors.
- The net sale proceeds, after the costs of sale, will be distributed to investors in a manner that is fair and equitable based on the value of the policies and the net proceeds realized from the sale, and each investor's proportion of beneficial ownership in the policies sold. The exact mechanism for determining distributions has not yet been determined and will be subject to Court approval. As more information becomes available it will be communicated to investors.

Why is this happening?

- The Trust's resources, which have helped to partially cover investor costs since its inception, have diminished over time. It is anticipated that the Trust, without imposing substantial additional charges on all investors that many will be unwilling to pay, will lack the resources to continue operating the Trust on investors' behalf after 2021.
- Since November 2018, investors have only paid their premium obligations, but have not paid the additional costs of servicing the policies and administering the Trust, including the current amount of \$515 per policy interest per investor in Administrative Fees to the servicer to manage and maintain the policies for the Trust. These other amounts for the servicing of the policies and administration of the Trust have been completely subsidized from other resources of the Trust and from restitution funds obtained by the Receiver. The Trustee expects those funds will be depleted before year end.
- If the Trust is not terminated by year end 2021, investors will likely have to be charged Administrative Fees of approximately \$500 to \$800 per policy interest per year during the two years after 2021, in addition to the premium obligations investors are already paying. Prior to November 2018, investors paid a portion of the Administrative Fee and a portion was subsidized by the Trust. Based on pre-November 2018 historical default rates when investors paid only a share of the Administrative Fees, the Trustee, in his business judgment, believes that a substantial number of investors will be unwilling to pay the increased fees and will forfeit their interests, which will further deplete the funds available to continue paying for servicing and Trust operations.
- Therefore, the Trust plans to sell the policies in the portfolio that have not matured prior to sale.

How will this happen?

- The industry consultants will identify those policies, that in their view, require more detailed information regarding the insured and/or the policy than the Trust or its Servicer currently possess which the Trust will use reasonable efforts to obtain.
- Depending on the structure of the sale (e.g – auction or otherwise), once all relevant data is obtained and staged, the marketing process is expected to take 30-60 days. The costs of the sale process, wind-down and liquidation will be deducted from the sale proceeds and allocated to the policies in proportion to the sale proceeds allocation. Additional information as to the sale process, as well as the allocation and distribution process, will be provided as it becomes available.
- In the event the Trust finds it necessary to borrow funds to complete the sale process and liquidation of the Trust, the Trustee will seek Court approval to do so against the Trust's portfolio. The costs of any borrowing would be deducted from the gross sale proceeds.

Do I have to keep paying premiums?

- Continue to pay your premiums - currently investors are invoiced 150 days prior to the premium due date and are subject to forfeiture in the event of non-payment 45 days prior to

the premium due date. The invoicing and forfeiture dates will remain unchanged until investors are otherwise notified. Investors will be notified once the Court has approved the sale process and the Trust has established a sale target date.

- In conjunction with the Court approved sale, investors will be notified when premium payments are no longer required with respect to a policy in which they have a beneficial interest in anticipation of sale.
- To the extent there exists unused premiums that have not been paid to carriers, the Trust will direct the Servicer to refund those premiums to the investors of record.

How do I get more information?

- Login to the **MBCKeepTrust.com** website with any further questions. The Trust has established a portal to allow investors to create an account, login, request additional information and submit inquiries relating to the sale process, which will be the most efficient way to obtain information.
- **All information regarding this process (including updates and Court filings) will be posted on the *MBCKeepTrust.com* website. In the event you are unable to access the website portal, you may request notifications via mail or email by a written request to the following address:**

Email: **investorinquiry@mbckeeptrust.com**

Mailing Address:

Mutual Benefits Keep Policy Trust
c/o Kozyak Tropin & Throckmorton LLP
Attn: Yamile Castro
2525 Ponce de Leon Blvd. 9th Floor
Coral Gables FL 33141

If you have questions, you may also call **305-728-2985**. Calls will be received and answered between 9am-5pm Eastern Standard Time Monday through Friday.

FURTHER DETAILS:

This Notice is being provided to all “Keep Policy Investors” who hold interests in insurance policies owned and managed by Barry Mukamal, as the Trustee (“Trustee”) of the Mutual Benefits Keep Policy Trust (“Trust”). The Trust was created in September 2009 by the court-appointed Receiver for Mutual Benefits Corporation, to hold and manage the viaticated insurance policies that had been originally held by Mutual Benefits Corporation, which was put into a receivership in May 2004.

When the Trust was created, it held 2,403 policies with a total face value of \$886 million. Over the past eleven years, 615 policies have matured and the Trustee has distributed approximately \$542 million in death benefits. At present, the Trust holds 999 policies with a total face value of \$207 million. Of those policies that the Trust continues to hold, approximately 60% of the face value of the interests in those policies are held by third-party purchasers who acquired interests first during the Receivership and later

from the Trust when the original Keep Policy Investors who held those interests forfeited their interests by failing to pay the administrative fees or premium obligations associated with those interests.

The expenses of the Trust, including the Administrative Fee Credit paid on behalf of Keep Policy Investors to reduce the Administrative Fees the investors must pay to the Servicer to assist in maintaining and servicing the policies, are paid from funds in the Trust. The funds available to pay the Trust's expenses and to defray the Keep Policy Investors' expenses are diminishing and the Trustee has determined they will likely be depleted by the end of this year. As a result, the Trust would need to substantially increase the amounts that Keep Policy Investors need to pay in Administrative Fees. It is anticipated that many Keep Policy Investors may not be willing to pay that increased administrative fee.

Under the Trust Agreement, the Trustee has the power and duty, “[i]n the event that the Servicing Agreement is terminated or expires and the continued servicing of the Keep Policies becomes unfeasible, to authorize and direct the sale, surrender or lapse of the Keep Policies, and to distribute the proceeds, if any, of the Keep Policies, upon such sale, surrender or lapse, to the Keep Policy Investors in such manner as the Trustee determines to be appropriate.”

Consistent with that duty, the Trustee has determined that the continued servicing of the Keep Policies will become unfeasible by the end of this year (2021), and accordingly, subject to Court approval, intends to implement a process to sell all of the Keep Policies and to distribute the proceeds to the holders of the interests in those policies in a fair and equitable manner.

A sale of the Keep Policies means that Keep Policy Investors will no longer be responsible for payment of their share of the premium obligations and Administrative Fees for the policies in which they own an interest, and will not receive the death benefits expected from such policies when they mature (i.e. when the insured under the Keep Policy dies), but instead will receive a share of the net sale proceeds realized from the sale of the Keep Policies once they are sold. The anticipated costs of sale, including payments to professionals to be engaged to conduct the sale, are estimated at this time to be approximately 10-12% of the gross sale proceeds. The Trustee will endeavor to pursue all appropriate means of minimizing the Keep Policy Investors' premium obligations until the sale can be conducted, while continuing to maintain the policies in force.

The Trustee intends to solicit a “stalking horse” bid for the purchase of all of the Keep Policies to establish a “floor” or “minimum bid” for the entire Trust portfolio of Keep Policies, and to have a process that will provide for the submission of higher competing bids through a sale process in order to realize the highest possible value for the Keep Policies. It is expected that the sale will occur in the fourth quarter of 2021.

It is unknown right now how much will be realized from a sale of the Keep Policies. Historically, when Keep Policy Investors have forfeited their interests, which were comprised primarily of fractional interests, they generally have been sold to a third-party purchaser for 5% of the face value for HIV policies, and 7.5% of face value for non-HIV policies. Those transactions do not necessarily reflect the values that will be realized from a sale of the entire Trust portfolio of Keep Policies, net of expenses.

The processes for selling the Keep Policies, and for allocating and distributing the net sale proceeds, will be subject to approval by the Court that has overseen the Mutual Benefits receivership. The details of the sale process and the distribution process will be addressed in greater detail in subsequent filings with the Court.

The Trustee is considering and will continue to explore proposals from prospective purchasers which would permit Keep Policy Investors to voluntarily “opt in” and retain their beneficial interests in a

policy, while continuing to pay their respective premium obligations associated with their interests. However, the management of the policies, including calculation and collection of premiums, servicing of the policies, and distribution of death benefits would no longer be subject to supervision by the Trustee under any such proposal, which creates significant additional risks for Keep Policy Investors. Any such proposal would have to be approved by the Court, and no such proposal has been approved by the Court at this time.

If you have any questions about this Notice or the anticipated wind down and sale process, objections to the proposed sale process, or if you wish to receive copies of any Court filings relating to the details for the sale process and distribution process when they are filed, please contact:

MBCKeepTrust.com (the website has a portal that enables investors to request additional information regarding the sale and wind down process).

Email: investorinquiry@mbckeeptrust.com

Mailing Address:

Mutual Benefits Keep Policy Trust
c/o Kozyak Tropin & Throckmorton LLP
Attn: Yamile Castro
2525 Ponce de Leon Blvd. 9th Floor
Coral Gables FL 33141

If you have questions, you may also call **305-728-2985**. Calls will be received and answered between 9am-5pm Eastern Standard Time Monday through Friday.

The Court has authorized the Trustee to send this notice to the Keep Policy Investors and has advised that any objections to the anticipated wind down and termination of the Trust should first be communicated to the Trustee through the above Contact, so the Trust may attempt to address and resolve the objection. The Trustee will regularly report to the Court as to any potential objections and efforts to resolve them.

The Trustee will be filing further motions for Court approval of steps pertaining to the Trust wind down, including to approve the procedures for sales of policies and procedures for distributing the proceeds. Notice of those motions will be provided through the MBCKeepTrust.com website, and objections may be filed within thirty (30) days thereafter.

Please communicate any questions or potential objections to the Trustee as provided above before submitting them to the Court.

If you have been unable to resolve your objection after discussing it with the Trustee Contact, objections may then be filed with the Court at:

U.S. District Court Clerk of Court
299 E. Broward Boulevard, Suite 108
Fort Lauderdale, FL 33301

Any such objections should reference the **Case Number 04-60573** in their correspondence.